

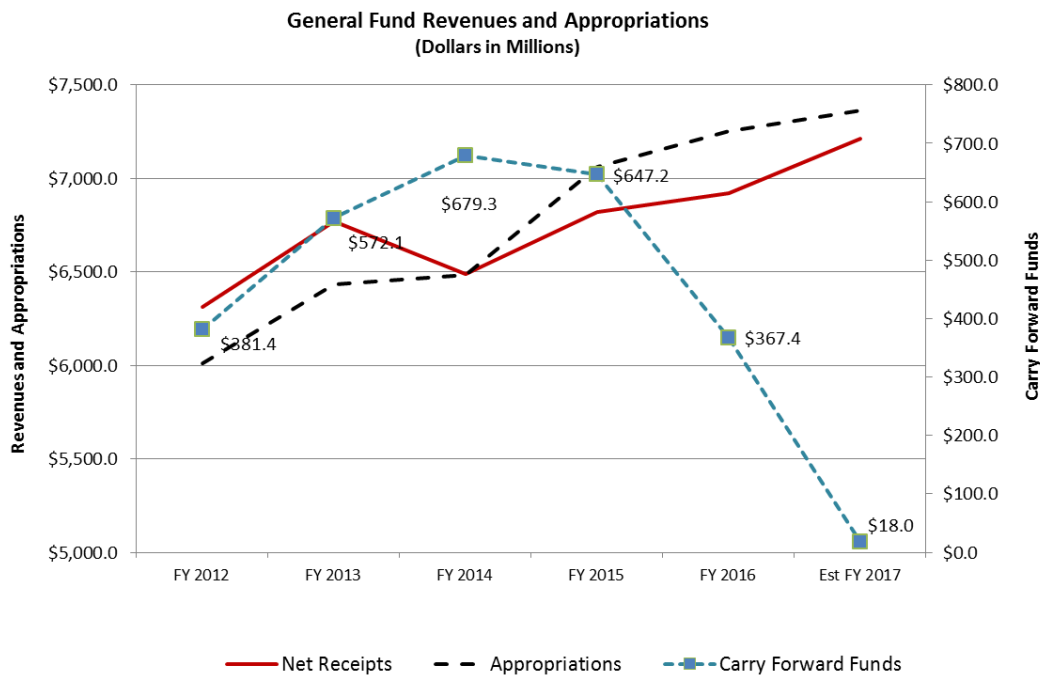
Memo

To: Iowa Statehouse Reporters
From: Rep. Chris Hall, Ranking Member of House Appropriations Committee
Date: January 23, 2017
Re: Deappropriations – What Got Us Here

Over the last six years, legislative Republicans have touted budget “principles” in an effort to convince Iowans they are responsible stewards of tax dollars. However, as the state faces a \$110 million deficit, it proves that Republicans have consistently violated their own budget principles.

Republican Budget Principle: “We will spend less than the state collects”

In the chart below, the red line represents tax receipts collected by the state. The black dotted line shows the amount spent in a given fiscal year. Republican budgets in FY 15, FY 16, and FY 17 all spent more than the state collected.



Source: Legislative Services Agency, Fiscal Services Division

Republican Budget Principle: We will not use one-time money to fund on-going needs

The chart above also demonstrates that Republicans used the state's carry forward funds (one-time money) to fund on-going needs in FY 15, FY 16, and FY 17. In each of those three years, more dollars were spent than taken in and the resulting shortfall was taken out of the surplus. The effect has been a drastic reduction to the state's surplus even at a time of growth within Iowa's economy. The surplus has been reduced from more than \$900 million in 2014, to -\$110 million in the current year.

Additional Background

The timeline of events shown in this chart is significant as well. The steepest growth in appropriations takes place following the 2013 legislative session (FY14). During that session, Republicans pushed for an education reform package and massive corporate tax giveaways that now cost the state over \$500 million annually. Those corporate tax giveaways have not reached the average Iowan. In fact, sales and income tax dollars paid by hard working Iowans now go to these companies, redistributing wealth from Iowa taxpayers to corporations.

Conclusion

Legislative Republicans have violated their own budget principles each of the past three years. According to the Legislative Services Agency (House Appropriations Committee 1-10-17), this is the first time in decades that a de-appropriations bill will be issued at a time when the state's economy is positive and revenue collections are growing.

Since the Branstad / Reynolds administration and House GOP took control in 2011, the state budget has grown by \$1.4 billion. State services have been cut or underfunded each year while a greater share of individual taxpayer dollars have been sent to out-of-state corporations.

The Iowa GOP has lost all credibility on budgeting. After giving away the state's budget surplus, policies enacted by the Branstad-Reynolds administration & Republicans have slowed the state's economy and left the budget in the red.

We know today that the Republicans' failed fiscal policies are not working for Iowa families. With new tax breaks for corporations now topping \$500 million annually, Iowa would not be faced with a budget deficit today if the GOP had used better judgment in managing the state budget. Unfortunately, Iowa students and working families are being forced to pay for the GOP tax giveaways.

For more information, contact Rep. Hall at chris.hall@legis.iowa.gov or 712-490-2088