BUSINESS CLIMATE

TAXES

The Partnership is committed to pro-growth tax policies that preserve America's global competitiveness, and it opposes tax increases that reduce businesses' ability to grow, invest and create jobs.

The Partnership supports the Tax Cut and Jobs Act of 2017 as it will better allow the region to compete globally, attract foreign investment, allow American multinational companies to repatriate previously offshored investments and increase capital for investments and job creation in the U.S., including Greater Des Moines (DSM).

That said, analysis shows it will likely have a negative impact on charitable giving. Expanding the charitable deduction to non-itemizers will protect against the unintended consequences that will fall on charitable organizations from the increased standard deduction. The Partnership supports a universal charitable deduction, which will unlock additional charitable giving and recognize the principle that all charitable gifts are analogous, regardless of whether they were given by a large or small donor. It recognizes the long-standing effectiveness of the charitable deduction in encouraging taxpayers to support their communities, build quality of life and strengthen civil society.

Additionally, The Partnership has concerns with changes to the State and Local Tax deductions, commonly referred to as SALT. The Tax Cuts and Jobs Act of 2017 capped the total deduction of SALT at $10,000. Other states have recently experienced a disinvestment and population shift resulting from people leaving the state for better tax climates. Given Iowa's modest population growth and current workforce challenges, any policy that could negatively impact the state's ability to attract and retain a talented workforce should be carefully considered. Therefore, The Partnership does not support the $10,000 limitation on the SALT deduction and requests that Congress revert to the previous provisions regarding SALT deductions.

OPPORTUNITY ZONES

The Tax Cut and Jobs Act of 2017 established a new economic tax incentive called Opportunity Zones. The incentive is designed to encourage long-term, private investments in low-income census tracts by providing a federal tax incentive for taxpayers who reinvest unrealized capital gains into Opportunity Funds, which are then invested into Opportunity Zones. Opportunity Funds are specialized tax vehicles dedicated to low-income areas and aimed at spurring investment and entrepreneurialism. Ultimately, this will result in business creation and economic prosperity in areas identified as Opportunity Zones.

The Partnership supports the continuation of Opportunity Zones and plans to work with designated areas throughout DSM. Tracts in Des Moines, Grinnell, Marshalltown, Perry, West Des Moines and Winterset have been designated as Opportunity Zones.

DEFICIT REDUCTION

The Partnership supports the enactment of a credible long-term deficit reduction and balanced budget plan.

The current U.S. national debt has exceeded $22.1 trillion and budget deficits are projected well into the future. While The Partnership is hopeful that tax reform will produce necessary economic growth, the increasing federal budget deficit remains a serious concern and should be methodically reduced through spending restraint and entitlement reform, in addition to increased economic growth. Addressing these challenges by enacting a credible budget plan will boost both short- and long-term economic confidence.

REGULATORY REFORM

The Partnership supports initiatives aimed at reducing unnecessary regulatory burdens on the nation's industries, promoting economic growth and job creation and minimizing the impacts of government actions on small businesses.

Furthermore, efforts should be made to eliminate future unnecessary or overly burdensome regulations by amending the process by which these types of regulations have been created in the past.

Accordingly, The Partnership supports:

- Reforming the rulemaking process to make it more transparent, effective and accountable.
- Requiring all federal agencies to ensure all existing and future federal regulations are carefully designed, promulgated and enforced to achieve the intended benefits while minimizing the regulatory burdens on small business, stemming from both individual regulatory mandates as well as the cumulative burdens imposed by additive regulations.
- Requiring environmental regulations to be based on sound science.
- Requiring economic and employment impacts of major rules be independently evaluated and disclosed to the public, thereby ensuring the costs of rules are clear from the beginning.
- Allowing affected members of the public to obtain independent review of agency actions.
- Providing for an up-or-down recorded vote by Congress for regulations deemed to have a major impact on jobs.
- Providing for independent periodic review of current regulations and sunsetting those deemed ineffective or unnecessary.
- Strengthening the efforts of the U.S. Small Business Administration (SBA) Office of Advocacy to ensure the interests of small businesses are fully considered when agencies begin crafting new regulations. The Office of Advocacy at the U.S. SBA plays a vital role in ensuring that federal agencies adequately consider how their policies impact America's small businesses.
- Legislation replacing single-director governance of the Consumer Financial Protection Bureau (CFPB) with a five-member commission. Prudential banking regulators should actively participate in the consumer

protection rule-writing process and be mindful to not implement unnecessary requirements that could prevent community banks from serving important needs of customers. The Partnership recognizes the appointment of new experts from outside the federal government to the Consumer Advisory Board, Community Bank Advisory Council and Credit Union Advisory Council in September 2018 as a step in the right direction.

INSURANCE REGULATION

State-based insurance regulation has helped create the largest, most competitive insurance system in the world, including comprehensive consumer protections and the most transparent and inclusive procedures. In recognition of this, Congress reaffirmed the primacy of state regulation in the Dodd-Frank Wall Street Reform and Consumer Protection Act, even as a new Federal Insurance Office was created with the goal of strengthening the U.S. voice internationally. Meanwhile, international bank regulators have sought to impose global one-size-fits-all rules that are often inconsistent with effective state-based regulation. The U.S. must resist this notion in international regulatory discussions. Its voice in such discussions could be strengthened by greater communication between federal officials (U.S. Treasury and the Federal Reserve System) and experienced insurance state regulators. Unfortunately, there is almost no transparency or accountability related to the activities of these international regulators and the U.S. representatives at these meetings.

Domestically, it is critical to protect the fundamental principles that have governed the highly effective U.S. insurance system for decades from undue interference. Specifically, Congress should preserve and protect state-based regulatory standards that assure risk-based pricing. Congress should additionally act to maintain and improve partnerships with the private insurance market, including flood insurance and terrorism risk financing.

Additionally, The Partnership asks Congress to exercise oversight over the activities of federal agencies to ensure insurance regulatory powers remain reserved to the states. The Partnership further asks Congress to encourage regular consultation between state and federal officials on insurance matters and to direct U.S. representatives to demand more transparency and accountability in international standard setting.

SMALL BUSINESS ASSISTANCE

Small business is the backbone of the American economy, and the federal government should help drive innovation and create more jobs. Because small business ownership is the path to prosperity for many Americans, small disadvantaged businesses should be nurtured. Small businesses employ 50 percent of all private sector employees and have generated 60-to-80 percent of net new jobs annually during the last decade, according to the SBA.

The Partnership supports continued funding for:

- The SBA's efforts to provide technical and financial assistance and access to capital for small businesses.
- The Office of Small Business Development Center network.
- The Manufacturing Extension Program.

- The Minority Business Development Agency.
- The Small Business Investment Company Program.
- The State Small Business Credit Initiative.

Further, The Partnership supports streamlining the government procurement process and increasing business opportunities for the private sector in the federal market.