

# Ten Keys To Rebuilding Iowa's Economy

## An Engine, Not A Motor

Over the past three decades Iowa's economy has been powered by a motor, not an engine.

Motors are powered from without. Iowa's economic motor has been powered by out of state enterprise, such as Wal-Mart and Microsoft, recruited here by statehouse politicians lacking a true understanding of the state's role in building an economy. They accomplished the political priority of creating jobs, but they created those jobs at the expense of Iowa's taxpayers and Iowa based businesses.

Iowa based businesses, particularly in our food industry, not only created jobs, but they invested in the local little league, stimulated local commerce and put their money in local banks.

Until...

The Wal-Marts and Bass Pro Shops may create jobs, but those jobs primarily employ Iowans to pack and load profits to be shipped to the employers' corporate headquarters. Bentonville and Springfield reap the real rewards, not Iowa or Iowans.

Engines are powered from within. Iowa's economic engine ought to be fueled by the restoration of our food industry. Currently Iowans grow fuel, grow feed, and raise meat, while purchasing 85-90% of the food consumed in our state from outside Iowa. This despite 25% of the world's best farmland being located within our borders.

Iowa's economic renaissance can also be powered through tax reform, allowing Iowans to keep their money and invest it more responsibly than government. When working families keep their money, they grow the economy in a natural way, i.e., buying groceries, getting haircuts, putting savings in local banks. When government grows the economy it grows unnaturally, i.e., the film industry scandal, pro hockey in Iowa, government resorts.

## Impediments To Growing Iowa's Economy

To understand the keys to building a strong free market Iowa economy, we must understand the impediments to growing Iowa's economy. Too often our political, governmental and economic leaders have misrepresented the condition of our state's economy.

That is a mistake!

## Population Stagnation

First we must begin with understanding Iowa's population.

When the 113<sup>th</sup> Congress convenes, Iowa will be reduced to four members in the U.S. House of Representatives. This reduction powerfully illustrates the stagnant nature of Iowa's population. No article in Forbes magazine, no CNBC report, no "jobs created" statistic diminishes the significance of the fact that Iowans are voting with their feet to leave our state.

So on an aggregate basis it is easy to ascertain Iowa's population is stagnant. On a disaggregated basis, however, we see that Iowa's population has increased in areas that are costly to our state - urban refugees, illegals, aging Iowans; while Iowa's population has declined in areas that benefit the state - high income earners, corporate headquarters, high achieving youth.

While many of our suburbs have grown in population, much of rural Iowa is dying and our core cities are decaying. This sprawl not only cannabilizes urban and rural populations, it cannabilizes Iowa's greatest asset - its soil.

Iowa has struggled with retaining it's very bright and talented intellects produced at the high school and college level, while it has increased percentages of populations dependent on government support to live. In our urban eight cities - Cedar Rapids, Council Bluffs, Davenport, Des Moines, Dubuque, Iowa City, Sioux City and Waterloo - 47.19% of the enrolled student body were on free and reduced lunch as of the fall of 2009. Our human service, prison

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and unemployment rolls have swelled. Our aging population on fixed governmental income has also grown significantly. As a result more than 60% of the residents of Iowa's urban eight cities are being sustained by taxpayer resources. Factor in others, such as single moms working multiple jobs to survive, and the "functional" poverty rates of our urban eight communities is approaching 80%.

### Additional Impediments

Iowa's once low unemployment rate has skyrocketed. Yet the significant number, and one statehouse leaders ignore, is the underemployment rate. Underemployment is where we find the absence of health care, the burden of child care, and the absence of sustainable lifestyle, so bridges like payday loans become the only way to stay afloat.

Drug use in Iowa has skyrocketed, particularly meth addiction. Iowa has reclaimed its title as the "Meth Capital of North America." The inability of applicants to pass drug screen tests has become a significant challenge to employing a dependable workforce. In some parts of the state and many industries it is the single greatest obstacle to workplace stability.

High taxation has clearly played a roll in undermining our state's economic vitality. We are consistently at the bottom of states with business start ups.

The academic decline in our large districts is unprecedented. On September 3, 2010, The Culver Administration released its State Report Card. While not a single one of Iowa's nearly 250 districts with fewer than 1,000 students was officially failing, every one of Iowa's urban eight districts is officially failing, and 100% of our high schools and 95% of our middle schools in our ten largest cities are officially failing.

The lack of academic success is made worse by the lack of skills and diminished work ethic.

Iowa's economy is saturated with government dependency – agriculture, the construction industry, the financial services industry. Plus government, at all levels, has emerged as Iowa's leading non-agriculture employer.

This is especially problematic since both the state and federal governments have massive debt and deficits and no current responsible plans to stop the bleeding exist.

## Principles To Remember

Principle I: Before we cut taxes we must cut spending. In this document we do not layout our vision of cutting government spending. Our government reform plan addresses that. The \$1.5 to 2.0 billion in annual spending reductions allows us to re-prioritize where we deploy our taxpayer resources and it allows us to implement an efficient, effective, and timely tax reform package.

Principle II: We advocate the growth of Iowa's private sector, not government. This is not just a slogan, but a foundational governance principle. We intend to systematically reduce state government until only the essentials remain, e.g., a system to protect the innocent and punish the evil doer, a system to maintain roads and remove snow, system to license drivers or conduct elections.

Principle III: Economic growth in Iowa must not only be rooted in free market concepts, but our commitment to "true" capitalism, particularly community capitalism, must be affirmed as we remove governmental impediments to growth, prosperity and profit, and enforce existing laws that protect "true" competition, such as a cracking down on employers that employ illegal immigrants.

Principle IV: Iowa's economy can not grow and prosper if we do not confront corruption and incompetence. To this end, corruption must be exposed and confronted as a core strategy to reclaiming and rebuilding our state, and our state's economy. Corruption and incompetence in government has played a significant role in undermining governance credibility, i.e., the "Film Credit" debacle. **Accountability and performance measurements must be applied for every level of government.**

Principle V: Livable wages are a key to our prosperity. Families must have the means to pay mortgages, purchase goods and services, and exist as traditional family units, should they choose this option. Iowa leads the nation in two parents working, yet the social and economic value of a one income family braced with a stay-at-home parent to nurture children is invaluable. While government should not dictate this option, it should restore it.

Overarching Principle: Citizen Stimulus not Government Stimulus! Rather than have the government tax and spend in areas it believes will stimulate the economy, we advocate letting the citizenry keep their money so they can stimulate the economy.

# Ten Keys To Rebuilding Iowa's Economy

## I. Tax Reform

Tax reform is the foundation upon which Iowa's economy must be built.

Before we cut taxes, however, we must cut spending. This does not mean simply slowing growth in the size of government, but actually eliminating obsolete, ineffective and wasteful government programs and positions.

Tax shifting, for example, lowering property taxes but raising sales taxes, is as unacceptable as cutting taxes but maintaining current spending practices.

Once we have restored fiscal accountability, operational integrity and efficiency to governance, we must then reform Iowa's tax code.

Punishing success does not grow our economy. States are not like nations. If the federal government has an outrageous tax structure, successful Americans grit and bare it. When states impose punitive taxes, especially taxes on excellence and achievement, residents relocate to other states, such as South Dakota.

Talent is no longer Iowa's leading export. Prosperity is.

Currently Iowa's tax code is punitive. That must change. For that reason we advocate tax reform in the following key areas:

## Corporate Tax Reform

A. Our first major tax reform is phasing out the corporate tax over five years with a zero percent rider introduced in year one.

This means for every dollar a corporation reinvests directly into their Iowa operation or for every dollar they spend purchasing goods and services from an Iowa based business, they deduct a dollar from their tax liability until their bill zeroes out.

We also terminate all current business and corporate tax credit programs in Iowa.

### Key Impacts

1. In the 2009 Fiscal Fact book, the corporate tax contribution to Iowa revenues projected for fiscal year 2010 is \$407 million. The zero percent rider means the state could end up collecting zero dollars in corporate contributions, but all \$407 million would be pushed back into the Iowa economy, creating jobs and stimulating commerce through the patronage of Iowa based businesses.

2. This ends the state's practice of picking winners at taxpayer's expense, instead creating a level playing field for all Iowa's business class.

3. By phasing out corporate taxation, Iowa becomes a very attractive option for corporations looking to relocate their operations, including their headquarters.

## Property Tax Reform

B. We create real property tax protection.

Had the British thought of Iowa's property tax code, the U.S. would still be part of the empire. I just got my car fixed. Should I have to pay taxes on it because it is worth more now than when I took it to the repair man?

Why should a farmer be punished for fixing his barn? Why should my uncle be punished for adding a deck to his residence. Why should a small business person be punished for reopening an abandoned structure?

Equally outrageous, why should neighbors be punished because a neighbor improved property?

The right to own property is the foundation of Americanism, yet Iowa politicians have laid siege to it for far too long without resistance **from America's property owners.**

Our state's single most important tax reform measure must be creating real property tax protection for Iowans. To accomplish this we must base property taxes on the purchase price of the property – 1 to 1.5% and it is locked in regardless of what improvements or enhancements are done to the property.

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## Key Impacts

1. Family Farms are able to maintain property and add structures without being punished by local governments hungry for additional revenues.
2. Private homes can be maintained and enhanced without the fear of punitive taxation.
3. Neighborhoods are stabilized because of the incentive to stay and build rather than move and acquire new mortgage based debt. This also allows homes to be paid off sooner, families to acquire real wealth and equity in their homes, and, by paying off the mortgage sooner, spending or savings power grows.
4. Plywood can be taken off decaying urban Iowa and dying rural Iowa and good structures can be put back into circulation without entrepreneurs being punished.
5. Entrepreneurs are encouraged to buy property to house their enterprise rather than rent, which results in a potent cultivation of spreading wealth rather than concentrated wealth.
6. This reform slows urban sprawl to a crawl. Instead of rewarding those that pour concrete over our rich black soil – a global treasure – and then draining public coffers by putting in roads, poles and sewers, we encourage the utilization of existing structures in urban and rural areas.
7. By gutting urban sprawl, we reap huge environmental benefits.
8. We immunize Iowans against the randomness of assessors and the extravagance of local governments unwilling to live within their means by ending their ability to invoke bizarre, inexplicable, **and unjustifiable** property tax hikes.

## Sales Tax Reform

C. We roll back the sales tax to three percent over the next four years. To go along with this reform, we end all the lobbyists purchased exemptions. Only food, medicine, medical services, utilities, and second hand items such as clothing, should be exempt from state sales taxation.

This is a revenue neutral tax reform. It is outrageous that a grandmother will pay more sales tax buying her grandchildren a happy meal, or a single mom will more pay sales tax more buying diapers for her infant, than a hundred millionaires will pay in sales tax buying services from the family lawyers and accountants who manage their fortunes.

## Key Impact

We drive down Iowa's most regressive mandatory tax, putting money in the pockets of working class Iowa families, while the rich and powerful that purchased lobbyist-driven exemptions pay their equitable share – three percent, too.

## Individual Income Tax Reform

D. Our last major area of tax reform involves several changes in individual income tax policy in Iowa.

1. We lower Iowa's top income tax bracket to 6%.
2. We preserve federal deductibility.
3. We limit taxation of hourly wages to 40 hours per week.
4. We create a rebate structure as part of our eventual phasing out of individual income taxes in Iowa over a ten year period. There are three rebates in the first phase:
  - 1.) Allow up to 5% rebate of a person's state income tax bill that can be contributed to the person's favorite cause - scouts, little league, etc...This means Iowans would directly control nearly \$170 million in rebate-based charitable contributions.
  - 2.) Allow up to a 10% rebate of a person's state income tax bill that can be invested in rural development - improved cell reception, family farms, meat lockers, small town shops and commerce. This means Iowans would directly control nearly \$340 million in debt free rebate-based rural investment capital.
  3. Allow up to a 15% rebate of a person's state income tax bill that can be invested in an Iowa business. Small towns could bring back their local grocery stores or re-open the town bank. Plywood could be replaced by commerce on rural Mainstreet, urban downtowns, and/or blighted areas. This also creates wealth for much of Iowa's citizenry as it gives birth to a generation of free market capitalists - a foundation of our economic empowerment strategy – Iowans Stimulating Iowa...This means Iowans would control up to \$510 million in debt free rebate-based free market investment capital.

### **Key Impacts**

- a. Reduction of the top bracket creates an incentive for Iowa's highest earners to stay in the state and it frees up resources for commerce, savings and investments in Iowa.
- b. Preserving federal deductibility creates an incentive for Iowans to stay in the state and it frees up resources for commerce, savings and investments in Iowa.
- c. Eliminating taxation after 40 hours means working families, single moms, etc...would have vital resources to do basic things like buy groceries and diapers rather than pay taxes that are then redistributed to the likes of film makers, the Google billionaires, Bill Gates, and the Wal-Mart heirs through corporate subsidies.
- d. More than one billion dollars annually would be restored directly to Iowans to stimulate Iowa through support of worthy community based causes, rural revitalization and free market capital investment in a myriad of ventures from family businesses to the return of town banks and grocery stores.
- e. Our rebate structure also redistributes revenues back to all Iowa's 99 counties rather than sucking taxes out of all 99 counties, but concentrating the expenditures in Des Moines based schemes.

## **II. Community Capitalism Initiative**

The first words my nephew heard as a member of the Harvard M.B.A. program were “you will invest in your friends companies and they will invest in yours. You will hire their kids and they will hire yours and together you will rule the world.” The speaker was a cabinet member of the G.W. Bush Administration and an alum.

While cooperative and collaborative investments cannot be mandated, they ought to be encouraged, especially through enhanced paths to invest and the removal of government barriers to the creation of collective wealth and opportunity.

Nobel Laureate Milton Friedman put it best: “Capitalism is the best system ever created to get people who can't otherwise stand each other to work together.”

### **A. Creation of an Iowa Exchange**

Small business and entrepreneurship in Iowa has been financed at times by personal or family capital, but too often it has been funded by creditors, wealthy venture capitalist, or government bureaucracies. These investors often pervert the core mission of the business to make profit. For example, bankers aren't concerned if the business thrives, only that the loan is repaid. This is not necessarily irresponsible, but the conflicting goals – profit versus repayment-- can result in eventual, if not inevitable, business failures.

An Iowa Exchange would allow Iowa businesses to access a unique state based exchange, similar to the New York Exchange (with some key modifications) that allows them to generate needed amounts of capital from Iowans, while avoiding usurious debt that comes with borrowing capital from bankers, or imposed objectives foreign to the core mission of profit when financed by the government.

It would also serve as a potent tool to create additional wealth for Iowa based investors, especially those that used their rebates to invest in an explosion of free market, Iowa based innovation and enterprise.

### **B. Community Banks and Credit Unions**

Financial infrastructure is essential to a thriving local economy. Unfortunately as banks in Iowa become more distant, based outside of our state and local communities, the role these institutions play in sustaining our local economies is lost. Community banks and credit unions often work better because they are created through the investment of members of the local community and thus enjoy greater loyalty and accountability than larger, disconnected institutions.

The creation of this type of Iowa based financial infrastructure would also create powerful asset investment tools and institutional capacity to engage citizens and communities in much needed financial literacy education, while reversing some of the more destabilizing financial practices, such as payday lending and currency exchange transactions.

These institutions also are more likely to make better decisions than our current distanced banking establishment. To the point – Credit Unions, which are operated much more responsibly than our big banks, didn't require a bailout from the federal government to overcome poor greed-driven decisions.

### **C. Cooperatives & Limited Liability Corporations (L.L.C.)**

These proven tools of community capitalism have fallen to the wayside as core strategies to create much needed free market infrastructure. For example, in Des Moines, Top Value Supermarket was a government financed venture and failed miserably.

A cooperative or L.L.C. approach, however, that secured significant private community buy-in prior to opening, would have likely prospered.

Mobilizing strategies to pool capital worked to help build our nation and the opportunities and rewards are still as valid.

### **D. Credit Reparation/Responsible Credit Initiatives**

A key to strengthening Iowa's economy is getting individual Iowans into a stronger position financially. Credit reparation programs will go a long way towards enhancing the purchasing power of Iowans, lowering interest rates, etc...To go along with this, however, the responsible use of credit must be advocated and, where possible, consumer credit laws must be adjusted to ensure the responsible use of such credit.

### **E. Smart Spending/Smart Savings Promotion**

Iowans must be encouraged to be better consumers and savers. As we create a smarter fiscal Iowan, predatory industries like the rent-to-own businesses and the pay-day loan operations that generate huge profits that are eventually transported out of state are replaced by enhanced local spending and the circulation of community wealth.

### **F. Technical Support and Assistance Programs**

Government must get out of financing businesses, but it absolutely should play a role in providing technical support and assistance, particularly helping business and industry navigate the maze of government regulation and bureaucracy.

It is important to understand that this component is needed mainly because of government intrusion into private enterprise – complex taxation, aggressive regulation, etc...

Instead of playing “gotcha,” government ought to be a partner with those creating wealth, commerce and jobs as they create the economies that sustain everything else from our tax base to our ability to feed our families and pay a mortgage.

## **III. Investment in Vocational and Technical Education**

Real dropout numbers paint a bleak picture as does competency data. For this reason the current system's aspiration of sending all students to college to pursue classic academic post-secondary certification is not only reckless and irresponsible in a state that can't graduate many students from high school, but it is destabilizing to our economy.

Over the next 30 years potentially one hundred billion dollars in government funded infrastructure projects – highways, schools, courthouses, jails – will take place.

We lack institutional capacity to responsibly train a workforce to perform these tasks.

There are good, high paying jobs in the skilled trades open for a generation. Working with wood and metal promises career stability and long term opportunity.

Instead of many of our youth going into the system as inmates, welfare recipients, and gang members, they would become plumbers, electricians, and carpenters and contribute to the tax coffers instead of draining them.

They would also be able to provide for their families rather be dependent on the state.

The investment in vocational and technical education must begin at the middle school level, but continue through enhanced offerings at our community colleges, including vocational and technical education for adult learners and displaced workers.

We also need to increase **private sector** collaborations with the skilled trades to maximize this area of investment.

## IV. Illegal Immigration Reform

While there are many reasons to step up illegal immigration enforcement and reform, the chief incentive is the financial impact that responsible and proactive policies will have on Iowa's economy.

A. Illegal Immigration Reform will result in the restoration of a competitive wage scale in numerous industries in Iowa, i.e., the construction trades. Illegal Immigration Reform will also mean fewer Iowans have to work two and three jobs due to the restoration of competitive wage scales.

B. Illegal Immigration Reform will cut significantly our rising unemployment numbers by freeing up tens of thousands, possibly a hundred thousand or more jobs.

C. Illegal Immigration Reform will keep up to \$200 million circulating in our state economy that currently leaves our country.

D. Illegal Immigration Reform will take many wage paying jobs from under the table and put them on the formal tax books.

E. Illegal Immigration Reform will free up employment opportunities for teens and college students, but also for the elderly, single moms and others looking to supplement family incomes.

## V. Youth Retention/Development Campaign

Lisa Ahrens was the student appointee to the Iowa Board of Regents during the Vilsack years. She was a past president of the National Future Farmers of America, a national honor student, and Academic All-American. But when it came time for her to make plans for her future upon graduating from Iowa State, she resigned from the Board and announced she was leaving Iowa. She felt it just didn't offer her adequate opportunity.

It's reasonable that Kirk Hinrich left Iowa because he couldn't find a job upon finishing college. But the past president of Future Farmers of America doesn't see a future in Iowa?

**Wow!!!**

The loss of our highest achieving students is devastating to our growth prospects as a state. To change this we must become as aggressive in recruiting our academically gifted students in this state as we are our gifted athletes. Harrison Barnes enjoyed a full court press from local recruiters, but we are far less willing to go after our academically gifted students.

My nephew, the first African American editor of the Harbus, the official publication of the Harvard M.B.A. program, was recruited by Oxford out of High School, all the Ivy League Schools, Stanford and M.I.T. but he was not recruited by Iowa schools.

If we put a fraction of the effort into keeping our best students in the state that we put into keeping our best athletes, the impact on Iowa would be profound and long term. For that reason we intend to advance a strong youth retention/development campaign.

### A. Identify & Target Our Highest Achieving Students To Stay In Iowa

Leadership needs to work to identify and target our highest achieving students to stay in Iowa. This includes working with the private sector to create internships, working with our colleges and universities to aggressively recruit these students, and working with employers to track and potentially hire these students.

### B. College Retention Initiative

We will provide Iowa students a free college education to our Regents Universities, or a comparable cash match to a private school in Iowa, if they give us 40 hours of community service per summer and stay in the state a year for every year of education we pay for. This goes a long way towards addressing one of Iowa's most grave issues - the brain drain.

If we can keep our students in the Iowa three or four years after graduation, we may keep many of them in Iowa for three to four decades.

There are two other huge benefits to this:

1. Iowa families with students that receive a free education will get to keep potentially one billion to one and a quarter billion per year in their pockets.
2. Our college graduates will enter the world with little or no college debt which means they can pursue equity

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credit right away. Iowa's college graduates currently have the second highest debt load leaving college of students in this nation. That fact alone makes it very difficult for our young people to stay in the state.

Our newly vested class, engaged also in our rural and urban revitalization campaigns, will be able to acquire very inexpensive home ownership because they won't leave school owing \$50,000 to \$100,000.

### **C. Repeal Youth Minimum Wage & Modify Youth Labor Laws**

Work ethic has long been one of Iowa's greatest assets. But the youth minimum wage has seriously hindered employers from hiring teens, particularly those lacking a work record. As a result they not only are not earning money they could contribute to working class and single-headed households, or to purchase the things they want, but they aren't learning to work. In a state where a number of our major districts are graduating about 50-60% of the students they serve four years earlier, this is even more problematic. Repeal of the youth minimum wage, therefore, has several benefits from getting teens working experience to allowing them to contribute to their families financial base.

Also, learning how to work early in life hasn't hurt Amish or farm kids. And it won't hurt our non-farm youngsters either.

This doesn't mean we subject our youth to unsafe situations, but we must teach them how to work hard, focused, and productive hours. Last summer my teen daughter mucked barns at a friends horse ranch. It didn't injure her. She grew from the experience. The money she earned was secondary but she liked that, too.

### **D. Youth Mentor/Apprenticeship Programs**

Beginning at the Middle/Junior/Intermediate level we should collaborate with the private sector, churches, community groups, local chamber of commerces and others to create mentor and apprenticeship programs for our youth. And not just for the highest achievers but for our youth in general. Strong adult guidance is invaluable in the life of our youth, but even more so in a state where two parents work more than any other state and where the explosion of single moms and absent fathers is an epidemic.

### **E. Youth Entrepreneur Initiatives**

As Iowa moves back to a free market economy it is essential our young people get exposed to the wonders and opportunities of "true" capitalism. This can take place in many forms, but at the core we must create meaningful opportunities to cultivate a new generation of entrepreneurs and innovators.

Young Iowans would, under the mentorship of adult coaches, create businesses comparable to what we saw with the national youth entrepreneur initiative. Those business would vary from fashion design to youth social clubs. Only the imagination and seed capital the youth would have to generate would limit the possibilities.

### **F. Urban/Rural Resettlement Campaign**

As part of keeping our young people in Iowa we must clear the impediments for them to both relocate into our dying rural communities where there are wonderful and affordable homes and our decaying urban areas. This is where the creative utilization of existing state mechanisms, such as the Iowa Finance Authority, can play a pivotal role in creating affordable home ownership for our young people. Reforming the property tax code will also go a long way towards encouraging them to buy into and rebuild our blighted and depressed communities, rural and urban.

### **G. Expanded Marketing of Iowa's Strengths**

Building a hockey rink, then hiring an out-of-state company to mismanage the Stars, didn't do much to keep young people in Iowa. This "old" guy network hasn't listened to our youth, nor have they done their homework when it comes to retaining our youth. First and foremost, good high paying jobs and opportunity must exist if we are to keep and attract people to Iowa, especially our youth.

Beyond that, we need to market Iowa's strengths, such as being a great place to raise a family, our friendly neighbors, and the opportunity to participate not just spectate. We have great adult leagues, community theater, celebrations like our state and county fairs, etc.. After that we need to annex our remaining cultural amenities - Chicago to the east, the Twin Cities to the north, Omaha to the west and Kansas City and St. Louis to the south.

We need to remind people how affordable Iowa is and how close these communities are. They can have the best of both worlds!



## **VI. Urban Development Initiative**

### **A. Neighborhood Stabilization/Revitalization**

Our Urban Eight core communities are in rapid decline. Home ownership and neighborhood stabilization/revitalization must be top priorities. We achieve this through a number of strategies including property tax reform and a resettlement campaign.

### **B. Enterprise Zones**

As we tour our urban communities we see more and more closed businesses and abandoned buildings. Tools, such as the creation of enterprise zones, must be instituted to encourage re-investment and commerce in these areas.

### **C. L.L.C.s and Cooperative Ventures**

A cornerstone of urban revitalization has to be the facilitation of community buy-in and investment. Burlington, for example, used an L.L.C. to create their riverboat years ago. These tools must be used for ventures that actually enhance the local communities rather than devour them. These tools also diminish risk while they allow for adequate capital to be pooled to develop competitive and sustainable enterprise.

### **D. Urban-Rural Collaborations**

No area offers greater potential to meet needs and keep billions circulating in Iowa's economy while simultaneously creating a generation of good jobs than urban-rural collaborations. A myriad of collaborative opportunities exist such as linking urban investors (remember 10% rebate) to ventures such as re-opening meat lockers and competing to provide reliable cell reception to rural Iowa.

### **E. Responsible Use Of Tax Credits**

See key number nine.

## **VII. Rural Revitalization Initiative**

### **A. Rural Repopulation**

Our rural areas are in rapid population decline if not dying altogether. Home ownership and repopulation must be top priorities. We achieve this through a number of strategies including property tax reform and a resettlement campaign.

### **B. Enterprise Zones**

As we tour our small towns we see more and more closed businesses and abandoned buildings. Tools, such as the creation of rural enterprise zones, must be instituted to encourage re-investment and commerce in these areas.

### **C. L.L.C.s and Cooperative Ventures**

A cornerstone of rural revitalization has to be the re-birth of the cooperative movement. Successful examples of this are found throughout the state, but the use of these proven wealth creation and sustaining tools has diminished significantly. We need to reverse this trend.

### **D. Rural-Urban Collaborations**

No area offers greater potential to meet needs and keep billions circulating in Iowa's economy while simultaneously creating a generation of good jobs than rural-urban collaborations. A myriad of collaborative opportunities exist such as creating a pipeline from Iowa's restored family farm food producers to daily urban farmer markets.

### **E. Tax Credits**

See step number nine.

#### **F. Wire Rural Iowa**

As a top priority we need high speed internet service in every quarter of rural Iowa. Now we don't need this as much for personal use, but the commercial impact, including the ability to cultivate a work-from-home workforce. This step alone would enhance, if not revolutionize our rural economy in Iowa.

### **VIII. Re-Affirm Our Commitment To Family Farms And Agriculture**

Currently Iowa's government-subsidized Agri-corporate economy is based on growing fuel and feed and raising meat.

A. Eighty-five to ninety percent of the food Iowans consume is produced out of state, so as the food flows in the profits flow out. This means we must have an agricultural renaissance that will enable the Iowa farmer, especially family farmers, to profitably grow fruits and vegetables.

B. Through our 10% rebate program and the creation of rural enterprise zones, we can bring young people back to the land and cultivate a generation of small family farmers as the core group serving in the creation of an Iowa fruit and vegetable economy.

C. We successfully enhance our food based economy by improving transportation access – using inmate labor to fix county roads, through tax reform, through regulatory reform, through expanding markets in other parts of the world - Africa or South America.

D. We must affirm and enhance our commitment to our agricultural base including protection of our soil and farmland from sprawl and other factors, such as eminent domain and the stealing of private property.

### **IX. The Responsible Use of Tax Credits**

The state's tax credit programs have been reckless and irresponsible.

We would eliminate these schemes, but use tax credits to encourage individual investments in urban and rural enterprise zones.

This strategy rewards Iowans for investing in targeted or designated areas of commerce. This also provides a buffer government investors lack. By allowing individuals to direct their investments, the private citizen can decide if investing in the Iowa Stars is a good idea or a bad one. This goes to the heart of our citizen stimulus or Iowans stimulating Iowa vision.

### **X. Define the Role of Government in Economic Empowerment**

We must get government out of the business of picking winners and losers. Corporate and property tax reform and other steps must be taken to end state government's failed economic development efforts. The free market should decide what is a good investment or not, rather than a taxpayer financed bureaucrat whom, by the very nature of his current employment status, has **potentially** rejected free market capitalism.

Beyond that there are multiple key reforms the state must embrace to define its proper role in economic empowerment.

#### **Re-Organize State Economic Bureaucracy**

A. Re-organize the departments, divisions, bureaus, programs and staff of state government to create a coherent vision of the role of the state in economic growth. When this is completed, one accountable, relevant, efficient and effective Department of Commerce and Economic Empowerment would emerge. Departments that would no longer exist but would be a part of the new Agency include: Commerce, Economic Development, Inspections and Appeals, Iowa Finance Authority and Workforce Development. We would also eliminate: I-Jobs, privatize the Iowa Communications Network, and move the research and development strategies of the Office of Energy Independence to the Regents and eliminate the rest.

### **Create Pro-Business Government**

B. Create a pro-business government that sees its role as enhancing, not destroying or discouraging commerce, including DNR, Department of Revenue, Inspections and Appeals.

State government must transform its agencies from those that over regulate and undermine economic growth to those that nurture responsible, constructive expansion that contribute to the consumer marketplace.

A friend of mine had two businesses in two separate suburbs. Both had comparable fire code violations. In one community the inspector behaved as if his job was to shut down the business. The other inspector helped my friend correct the problems, both making the business safer for customers and getting it back on the road to making profit and contributing to society.

We believe government should behave as the latter inspector not the former. Do its job to protect consumers, yes, but in a way that facilitates business not shuts it down or impedes profit.

### **Develop Technical Support**

C. Develop a strong technical support and assistance program to help entrepreneurs navigate the maze of government impediments and to facilitate access to private investors and capital.

### **Get Government Out**

D. Get government out of the financing business. If an idea has merit and can be framed properly, which is why we ought to provide technical support, the private sector ought to finance it. If it lacks merit the tax payers should not be expected to foot the bill, including ethanol and agricultural subsidies.

### **Gambling Reform**

E. Gambling reform is vital to an empowered Iowa economy. Gambling not only leads to destabilizing factors such as bankruptcies, family break ups, transferred social costs in the human services area, and the plunder of our elderly, legalized gambling has nurtured outright criminal activity from the embezzlement of local government and business funds to the salvaging of family treasuries.

Gambling has damaged Iowa. So while we cannot simply reverse the clock, we can actively engage this plague by doing the following:

A. Create anti-theft protections for both the private sector and the public sector, including non-profits and government bureaucracies.

B. Move to an e-card system eliminating cash transactions at casinos, including no ATMs or other means of accessing cash or credit on the premises.

D. Ban all gambling advertising in Iowa. The ban on smoking advertising hasn't destroyed the industry. Gambling should not be advertised to children.

E. Divest out-of-state gambling interests utilizing citizen, non-profit and community ownership strategies. The out-of-state gambling interests would actually get a fairer compensation package from our state than Touch Play operators got from the state.

F. Consolidate state gambling apparatus, i.e., Lottery and Racing and Gaming Commission into one division level bureaucracy.

G. Institutes a moratorium on new gambling licenses.

H. Conduct an independent, comprehensive study on the social and economic impact of gambling in Iowa, including the Lottery.

I. Link taxation of the gambling industry to the scientifically determined social and economic impact of gambling in Iowa.

J. Investigate the links between organized crime, political racketeering and gambling in Iowa.

K. Create gambling safe zones in and near all Iowa's casinos.

L. Institute serious gambling addiction programs throughout our state.