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## Culver: Branstad will raise taxes to balance budget

**Spokesman for the Republican says each candidate's record speaks for itself**

By [Jason Hancock](#) 9/14/10 8:25 AM

In the sharpest critique yet of his Republican opponent, Gov. [Chet Culver](#) said [Terry Branstad](#) is making lots of promises about his economic plan but refuses to demonstrate how he'll eventually pay for them.



Terry Branstad, left, and Chet Culver

“How he’s going to balance the budget exactly how he always used to balance the budget,” Culver said in an interview with The Iowa Independent. “He’s going to raise taxes. He’s going to raise the sales tax and the gas tax. He did it over and over again when he was governor, and that’s what he’ll do again, because otherwise there is no

way he can pay for his proposals.”

Culver specifically pointed to Branstad’s ideas to [cut the corporate income tax and corporate property taxes](#). According to a policy proposal released by Branstad’s campaign, he plans to reduce the percentage of property taxes paid on new commercial property immediately, then phase down property taxes paid on existing commercial property. He would cut Iowa’s corporate income tax rates in half.

“All this sounds really good on paper, but once you get into the details it falls apart,” Culver said. Cutting the corporate tax rate in half, for example, would “cost \$100 million a year, and that’s a conservative number. He’s never said how he is going to pay for that.”

Cutting commercial property taxes by a third would cost the state as well, Culver said.

“Who’s not for that? Of course that sounds good,” he said. “But if you listen closely, he says the State of Iowa is going to pick up that tab for five years until we figure out a more equitable property tax structure. That is \$400 million in new taxpayer expenses a year. That’s how much a third of the commercial property tax receipts are. What’s the Farm Bureau going to say or the residential taxpayers going to say when they are told they are going to have a \$400 million a year property tax increase?”

Chris Edwards, director of tax policy studies at the Cato Institute, told The Des Moines Register earlier this year that [cutting taxes paid by corporations](#) sends a signal that “We’re open for business. Big corporations, put your jobs here.”

But David Swenson, staff research economist at Iowa State University, wrote on his blog that “Iowa corporation income taxes and commercial property taxes [are not high at all](#).”

“A vast array of state tax credits will likely reduce a quarter or more of corporation taxes this year,” Swenson said. “Nearly 17 percent of the state’s commercial valuations and over 20 percent of its industrial tax base are located within Tax Increment Financing (TIF) districts where all of the property taxes they are paying are either only underwriting infrastructure that benefits them directly or are in a large fraction of instances rebated back to them in full.”

Iowa’s corporations only contributed “a measly 5 percent of the state’s total taxes in 2008, and it is much less this year,” Swenson said.

Another Branstad proposal — a promise to [cut the size of government by 15 percent over five years](#) — should also scare Iowans, Culver said.

“I’d love to hear how he’s going to do it, because so far the only thing he’s said is ending universal preschool,” Culver said. “That’s \$9 million, so he’s got to tell us where the other \$910 million in cuts is coming from. That’s 15 percent of the budget right now.”

In an interview with The Iowa Independent, Branstad’s running mate, Kim Reynolds, offered no specific programs that she believes should be cut, saying only a Branstad administration would look for [efficiencies and better cooperation among state and local governments](#) to shrink the government.

Branstad spokesman Tim Albrecht echoed Reynold’s remarks, saying “Terry Branstad will take a thoughtful and systematic approach to reducing the cost of government, which includes better use of technology, a reduction of inefficiencies and the elimination of needless duplications.”

Branstad has also said ending [all state services to undocumented immigrants](#) could save the state millions each year, but a report by the nonpartisan Legislative Services Agency on [undocumented immigrants’ cost to the state](#) released in 2007 concluded that “decreasing undocumented immigrant eligibility for state spending does not appear to be a viable policy option,” and ultimately would save the state very little. Branstad has also pledged to

work towards denying public education to undocumented immigrants, an idea that would mean overturning a 1982 U.S. Supreme Court decision.

Pledging to cut the size of government 15 percent, along with promises to avoid using one-time money to balance the budget — such as \$700 million from sources like the federal stimulus and state cash reserves last year — means Iowans will see a vastly different government under a Branstad administration, Culver said.

“The gas tax and the sales tax will go up, but that won’t be enough,” Culver said. ” There is no way, given his extreme proposals relating to changing our health care policy and budget cuts, that the end result won’t be kids losing health care. Terry Branstad has literally said that [our kids’ health care program is ‘too lucrative.’](#) Then he went on to say ‘too generous’ and that it costs too much. We can’t afford not to invest in our kids.”

Branstad had said in early March that eligibility for HAWK-I, the state’s health insurance program for children, should be changed from families earning 300 percent of the poverty level to 135 percent of the poverty level. But he told The Des Moines Register he [has abandoned that position](#) because federal health care reform legislation contains a provision that penalizes states if they restrict eligibility for federally funded health care programs.

Culver said Branstad’s change of heart has more to do with politics than policy.

” He was speaking to a very conservative audience before the primary when he made these promises about closing preschools and taking health care away,” Culver said. “Terry Branstad is talking out of both sides of his mouth, depending on his audience.”

Branstad spokesman Albrecht dismissed Culver’s charges, saying the record speaks for itself.

“Terry Branstad left the state with a \$900 million surplus and a record low 2.5 percent unemployment rate,” he said. “When you contrast this with Gov. Culver’s reckless and irresponsible management of state government, a near doubling of Iowa’s unemployment rate, and a projected budget deficit of \$1 billion, the choice is clear. Terry Branstad is the proven, effective manager we need in charge of state government, and will work every day to turn this state around and move us in a positive direction.”

The two men will face off in the first of three public debates Tuesday night at 7 p.m. at the Orpheum Theatre in Sioux City. Sponsors are Lee Enterprises newspapers and Citadel Communications television stations.

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