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## Governor receives a 'D' in finance

A conservative think tank's report card issued Branstad the lowest grade in the Midwest.

By DAVID YEPSEN  
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The Cato Institute gave Iowa Gov. Terry Branstad a 'D' on Wednesday for his conduct of the state's financial affairs.

Branstad has done some things right but many things wrong," said Stephen Moser, the director of fiscal policy studies for the institute in a state-by-state report card issued by the conservative think tank.



Branstad's grade was the lowest in the Midwest.

But David Roederer, the governor's chief of staff, said the study does focus on the fact we've got to make tough budget decisions and that raising taxes is not the answer. We've got to get on (standard) accounting and control pending.

**Homes Legislature**  
Branstad, a Republican, has joined the Democratic Legislature or many of the state's fiscal woes, but Democratic leaders point out that the governor proposes all budgets and signs all spending bills so law and cannot escape some of the blame for the state's financial problems.

According to the study, "He cut business taxes in his first term and personal income taxes across the board in 1988 — from a top rate of 3 percent down to 10 percent. Unfortunately, Iowa still has one of the five highest top marginal income tax rates for individuals and corporations, which has contributed to its economic woes."

Roederer said that is an unfair comparison because Iowa is one of only a few states that allow deductions for federal income taxes that are paid.

**Hit Once Again**  
State-by-state studies often overlook that and "we get hit once gain," Roederer said. Branstad's earlier effort to repeal federal deductibility and lower income tax rates to correct that problem were rebuffed by the Legislature.

The study also says that "under Branstad, other taxes have risen, including the sales tax, which has gone up by one percentage point, and the gasoline tax, which has increased by 7 cents a gallon."

"Branstad's primary weakness has been his failure to restrain spending. Per family outlays have risen by roughly \$400 during his tenure — quite an increase considering that the personal income of Iowans has been falling relative to the national average."

"In Branstad's defense, it should be noted that he has had to do a continual battle with a pro-tax, pro-spending legislature that has undoubtedly contributed to his poor rating," the report said.

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