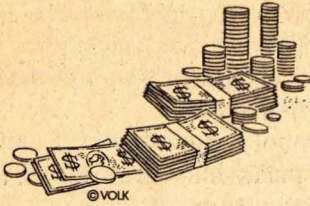


# KNOW YOUR IOWA LAWMAKER

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Iowa House of Representatives Public Information Office in cooperation with the Iowa Department of Public Instruction. 8/75



The State of Iowa receives and spends a great deal of money each year. Your senators and representatives must make the decisions about how to raise the money, and about how to spend the money.

## WHY DOES THE STATE NEED MONEY?

There are nearly three million people in Iowa. The legislature writes laws about how to raise money to pay for **THINGS** the people want and need. **THINGS** like . . .

- . . . this school building.
- . . . the desks, chairs and bulletin boards.
- . . . the books on the reading table.
- . . . the road from your farm to the town where you shop.
- . . . parks for your picnics.
- . . . state trooper cars.
- . . . university buildings.
- . . . your State Capitol in Des Moines.

And the legislature writes laws about how to raise money to pay for **SERVICES** the people of Iowa want and need. **SERVICES** like . . .

- . . . teaching **YOU** to read and write and do long division!
- . . . repairing the holes in your highways.
- . . . protecting you from crimes.
- . . . caring for those who are ill.
- . . . helping persons find a jobs
- . . . teaching a blind person to read, or a deaf person to speak.
- . . . keeping our state clean.

### **FACT TO REMEMBER:**

*The Iowa Constitution says that no money can be spent from the State Treasury, unless the legislature writes a law to allow it.*

## SPENDING DECISIONS

You have already learned about the 15 committees in the Iowa House and the Iowa Senate.

There is a committee just to write laws about the spending of the state's money.

It is a budget and spending committee, and if that were its name, it would be very easy to remember. But it isn't.

The budget and spending committee is called the "Appropriations Committee." The word "appropriations" means "money set aside for a specific purpose." It is the largest committee in the Iowa legislature.



Your allowance could be called an appropriation from your parents. In their budget, your allowance is "money set aside for a specific purpose"—YOU!

When the legislature adds money to an appropriation, the extra money is called a "supplement." You might try asking for a "supplemental appropriation" the next time you ask for an increase in your allowance! See if that brings you any luck!



# THE APPROPRIATIONS COMMITTEE AT WORK

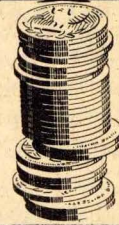
Every other year, in years ending with an odd number like 1973, 1975, and 1977, the legislators on the Appropriations committee do three very important things.

1. They study the governor's plan for spending the state's money. The plan is called "the governor's budget," and state law requires the governor to submit it. It is a budget plan for two years in advance. It must cover all the things and services needed and wanted by the people of Iowa.
2. They also listen to persons from every state department in Iowa government. There are over 125 departments to hear! Each has its own budget. This legislative listening takes three to four months. There are two-hour meetings every
3. Tuesday, Wednesday, and Thursday morning, and a special meeting every Friday morning. The meetings start in late January, and continue until about May 1 of the odd-numbered years.
3. When the Appropriations committee has heard the reasons that every department needs money, it sends its final decision to the entire House or Senate for approval. It is now a money bill. If both houses agree, they pass the money bill and send it to the governor. If he agrees, he will sign the bill and there is a new appropriations law!

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## FACT TO REMEMBER:

*Over one billion dollars has been approved for things and services for the people of Iowa for this year! (1975-1976)*



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## RAISING THE MONEY TO PAY THE STATE'S BILLS

One billion dollars is a lot of money. Where does all the money come from each year?

All the people of Iowa share the cost of the things and services we need. If we didn't, we couldn't afford to build schools and highways and hire teachers and state troopers and conservation officers for our parks.

In fact, all the people of the United States share the cost of things and services. The state of Iowa, the national government in Washington, D.C., and each county and city government all share the costs.

## YOU ARE A TAXPAYER

Suppose you are shopping for a present for your father. You have saved exactly three dollars, and you are lucky! You have found a great bottle of shaving lotion. The price tag says it costs exactly \$3.00!

But when you pay for the shaving lotion, the salesperson says, "That will be \$3.09."

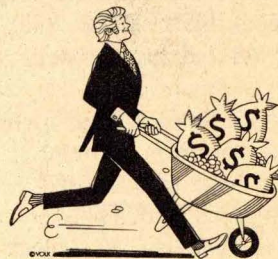
Surprise! What is the extra 9 cents for?

It is a tax. A **sales tax**. Every Iowan who buys the \$3.00 shaving lotion must pay 9 cents sales tax.

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## FACT TO REMEMBER:

*The people of Iowa share the cost of things and services for the state by paying taxes. The people elect the representatives and senators who must make decisions about how much money to raise from taxes.*



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## FACT TO REMEMBER:

*Iowans pay state sales tax that is three percent (3%) of every dollar something costs. There are two big exceptions: Iowans don't pay 3% sales tax on food or on medicine.*

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So, when you see that a clock radio price tag says the radio costs \$30.00, how much state sales tax will the buyer need?

Suppose you are buying a car for \$5,000.00. How much is the Iowa state sales tax?

How much state sales tax will you pay on ten dollars' worth of groceries? (Be careful!)

Back to your nine cents. Where does it go?

The store owner collects the state sales tax, but he does not keep it. He must send all the sales taxes he collects to the state tax department in Des

Moines. Its legal name is the **State Department of Revenue**. "Revenue" is another word for money.

The Department of Revenue places the sales tax in the State Treasury for safekeeping until it is needed to pay the state's bills.

**FACT TO REMEMBER:**

*When all the sales tax from all the three percents that all Iowans paid for one year were added together on June 30, 1975, the total was \$242,978,000.*

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## HOW MUCH MORE?

You know that Iowa needs slightly over one billion dollars to pay its bills for one year.

Look at the sales tax figure above. Say the amount out loud. "Two-hundred-forty-two-million, nine-hundred-seventy-eight-thousand dollars."

Now, round the number off to the nearest million dollars. When you write the numbers it looks like this:

\$1,000,000,000 Needed to pay the state's bills.

\$ 243,000,000 Sales tax received by the State Treasury.

**How much more does the state need to pay its bills for one year?**

Maybe you have had a lemonade stand on your block. You have ended your business day with a \$2.00 profit. That \$2.00 is the income you have earned for your work. You probably get to keep your entire \$2.00 income.



Pretend it is 1996, and you have ended your business year. Now imagine your income from your work in 1996 is not \$2.00, but is \$15,000!

You will probably not be able to keep all the income you have earned in 1996. You are required to pay an **income tax**.

If the Iowa income tax in 1996 is the same as it is in 1976, you will pay seven percent (7%) of your taxable income to the Iowa State Department of Revenue. All of your \$15,000 will not be taxable.

Let us say that \$10,000 of your income is taxable. What is 7% of \$10,000? That will be your state "income tax."

**FACT TO REMEMBER:**

*When all the income taxes of all the Iowans who paid the tax for one year were added together on June 30, 1975, the total was \$410,369,000.*

Add the sales tax figure and the income tax figure. You can see that the legislature is getting much closer to the one billion dollars it needs to pay the state's bills.

There are other kinds of taxes in Iowa, too. These include a tax on corporations (large businesses), tobacco products, and on liquor. The state collects fees for license plates on automobiles and trucks, and from other kinds of licenses.

**When they are all added together, they equal over one billion dollars for one year. The state has enough money to pay its bills, with a balance left over for emergencies.**

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There is a special tax that is set aside just to build and repair roads and highways in Iowa.

Have you ever sat in the car at the gas station and smelled the gas and watched the little numbers whirl by in the window of the gas pump?

One of the numbers shows you your car has taken 10 gallons of gasoline. The other window shows the cost—let us say 65 cents for each gallon. The total cost for 10 gallons is \$6.50.

By now you have guessed. There is a state of Iowa gasoline tax. It is seven cents on every gallon of gas purchased.

How much gasoline tax must you pay on ten gallons?

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**FACT TO REMEMBER:**

*When all of the Iowa gasoline taxes paid for one year were added together on June 30, 1975, the total was \$121,000,000. That money is used to pay Iowa's road bills.*

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## THE WAYS AND MEANS COMMITTEE

If there is a committee of legislators just to write laws about budgeting and spending the state's money, it is logical to have another committee to write laws about raising the state's money. There is.

It would be simple to remember its name if it were called the "taxing committee." But it isn't.

The real name of the Iowa legislative taxing committee is the "**Ways and Means Committee.**"

The senators and representatives who are members of the "Ways and Means Committee" must find the ways and the means to pay the state's bills.

When the Ways and Means Committee has studied all the ways and means to raise the necessary tax money, the members present their decisions, in the form of a bill, to the entire Iowa legislature for a vote. If a majority of both houses agrees, a new tax law is passed and sent to the governor.

If he approves of it, too, he signs it, and Iowa has a new taxing law!

**THINK**



**AND DISCUSS**

**THINK:** During our nation's bicentennial year, you will hear a great deal about the beginnings of America. One of the stories has to do with taxes. It is about the "Boston Tea Party."

**DISCUSS:** If you do not already know the story of the "Boston Tea Party," ask your teacher to help you find it in the library. Discuss the story. What does "taxation without representation" mean? How is "taxation without representation" different from the way the state of Iowa taxes today?

**THINK:** How much money do the things and services paid by the state cost each year? Who must make the decisions about the spending and the receiving of state money?

**DISCUSS:** Do you think it is important for Iowa's citizens to vote in elections for state representative and for state senator? Why? Do the people of Iowa have any say-so about how Iowa taxes and spends? How?

**THINK:** Name some of the things and services that are paid for by state taxes.

**DISCUSS:** Why do all the people have to share the costs through taxes? What would happen, do you believe, if there were no Iowa taxes collected for one full year? Do people like to pay taxes?

### FACT TO REMEMBER:

*It is nearly impossible for the state of Iowa to go into debt, as a result of the state Constitution and of certain laws. The Constitution limits the debt to \$250,000, and a law then requires the state taxing department to call for enough revenue to pay all the state's bills within the same year as the debt occurs.*

Here are some examples of the things and services the Iowa legislature approved in 1975. The governor approved and signed the bills, too.

Next to each is the cost. Read the numbers carefully.

Two dentists' offices on wheels to travel to Iowa's older citizens who need dental care.	\$ 100,000
A unit to heat the state Capitol buildings with energy from the sun.	\$ 300,000
An allowance for experiments to see how Iowa can find new sources for our energy supply.	\$ 250,000
A program to help 6,900 Iowa college students pay for their education.	\$ 9,000,000
A fund to help pay for your hot lunch at school.	\$ 2,000,000
For new school buses and repairs and upkeep on the ones we already have.	\$ 1,450,000
Money for your public school education—to help pay your teachers, the principal, and for your books and supplies, and for the janitors, the nurse, and the cooks in the cafeteria and the bus driver and the librarian.	\$378,000,000
For the state's television network, IEBN, that you watch every day.	\$ 3,210,000

## YOU HAVE A NEW VOCABULARY

revenue  
ways and means  
sales tax  
gasoline tax  
income tax  
appropriations

Write a sentence using each word or phrase. Make your sentence show that you know the exact meaning of each.



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