

PROGRESS REPORT
TAX FAIRNESS AND EQUITY INTERIM STUDY COMMITTEE

December 1991

AUTHORIZATION AND APPOINTMENT

The Tax Fairness and Equity Interim Study Committee was established by the Legislative Council to "review Iowa's individual and corporate income, sales, property, and local tax structures, including property tax exemptions and diversions, and tax credits and expenditures to ensure tax fairness and vertical and horizontal equity. In addition, the review shall include tax abatement and tax increment financing. The committee will also review state taxation policies regarding retirees living out-of-state. The committee is authorized to hire a consultant to assist with their work." The Study Committee is required to obtain approval from the Legislative Council to hire and pay a consultant and must submit preliminary recommendations to the Legislative Council by September 1, 1992, and submit final recommendations to the Legislative Council by December 1, 1992.

Members serving on the Study Committee are:

Myrt Levin, Chairperson
Senator William Dieleman, Co-Vice Chairperson
Representative John Groninga, Co-Vice Chairperson
Senator Linn Fuhrman
Senator Larry Murphy
Senator Ralph Rosenberg
Senator Maggie Tinsman
Representative Wayne Bennett
Representative Kay Chapman
Representative Minnette Doderer
Representative Stewart Iverson
Jane Bell, Meyer & Gross Real Estate
John Keig, Mayor of the City of Muscatine
Mike Lux, Iowa Federation of Labor, AFL-CIO
Joanne Stockdale, Northern Iowa Die Casting

COMMITTEE PROCEEDINGS

The Study Committee was originally authorized two meeting days but was subsequently granted two additional days. The first two were held at the State Capitol Building in Des Moines on October 9, 1991, and October 30, 1991.

OCTOBER 9, 1991, MEETING

At the October 9 meeting the Study Committee heard from Carl Castelda, Deputy Director of the Department of Revenue and Finance, who provided a history of and information related to the major state and local taxes. The information provided included the amount of revenues generated from the various taxes, the date the taxes were first enacted, and a review of various changes, exemptions, and credits associated with these taxes. A list of sales and use tax exemptions was also distributed. Also making a presentation before the Study Committee was Paul Durand of the Legislative Fiscal Bureau, who presented results of studies that had been conducted on Iowa's tax system over the past several years.

The Study Committee discussed various items that were presented and also discussed the types of services the Study Committee would seek from a consultant, if a consultant were to be hired by the Study Committee. The Study Committee requested that the Legislative Service Bureau draft a Request For Proposal (RFP) which would contain in its "Scope of Services" the charge of the Committee as well as the various items that members felt should be performed by the consultant. This RFP was to be completed and sent to the members prior to the second meeting date, so that the members could review it for discussion of inclusions and deletions at the meeting.

OCTOBER 30, 1991, MEETING

At the second meeting of the Study Committee on October 30, a presentation was made by Jerry Musser, Johnson County Assessor, and Carl Castelda, Ed Henderson, and Dick Stradley, all of the Department of Revenue and Finance, regarding property taxation in Iowa. The presentations by the County Assessor and the Department of Revenue and Finance provided an overview of the process of assessment and taxation of real property in Iowa, the various types of real property which are exempt from property tax, and the various tax credits and abatements that are available. The intent of the presentation was to provide the Study Committee members with a better understanding of property taxation in the state.

After the presentations relating to property taxation, the Study Committee discussed the RFP draft that had been sent out previously to the members with regard to the Scope of Services and the items in the Scope of Services that the

members wished to elaborate on, delete, or clarify. The Study Committee did not decide whether or not it would be appropriate to retain an outside consultant but did direct the Legislative Service Bureau to make the suggested changes in the RFP. The revised RFP was sent to the members for approval and then was distributed to potential bidders.

REQUEST FOR PROPOSAL

The RFP was completed, and notice was placed in The Des Moines Register and the Midwest Region of The Wall Street Journal on November 8 and 11, 1991, and approximately 30 to 40 RFPs were sent to consultants, firms, and individuals. The Study Committee decided that proposals from consultants must be submitted no later than December 20, 1991, and that the Committee, if it elects to retain a consultant, would select the consultant by January 20, 1992. Approval of the Legislative Council will be needed in order to retain a consultant. A copy of the RFP is on file in the Legislative Service Bureau.

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