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NEWS RELEASE

Iowa Taxpayers Association Completes Review of Final State Budget

ITA examination confirms that the overreliance of one-time funding for on-going expenses and a deepening burden for property taxpayers provides significant challenges for the current fiscal year and specifically the 84th General Assembly.

(Friday, July 16, 2010) Des Moines - The **Iowa Taxpayers Association (ITA)**, the state's leading nonpartisan tax policy resource completed a review of the FY 2011 budget that was passed during the 2nd Session of the 83rd General Assembly and signed by Governor Chet Culver.

Today, ITA would like to acknowledge while the General Assembly improved in a number of areas, they have violated three key principles for sound budgeting. Upon thorough examination, the legislature is funding ongoing expenses from revenue sources that are non sustainable one-time or time-limited sources, diverting funds that are statutorily authorized for other purposes, and drastically shifting program funding for education to the counties by underfunding property tax credits and school aid.

ITA commends the General Assembly for avoiding: Implementing new programs for a partial fiscal year, Avoiding multi-year accelerating commitments; and, Establishing new

automatic “standing” appropriations. Additionally we appreciate the more accurate determination of revenue and expenses for Fiscal Year 2011.

"The legislature's budget actions this year will negatively affect taxpayers. While the legislature deserves credit for a notable improvement in some areas of ITA's sound budgeting principles, concerns still remain regarding the legislature's refusal to abide by its own spending limitation, the use of one-time money for ongoing expenses, and the shift of the tax burden to property taxpayers." Ed Wallace, President of the Iowa Taxpayers Association said. Tom Wagner, Chief Financial Officer of Republic Company and Chair of ITA's Accountable Government Committee added "even with this budget using \$300 million of one time only Federal stimulus funds, it still required an additional burden be placed on Iowa property taxpayers for the budget to be balanced as statutorily required."

ITA continues to appreciate the complexity involved with crafting a balanced budget but strongly encourages all policymakers to employ long-term sustainable budgeting strategies so that the state can adequately meet the needs of the citizens of Iowa.