

# LEGIS.NEWS



Inside the Iowa Legislature  
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## A Balanced Budget for 2009

In the state legislature, budget work is divided among appropriations subcommittees, which meet jointly with House and Senate membership. The subcommittees are organized by subject area, such as education, justice, economic development, health and human services, and others. These subcommittees have been meeting for several weeks, combing through the Governor's budget proposal for Fiscal Year 2009 (which begins July 1, 2008), while also monitoring state programs.

This week the House and Senate released state general fund spending ceilings or "targets" for six subcommittees that oversee most programs funded through the state general fund. Releasing the targets marks the beginning of the legislative budget decision-making process. In meeting with Senate leadership to develop the joint House-Senate targets, our primary goal is to make sure that the state budget is balanced, that our cash reserve funds are full, and that we maintain our promises to fund education, health care and jobs programs that benefit middle class Iowans.

The FY 09 budget is based upon estimated revenue growth of 2.6 percent over the current year (FY 08). This year's general fund budget approaches \$5.9 billion, and next year the budget will likely exceed \$6 billion. Each year, over half the state general fund budget goes for K-12 school aid, community colleges, and state universities. Other big parts of the general fund budget include Medicaid, prisons, public safety and the court system.

We've asked the subcommittees to hold the line on spending and to scrutinize their budgets for places where we can find efficiencies. We've pledged to maintain our commitments to raise teacher salaries, expand early childhood programs, limit tuition increases at the state universities, and fund job creation programs. We going to take a look at adding some funds for community colleges and libraries. We don't expect to raise taxes or the bottle deposit fee. It will be a tight but balanced budget.

## Need More Information?

If you want more information about bills, debate, and committee work in the Iowa House of Representatives, please check out our daily blog. It is a great resource for Iowans who want to keep informed during session.

[www.iowahouse.org](http://www.iowahouse.org)



*One of my goals as Speaker of the Iowa House of Representatives is to keep community leaders and organizations informed about the issues facing the Iowa Legislature.*

*Legis.News is my way of giving you a brief insider's look at what is happening at the State Capitol. I hope you will find it interesting and informative.*

*Pat Murphy*

## Bringing High-Tech Jobs to Iowa

The House approved a measure this week intended to attract Microsoft, one of the world's biggest computer technology firms, to Iowa. The legislation, which is expected to quickly pass the Senate as well, will provide sales and property tax incentives to "web portal" businesses that provide a minimum investment of \$200 million.

Sources indicate that the Redmond, Washington-based software giant may be shopping around the Midwest for a location where it can gain access to a steady stream of electricity, water, and a good workforce. You'll recall that similar tax incentives were enacted last year to attract the Google internet web search company to Council Bluffs. Google subsequently announced that it would open a \$600 million data center in Council Bluffs and create 200 good-paying jobs.

Iowa law already exempts sale or rental of computers, machinery, and equipment used in manufacturing or to process or store data by insurers, financial institutions, and other commercial enterprises. It makes sense to offer similar incentives to attract new computer technology firms, which typically provide high-wage jobs with good employee benefits.

The legislation that passed by the House this week seeks to ensure an immediate economic impact on the state's economy, by requiring the recipient to invest at least \$200 million in Iowa within six years. If the recipient fails to meet 80 percent of this commitment within that time period, it loses the exemptions and would have to repay all sales taxes, plus interest, that would have been due. The legislation was managed in the House by Rep. Phil Wise of Keokuk.

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