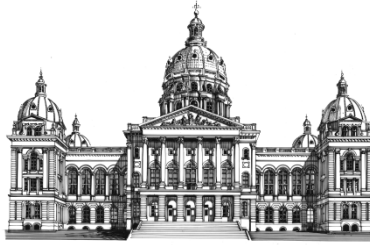


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**The Senate**  
State of Iowa  
*Eighty-seventh General Assembly*  
STATEHOUSE  
Des Moines, IA 50319

## COMMITTEES

Ethics  
Human Resources  
Rules and Administration  
State Government  
Ways and Means, *Ranking Member*

Administrative Rules Review Committee

June 2, 2017

Governor Reynolds:

First, I would like to congratulate you on your recent inauguration as Iowa's newest governor. It is a tremendous accomplishment and an extraordinary opportunity.

During your inaugural speech, you signaled that you planned to build on your experiences in the Iowa Senate and how you want to work together to make Iowa a better place. After a session marked by extreme legislation pushed through in a partisan manner, that will be a welcome change.

In your speech, you also listed comprehensive tax reform as your top priority. As the ranking Democrat on the Senate Ways and Means Committee, I would like to add my support for these efforts and hope that we can work together to address this matter in a broadly bipartisan manner.

As we take on this task, I believe any proposals must follow these principles:

- **Tax reform must be fair.** Iowa's tax system has a number of tax brackets in an attempt to make the income tax system progressive so that those with lower incomes pay at lower rates. However, according to the Iowa Policy Project, when all state and local taxes are accounted for, Iowa's lowest income earners pay the largest portion of their income in taxes. Changes to Iowa's tax system should address this situation and not make this problem worse.
- **Tax reform must make Iowa's tax code more transparent so Iowa can show its true competitiveness to the nation.** Iowa's tax code has become a confusing collection of credits, deductions and exemptions that has left the state with high tax rates that do not accurately reflect the cost of living and doing business in Iowa. Our tax rates appear to be among the highest in the nation -- but according to the Tax Foundation, the amount paid by Iowans through our tax system ranks Iowa in the middle of the pack.
- **Tax reform needs to take into account our current budget situation.** We just completed a legislative session where funding was slashed for nearly every part of state government, and there is no sign the situation will be improving next year. We must not repeat the mistakes of Kansas, which passed massive tax cuts that have resulted in a continual budget crisis where

schools are underfunded and has forced the state to balance the budget by stealing from road funds and raising other taxes.

- **Tax reform needs to examine corporate tax credits.** We have cut state funding for vital state programs that serve some of our youngest and most vulnerable lowans. So far corporate tax credits have been exempt from these cuts. We must determine if these corporate tax credits a good return on the investment and benefit lowans, not just those few businesses.

I believe Iowa would benefit from true tax reform that meets these principles. We must avoid changes that would make our tax system less transparent, make low-income and middle-class lowans pay more taxes, and prevent us from addressing the budget priorities of our constituents.

I look forward to working with you during this interim and during the 2018 session.

Sincerely,

A handwritten signature in black ink that reads "Pam Jochum". The signature is written in a cursive style with a large initial "P".

Senator Pam Jochum