

# THE HAHN REPORT

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Senator Jim Hahn

## **Comprehensive Economic Stimulus Package Unveiled**

*Senate Republicans offering a timely, targeted and fiscally responsible stimulus package*

As Democratic leadership continues to take a wait and see approach when it comes to Iowa's economy, Republicans in the Iowa Senate refuse to stand around and hope for good things to come. Senate Republicans are taking a three-pronged approach to the problem looming on the horizon by unveiling a comprehensive economic stimulus package.

With the federal government poised to send checks to Iowans during the spring and summer, Senate Republicans want to help Iowans afford more for their families. Iowa has a very successful tax free holiday which will happen Friday August 1<sup>st</sup> and Saturday August 2<sup>nd</sup> this year. There are limitations to it and the Senate Republican plan would lift these limitations.

First, Senate Republicans propose extending the tax free weekend through Sunday and second, lift the restriction of only clothes being tax free during these days. For example, a family of 4 that receive a check for \$1800 from the federal government will increase their buying power by 6%. This is equal to an extra \$108 in their pocket to spend on new clothes, a new computer or school supplies.

In addition, it is well documented that over the next 5 years Iowa is expected to see a skilled workforce training deficit of 150,000 workers. To that end, the Senate Republican plan calls for a program that will be created by taking one percent of the withholding taxes paid by businesses each year over the next 5 years to create a job training program.

This pool of money can be accessed by businesses that need to train and retrain their workers in order to compete in a 21<sup>st</sup> century global economy. Senate Republicans will continue to focus on creating jobs for Iowans through continuing education.

The final piece of the Senate Republican plan is helping Iowans improve the value of their homes. Currently if Iowans make improvements to their homes the tax man will come and charge them for it. This is counterproductive to developing healthy communities as Iowans attempting to improve their home are penalized for doing the right thing.

The Senate Republican plan will exempt any improvements made to an Iowan's home over the next 5 years from taxation for as long as they own the home. Taxing the American dream is just wrong.

As we face uncertain economic times ahead Iowa must be armed with a broad economic plan. Senate Republicans stand ready to work in a bipartisan manner with our Democratic colleagues to help Iowans weather this gathering storm.

# **SILO Plan Reexamined**

*A tax increase for Iowans*

This week a subcommittee in the House of Representatives passed a bill that would replace the current local option sales tax for school infrastructure (SILO).

Currently, all 99 counties in Iowa have adopted SILO and are collecting the additional one cent tax to pay for school infrastructure updates. This local option, which is approved locally every ten years, is currently scheduled to sunset in 2022. The House plan would replace the current SILO plan with a statewide penny from sales and use tax and deposit Iowans money into an account in Des Moines. The state would also collect an additional one cent from all motor vehicle sales to be put into the state's road use tax fund.

While Senate Republicans stand in support of their local school districts and the upgrades in infrastructure that are needed; a \$450 million permanent tax increase that removes local control is not the way to go.

History tells us that when the taxpayers send their money to Des Moines politicians and lobbyists will stop at nothing to spend that money on anything else but its intended purpose. This process of diverting funds to pay for other priorities has happened to the lottery fund, tobacco fund and the senior living trust fund.

Finally, Iowans were hit with an additional \$170 million of additional taxes last year alone - do we really need to raise taxes again? The national economy has begun a slide towards recession and there are now new indicators that Iowa is moving in that direction. According to the latest figures sales tax receipts for the month of January compared to January of 2007 fell by 7%. This is troubling as a decline in sales tax receipts is historically the first indicator of a slowdown in the economy.

With this new data the last thing that should be considered by the legislature is a tax increase on the taxpayers of Iowa.

**SENATOR JIM HAHN  
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