

IOWA CHAMBER ALLIANCE

A Unified Voice for Economic Growth

NEWS RELEASE

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Businesses Urged To Get Involved

Potential job losses due to pending legislation

Sioux City, Iowa – (March 2, 2009) The Iowa Chamber Alliance, which represents 16 of Iowa's chambers of commerce and economic development organizations, and several other business organizations across the state are concerned numerous issues and mandates impacting Iowa businesses currently being debated at the Capitol this legislative session. Pieces of legislation passing through this session that are of concern to these groups include prevailing wage, several healthcare mandates, lack of investment in research and development tax credits, among others.

Iowa's business climate was the topic of a presentation to Rotary members on Monday, March 2, in Sioux City. Dave Roederer, Executive Director of the Iowa Chamber Alliance, discussed the mounting challenges facing small businesses in Iowa this year and urged them to get involved and let legislators know how many of these issues will negatively affect their business and employees.

"The natural disasters that impacted our state in 2008 and the economic downturn across the nation have definitely exacerbated the business environment in Iowa. During the past few months, 12,000 Iowans working in more than 180 companies have lost their jobs. Countless companies have closed their doors. Now the Iowa Legislature wants to saddle small businesses with increased costs that will make their survival even more difficult," said Dave Roederer, Executive Director of the Iowa Chamber Alliance.

In addition to these issues being brought up on the state level, national studies have shown Iowa as an unfavorable place for a small business or an entrepreneurial start-up. Iowa rates 41st among all states according to the Small Business & Entrepreneurship Council's Small Business Survival Index, which is based on an extensive analysis of 31 major government-imposed or government-related costs affecting small businesses and entrepreneurs. Also, U.S. News & World Report ranks Iowa as the second worst state to start a business due to "relatively low investment in things that make entrepreneurs succeed, and high government interference."

The Alliance and Roederer say these issues impose unfair burdens on Iowa's business owners, especially small business owners. The issues negatively impacting Iowa's business climate include:

- Prevailing Wage – By mandating the pay and benefits on government projects, prevailing wage will increase the cost of projects and shift that extra cost burden to taxpayers through increased income taxes.

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- Research & Development Tax Credits – Many Iowa companies invest hundreds of millions of dollars in research and development. Reducing this tax credit in Iowa may cause these companies to rethink those investments. Companies thinking of locating their research in Iowa may have second thoughts.
- Employer Choice of Treating Physician – Changing Iowa’s current statute regarding choice of doctor could increase health care premiums by as much as five to 14 percent.
- Health Care Mandates – Additional mandates will also increase insurance premiums for businesses. If the premiums are too high, employers may discontinue health care coverage for their employees.
- Taxation – Property taxes in Iowa are not competitive for commercial and industrial properties. Delaying reforms to Iowa’s property tax is intensifying the tax burden on Iowa companies and property owners. Property tax reform is needed for business expansion and new business recruitment.
- Fair Share – By repealing Iowa’s Right-to-Work law, fair share will require unwilling employees to contribute financial support to a union and the lack of Right-to-Work is often an elimination factor for many companies to invest in new or expanded operations.

Debi Durham, 2009 Chair of the Iowa Chamber Alliance and President of the Siouxland Chamber of Commerce added that the Alliance believes it is vital to improve Iowa’s business climate to be competitive with neighboring states and the rest of the nation. She said lawmakers should focus on legislation that has a positive, not negative impact on economic growth in Iowa. At this point in time, when businesses are already suffering, it is essential that the Legislature resist changes that will increase the cost of doing business in Iowa or take away effective economic development resources.

“While there are some positive gains coming from the Capitol, like the support for increasing caps on Historic Preservation Tax Credits and funding to rebuild Iowa. However, these will not matter unless the other business issues are resolved,” said Roederer. “For Iowa’s business to make it through these very tough times, they need to take action now and voice their concerns about key issues impacting their companies.”

Roederer challenged business owners to contact their legislators about proposed legislation on these critical issues. We cannot afford to go backwards. The future growth of our state, our businesses and their employees will be dramatically changed if this anti-business legislation is passed. It’s now more important than ever to take action to maintain the quality of life and grow Iowa, as a great place to live work and play.

About the Iowa Chamber Alliance

The Iowa Chamber Alliance’s mission is to put forth and enact an agenda to grow the state’s economy through support of proactive programs that stimulate economic growth opportunities for the entire state and its residents. The Alliance members include chambers and economic development organizations in: Ames, Bettendorf, Burlington/West Burlington, Cedar Falls/Waterloo, Cedar Rapids, Council Bluffs, Davenport, Des Moines, Dubuque, Fort Dodge, Iowa City, Marshalltown, Mason City, Muscatine and Sioux City.

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