

# Iowa

## Federal Policies Have Cost Iowa \$1.0 Billion over the Past Four Years

### Federal Policies Affect Iowa Revenue and Spending Levels, 2002-2005

Cost to  
Iowa

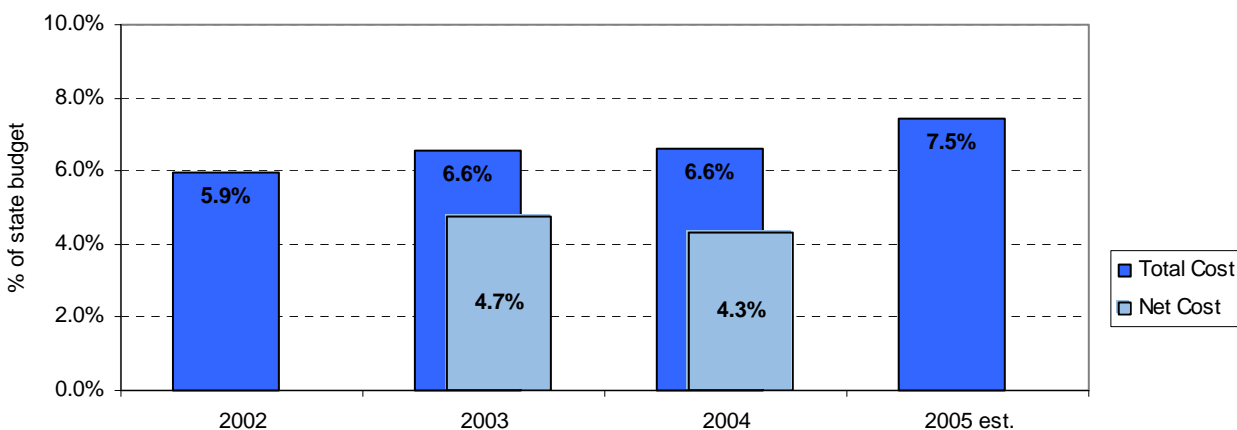
➤	<i>Federal Tax Changes:</i> Recently enacted federal tax cuts affect state tax collections directly.	(\$200 million)
➤	<i>Remote Sales:</i> States cannot collect sales taxes on goods & services purchased over the Internet due to federal law and court decisions.	\$506 million
➤	<i>Internet Access:</i> States are generally prohibited from applying tax to Internet access charges.	\$38 million
➤	<i>Unfunded Mandates:</i> Federal government imposes responsibilities on states but provides insufficient funding.	\$651 million
➤	<i>Medicare/Medicaid Dual Eligibles:</i> Increased use of prescription drugs shifts costs of health care for low-income elderly from federal Medicare program to state Medicaid programs.	\$227 million
➤	<i>Federal Fiscal Relief:</i> Congress approved temporary grants in 2003.	(\$185 million)
	<b>TOTAL COST (net of fiscal relief), 2002-2005:</b>	<b>\$1.0 billion</b>

### Federal Policies Have Worsened Iowa's Fiscal Problems

Ranking among 50  
states plus D.C.

➤	Total cost as percent of General Fund budget (2002-2005):	<b>6.6%</b>	<b>36<sup>th</sup></b>
➤	Net cost as percent of General Fund budget, including offsetting federal fiscal relief (2002-2005):	<b>5.6%</b>	<b>37<sup>th</sup></b>

### Net Cost of Federal Policy to Iowa as a Percentage of State General Fund Budget



Source: Center on Budget and Policy Priorities, *Passing Down the Deficit: Federal Policies Contribute to the Severity of the State Fiscal Crisis*, May 12, 2004.