



## REVENUE REPAIR KIT

The **Coalition for a Better Iowa** urges Iowa lawmakers to begin repair on the state's shredded budget and put Iowa back on stable fiscal footing. The cuts to the 2011 budget harm education, public safety, and human services, and Iowa's children, families, and seniors. Further, these cuts will slow Iowa's economic recovery for years to come.

The revenue side of the budget equation hasn't received full attention this session. State revenue continues to be eroded by the recession, corporate tax loopholes, and tax credits and expenditures that have been allowed to grow without examination or review. The expenditure side of the budget equation has been cut in the name of "balancing" Iowa's budget, but there are other solutions available that meet principles of fairness and accountability. Lawmakers can take **immediate** steps that will help reduce the severity of cuts to the 2011 budget and prepare for a balanced approach to the 2012 budget.

### **CBI proposes the use of three tools as a Revenue Repair Kit for Iowa's shredded budget:**



1. **Adopt combined reporting.** Close the loophole that enables large multi-state corporations to transfer profits that are made in Iowa out of state which creates an unfair advantage with mainstreet Iowa businesses.



2. **Limit the research activities credit** to \$250,000 annually. Ensure it supports the start-up entrepreneurial research activities for which it was designed, and no longer provides a corporate subsidy refund to highly profitable corporations that already pay little corporate tax.



3. **Limit the total exclusion of capital gains profits** on the Iowa income tax to the first \$100,000. Tax the rest at the same rate as income earned by working Iowans.

(More information on back)

**These three provisions meet the test of *fairness* and *competitiveness*.**

**They have strong public support.**

**They generate additional revenue to help start put Iowa's budget on a sustainable foundation:**

- **\$32 million for 2011**
- **\$104 million for 2012**
- **\$149 million for 2013**

**Policymakers can prove to Iowans across the state that they too want to help repair the budget, provide essential services, and support state economic recovery and long-term budget sustainability.**