

TAX COMMITTEE

My name is Tom Zucker, I am President of Zucker Enterprises. Currently the holder of several pieces of commercial property in Polk County and for 26 years the owner of Zook's Harley-Davidson. I am also the founder and Chairman of the Into the Night Foundation working to benefit people with incurable diseases. I am here representing commercial property owners on behalf of myself and as a member of the Leadership Council of the National Federation of Independent Business - Iowa.

I have been given this opportunity of five minutes to provide my views as to the cause and proposed solutions to the tax problems we are theoretically here to find a solution to.

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As everyone in this room knows, this is not the first legislative committee charged with unraveling our property tax system. Knowing that, my expectations are but those of another man spitting into the ocean. So long as the legislature is content to allow Peter (taxpayers) to pay Paul's (tax-eaters) share it is going to be difficult to get Paul to come to the offering plate willingly.

It will also be difficult to get workable tax legislation passed unless we establish a legislative mindset that has no concern over party, author, credit or whether or not it will be good for another term in office.

As a commercial property taxpayer let me be clear on a very specific point. **COMMERCIAL PROPERTY TAXES ARE THE SINGLE LARGEST PROBLEM FACING IOWA'S SMALL BUSINESS OWNERS.**

According to the National Taxpayer's Conference Report of July 2006, we pay the 5th highest commercial property taxes in the country. What does this mean?

- I can move my business to 45 other states and I will pay less in property taxes than I do in Iowa. That fact is having a chilling effect on Iowa's business climate.
- Real life example – The *Sioux City Journal* reported on January 30, 2007 that Wilson Trailer, an Iowa born and bred company would NOT even consider Iowa for its new plant despite having its headquarters in Sioux City. Why?
 - “the firm (Wilson Trailer) pays twice as much property tax in Iowa as it does in any other state”, said Larry Countryman, CFO Wilson Trailer.

Let me be very clear again. This is a huge problem for Iowa.

In my opinion, there are really two sides to the property tax debate and one continues to be overlooked. That overlooked side is need. The ultimate goal should not be to just reshuffle who pays the property taxes but rather to lower the amount of property taxes we need to pay. It seems that whenever we finally have a surplus in our budget, a new program comes along that may or may not be truly warranted thereby fueling the necessity for continued high taxes for years to come regardless of the economic times. If a businessman did that, he wouldn't be here very long. Perhaps the state needs to do what the automakers are being asked to do. Find alternative forms of energy. Just because that's the way you have always done it, just because those are the types of programs you have always offered, just because those ten people are used to having things paid for by the state doesn't mean it needs to

continue. I hear advertising being done to get people to use programs the State set up that people aren't using. That tells me you found a way to spend money there was not a real need to spend. Cut it out. Quit spending money that isn't yours without asking the permission of those it belongs to.

From the studying I did before coming here, it appears there have been bills offered in the past such as the original version of HF 847 from a couple of years ago that were acceptable to all people concerned. That bill could have been a great start down the road to repair but because of what appears to have been purely political reasons, it didn't get passed. Business as usual.

In conclusion, we need legislators and a governor with the ~~eojenes~~ vision and political backbone to do what is right for the future of the state and the people of Iowa, not just for

them and their cadre of cronies. As committees before us, this committee was commissioned by the legislature only to report back, not necessarily to do anything. It is a two year committee. With our start date we have effectively lost one session and will span one election cycle. So as I see it -

No.1: This committee can come back and report that the property taxes are unfair and need to be fixed. Other committees have done just that before us. The Governor can then say he did what he promised, he tasked the legislature to form a committee, they did what was asked and three years later the state will be no further than they were when they started. IOWA can stand proud as we maintain Near Blue Ribbon status in the nation for property tax rates. No. 2: Legislation could now be passed to be where it could have been two years ago when egos got in the way except that when done we will have lost 5 or 6 years in the process. Or No. 3: We can continue down the same

path we have been on because after all, Paul has gotten pretty comfortable.

Since we are now the gambling state, would anyone like to place their bets? Thank You