



WattsLine from Repr. **Ralph Watts**

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Occasional updates regarding legislative issues of constituent interest.

The Budget Debate

For the past several weeks, the budget committees have spent time trying to work out differences between the House and Senate with regard to the budget year starting July 1 (FY12) and the budget year starting July 1, 2012 (FY13).

In addition to the efforts to craft a budget under the dollars available, the Governor has requested a two year budget from the legislature.

There is a critical need to reduce commercial property taxes, which currently are close to the fourth highest level in the U.S. This is a critical obstacle to economic growth and the need to make a bold change to bring our commercial property taxes in line.

When all of these issues are on the table, it isn't hard to understand there may be obstacles and varied opinions as to the course of action to be taken. Those negotiations have been in process since the April 30 normal end of the legislative session, and have all but stalled. To hopefully move this closer towards a resolution, the House has crafted what is being called an Omnibus Budget bill, which places all of the unresolved issues into one bill, which is being debated today.

There has been a considerable attempt to compromise on the part of the House since the Omnibus bill contains \$100 million more than the original budget submitted. With that adjustment, there was only \$47 million difference between the House and the original Senate budget. The Senate later moved their spending up another \$100 million, so the budget difference currently remains at \$147 million.

Added to the Omnibus bill are the bills that will reduce commercial property taxes to 75% of the current level over the next five years. Efforts are being made to help cities adjust to the reduction in commercial property tax revenues to which they have become accustomed.

None of the issues are new, contrary to the accusations of those who are complaining about this process being done behind closed doors without public input. All of these issues have been in development for the past three months with plenty of opportunity and in fact a great deal of public discussion.

What it boils down to is a very simple fact. While the House and Senate Republicans and the Governor wants to restrain the growth of government and make Iowa more competitive, the Senate Democrats have made it clear they want more spending.

It appears that the Senate Democrats are holding out to force the government to curtail services as of July 1. I don't think that would be helpful but efforts to bring a resolution are definitely stalled in the Senate.

So, after the Omnibus bill, HF697, is passed, the substantive work of the House will be completed and the next move is up to the Senate. Based on some of comments I have received thus far, some people feel there has been too much compromise, some feel we haven't spent enough. How do you feel about the current budget efforts?