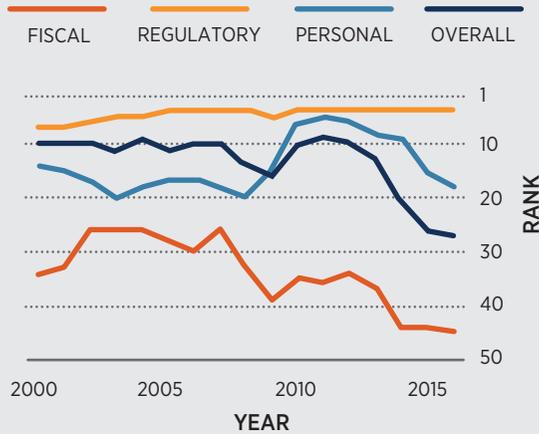


IOWA

2016 RANK
27th



POLICY RECOMMENDATIONS

- **Fiscal:** Trim spending on areas where the state spends more than the national average—education, hospitals, highways, and sanitation—and use the savings to trim property, sales, income, and motor vehicle license taxes.
- **Regulatory:** Repeal certificate-of-need requirements for new hospital construction and for moving companies.
- **Personal:** Amend the constitution to protect the individual right to bear arms, and apply strict scrutiny to future attempts to restrict gun rights.



Population, 2017
3,145,711

Net Migration Rate
-2.3%



State Taxes, Percent of Personal Income, FY 2017
6.49%

Local Taxes, Percent of Personal Income, FY 2015
4.27%

Partisan Lean, 2016
R +6.6



Real Per Capita Personal Income, 2016, in 2009 \$
\$46,230

Real Personal Income Growth, CAGR, 2000-15
2.5%

ANALYSIS

Iowa has long stood out above other center-left states on economic freedom, especially regulatory freedom. It benefited from this policy regime, federal farm subsidies, and the 2002-8 global commodity boom to post impressive growth in the last decade and a half. Indeed, not so long ago it was a top-10 state on overall freedom. However, Iowa's competitive policy advantages have faded. It is now a middling state overall because of an absolute decline in fiscal freedom and a relative slide down from its high ranking on personal freedom.

State and local taxes have both been going up in Iowa, with the state now substantially above average on both. Iowans pay 10.8 percent of adjusted personal income to government. Debt is quite low. Government employment is about average: 13.3 percent of private employment in 2016.

Iowa has consistently stood out as a leading state on regulatory policy. Land-use freedom is ample, although the state hasn't done as much as some others about eminent domain for private gain. It is a right-to-work state without a minimum wage, and worker's compensation mandated coverages were liberalized slightly in 2007-8. Telecommunications and cable have long been partially deregulated. Occupational freedom is about average and has fallen over time because of the licensing of new occupations. Iowa has certificate-of-need laws for hospital construction and moving companies. Insurance

freedom fell with a switch to "file and use" in 2007-8. The civil liability system is rated well above average and has generally improved.

Incarceration and victimless crime arrest rates are lower than average. Iowa suspends driver's licenses for drug offenses not related to driving but has low prison collect call rates. Educational freedom is high because the state has a long-standing tax credit scholarship program as well as interdistrict public school choice. Homeschooling was significantly liberalized in 2013-14. However, private schools are tightly regulated, with mandatory state approval, teacher licensure, and detailed curriculum control. Gambling freedom is high, and the industry has generally grown over time. Marijuana freedom is sharply limited; a single marijuana offense not involving minors can carry up to 50 years of prison time. For a rural state, Iowa does not do very well on gun freedoms, though it improved in 2009-10 and again recently; it is currently a bottom-third state. Class III weapons are banned, even though their ownership is tightly regulated federally. Open carry requires a license, and the state has a stricter-than-federal minimum age to purchase a firearm. Recent improvements include the legalization of sound suppressors in 2016 and passage of a "stand your ground" law in 2017. Iowa has had same-sex marriage since 2009 because of a court decision. There is no legal requirement for motorcyclists to wear a helmet. Alcohol freedom is mediocre because of state involvement in wholesaling and high distilled spirits taxes.