

## 2012 Legislative Agenda of Priorities Southwest Iowa Coalition

**Changes to Tax Increment Financing (TIF):** TIF is still considered the single most important tool available for economic development in rural Iowa. It adds millions of dollars to the future tax base each year, and we would oppose efforts to limit its use. We do however recognize that some counties and municipalities may not understand or abuse the use of urban renewal areas and TIF. It is our belief that independent third party technical assistance programs run by ISAC, the League of Cities or public policy departments of our regent universities could/should provide the necessary education to make TIF a useful tool. We also believe that local control needs to be maintained, but that some regulatory oversight may be necessary to prevent abuse.

**TIME-21:** The Southwest Iowa Coalition strongly supports investments in infrastructure that contribute to sustaining and enhancing opportunities for economic development within the State of Iowa. Members recognize that Iowa must address long-term funding that will be dedicated to maintaining its entire road system. SWICO recognizes that our rural areas are struggling to maintain county and rural roads vital to our rural economies. TIME 21 funding is essential to economic recovery and development as well as providing jobs to not only the highway industry but also the many businesses that support it. SWICO supports a gas tax increase in order to fully fund TIME-21.

**Local Food Systems:** We specifically asked that the 2011 Legislature pass an appropriation for a position for a statewide Farm and Food Program coordinator, program funds and establish a Local Farm and Food Council. We thank the Legislature for that appropriation. This followed just one of the several recommendations by the Leopold for Sustainable Agriculture's Local Farm and Food Initiative. Since the preliminary report on the outcomes associated with this appropriation shows success, SWICO supports the ongoing consideration of appropriations which adopt other recommendations from this report so that the state continues to move forward with a focused initiative for local food systems and food product development.

**Commercial Property Taxes:** SWICO board and members share concern about how counties will be able to continue to deliver services to residents with the loss of revenue that will follow a commercial property tax cut. Even given a viral economic climate, we are doubtful that the rural areas will see the predicted business starts and expansions to realistically offset the budget cuts. In addition, our rural developers have not experienced a challenge when recruiting businesses when it comes to the Iowa commercial property tax rate because Iowa does not tax businesses in other areas such as machinery and

equipment thereby equalizing the playing field. Economists with both Iowa State and University of Iowa suggest, and SWICO concurs, that a comprehensive review of the entire tax structure be examined as a real solution.

**Iowa Economic Development Authority:** SWICO board and members were left frustrated after a review by Director Durham of IEDA's new design. There was no mention about any substantive and focused strategies and assistance to support rural, small business starts and expansions but rather a theory that this activity would occur on its own as a result of the Authority's emphasis on attraction and recruitment. Programs and funding typically used by rural developers had been collapsed into large pools with standards for use not matching the profile of most enterprise activity in southwest Iowa. No one disputes that activity to recruit and retain major employers is a critical part of economic development, but small business should not be left as an indirect beneficiary of those endeavors since statistics prove that they collectively create the most jobs. SWICO urges legislators and the Governor to work with IDEA to communicate better with rural economic developers to adjust its plans.

**Sales tax for business recruitment:** Because SWICO members working to recruit businesses do need to have funds available for use as incentives, SWICO members support HF 5041 which will be introduced by Representatives Dolecheck and Anderson. The legislation will allow each county to request

funds of up to \$5M of its annual sales tax remitted to the state at the state rate of 5% once every ten years for approved projects.

**Rural Communication Infrastructure:** We are particularly concerned about the ramifications of the National Broadband Plan (NBP) as proposed by the FCC, on rural telecommunications. Our rural communities depend almost solely on rural telecommunications for such things as telemedicine, agricultural sales/forecasts, and high-speed internet for home and business and emergency services. This will continue to hamper, and even stifle, economic development in our rural communities. As proposed by the NBP, a double-standard of service between rural and urban areas is almost certain to exist, if not amended by additional legislation. Incumbent phone providers have already shown their lack of enthusiasm for investment in rural communities, by isolating rural communities (especially county-seat towns) with slow broad band capacity. This attitude of complacency only becomes more prevalent if the NBP is allowed to follow through with its initial program as outlined. We would like our state legislators and the IUB to vigorously oppose the NBP as originally outlined and to work with our independent telephone companies to develop a sound system of infrastructure investment to protect our rural telecommunication system, now and into the future. For further information on this situation; we would refer you to [www.thegreatdisconnect.com](http://www.thegreatdisconnect.com)

