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For fairness, base taxes on income

By Peter Fisher

Chances are that you are among the 70 percent of Iowans who chose to pay someone else to do your income taxes. Figuring out which of the dozens of credits, deductions and exemptions you qualify for was just too complicated, or too depressing, since most of them probably weren't for you.

Every year, Iowa legislators call for income-tax "reform," which recently has meant creating a new exemption for a special group of taxpayers. Last year, it was exemptions for people under 30 and for people living in border counties. This year, it's exemptions for seniors receiving pension and Social Security income.

Actually, Iowa's income-tax system is already more than fair to retirees. A retired couple with \$35,000 in Social Security and pension income pays no state income tax, while a married couple with two children and \$35,000 in wages pays \$1,160 to \$1,471 in income tax.

Rather than creating mythical arguments for giving tax cuts to a select portion of Iowa citizens, policymakers should return to the basic principle of fairness: As long as you live in Iowa and benefit from the services provided by the state, you pay your share, based on your ability to pay. I think the majority of Iowa seniors would agree with that principle.

I will be retiring in a few years, and like the vast majority of Iowa seniors, will stay in Iowa. Also like the vast majority of Iowa seniors, I will not whine about my taxes. Instead, I will be grateful for the tax relief the state already provides the elderly. In fact, I would be happy to pay more, if it meant my grandchildren could go to better schools.

Income taxes should be based on income — not on age, source of income or place of residence. If all the state income-tax cuts proposed in recent years had been enacted, only people between the ages of 30 and 65 living in the center of the state would pay any income taxes. Yet, these Iowans are working, raising families, saving for retirement and their kids' education and possibly caring for their own parents as well. Why should they have to pay other people's taxes too?

If any group needs tax relief in Iowa, it is low-income families. When you look at all taxes (sales, property, income, gasoline and tobacco taxes), the poorest families actually pay a larger percentage of their income in state and local taxes than do the highest-paid Iowans. The wealthiest 1 percent of Iowans pay 5.8 percent of their income in taxes, while the poorest 20 percent of Iowans pay, on average, 10.6 percent. Put another way, the wealthiest Iowans work only three weeks to pay off their taxes, while the poorest Iowans have to work almost twice as long.

Let's stop making tax policy on the grounds of who is making the loudest threats to leave the state if they don't get their taxes cut. It's time basic fairness returned as the guiding principle for tax reform.

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