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Guest opinion: Business tax incentives are key to job growth



*ED WALLACE is president of the Iowa Taxpayers Association.
Contact: ewallace @iowataxpayers.org.*

The state of Iowa needs to be mindful of what its economic development message will be going forward. Gov. Chet Culver and the directors of the 38 state agencies that receive general fund appropriations should be mindful as they begin reviewing how the 10 percent across-the-board budget cut is to be applied. It is noteworthy that this is the same process that many businesses in Iowa have had to engage in during the past 16 months. The sagging economy has caused many businesses to make personnel changes in the form of layoffs, furloughs and restructuring. These survival actions have been painful for all involved, but are a result of declining profitability and market forces.

The state now finds itself having to cut back on expenditures because of a variety of factors that include a declining revenue stream and close to \$1 billion in additional spending since 2006. While many of the state programs and initiatives that have been funded with this additional spending have merit, such programs are not all sustainable moving forward.

In light of the recent film tax credit office controversy, some would like to throw tax incentives for business under the bus. This is not the message that we need to be broadcasting to potential companies that are thinking of locating in Iowa, or the existing companies considering expansion. We can all agree that analyzing business tax incentives on an individual basis helps ensure taxpayer money is being spent on programs providing businesses a proper incentive to hire and retain workers, but throwing the baby out with the bath water is not going to improve our economic development outlook or help create new jobs. Job growth has to be one of Iowa's top priorities in order to move past this recession. If prospective new or expanding businesses believe that the state of Iowa is going to slash job-creating incentive programs, then they will choose to locate and expand elsewhere. The job-creation incentive programs administered by the Iowa Department of Revenue and the Iowa Department of Economic Development must remain intact - and be improved - in order for economic developers to recruit and maintain the jobs of the 21st century in Iowa.

Good state tax policy and effective tax incentive programs have brought great jobs to Iowa in a variety of industries. Proper administration and forward thinking is imperative by decision makers.

In the days and weeks to come there will plenty of discussions regarding Iowa's spending priorities, but nobody can deny that good-paying jobs that are sustainable and provide support for families is a step in the right direction.