

Good evening, and thank you for allowing me time to speak to you tonight. I am Michael Triplett and I am legislative counsel to the Iowa Funeral Directors Association.

On behalf of the hundreds of small business that make up our membership, we are encouraged by the discussion of relief for corporate and personal income taxpayers. The changes that came down from Washington late last year are having a positive impact on the bottom lines of small businesses across Iowa, and we hope the momentum can continue with significant state level reform.

In addition, I'd like to bring to your attention an issue that, although it is small, is important to our members.

When we sell a preneed funeral plan with funds invested in a trust, the income that the plan gains is subject to Iowa state income tax. The problem is that the person setting up the preneed does not have access to the funds, nor do they spend the growth. The whole point of preneed is that a person is putting aside assets for the benefit of others; however, the state assumes the opposite and taxes this growth in the fund.

It is patently unfair and we would encourage you to fix this.

This is a hassle for taxpayers who have sacrificed assets for the sake of their families. They get a K-1 every spring reminding them that they need to pay tax on money they no longer hold. The amounts are minuscule, and the impact on the General Fund is minor. Also, it would level the playing field between these trust products and a preneed life insurance policy, the growth of which is not taxable.

The Iowa Senate addressed this problem, on page 10, lines 9-11 of Senate File 2383. We would encourage the Iowa House to include this fix in their ongoing discussions on the parameters of the tax reform package.

Thank you.