

GUEST OPINION: APRIL 27, 2005

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## Racing doesn't need a push from Iowa legislators

By Mike Owen

It was July 1991 and the afternoon was getting dark and damp at Pocono International Raceway. Rusty Wallace was leading the race and running on fumes when the yellow caution flag flew. The race would be ending under yellow – 21 laps short of the scheduled 200. All Wallace needed to do was get his car to the finish line.

Well, as NASCAR fans know, stock-car racing rules can be funny. Wallace got a little help. Dale Earnhardt, a lap or more down and out of the running, but positioned right behind Wallace, helped out his fellow veteran driver. Earnhardt followed Wallace all around the track, giving him a bump here and there as Wallace took the checkered flag. That kind of help is OK in NASCAR but frowned upon in other sports; push a teammate across the goal line in football and there's no touchdown, pull someone across the finish line in track and you're both disqualified, tip in a basketball while it hovers above the basket, it's goaltending and doesn't count.

But we're talking here about stock-car racing – or maybe the Iowa Legislature. Apparently, Iowa lawmakers like racing so much that they'll give Rusty Wallace and some of his friends in Iowa a special push – the kind of help no other business has received from state government: the ability to profit from sales tax.

Some quick background: An investment group, U.S. Motorsports, plans a \$70 million, 7/8-mile racetrack at Newton, a community that could use some good economic news these days. Rusty Wallace is designing the track and would be a director, something that gives it star quality. There are high hopes that the track would draw many thousands of race fans from out of state – good for tourism and the local economy, no question.

So, here's the deal: A bill soon to be considered by the governor would hand

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those investors the proceeds of sales tax collections at the track, up to \$12.5 million over 10 years. The bill has lapped the legislative field in bipartisan fashion, passing 81-18 in the House and 44-6 with small changes in the Senate. It received “aye” votes from many legislators who would tell you we don’t have \$12.5 million to spare when facing critical funding challenges in our public responsibilities of K-12 schools, universities, health-care access, law enforcement and corrections. Ironically, these are exactly the kinds of things we think we’re paying for when we shell out an extra 5 percent on our purchases through the state sales tax.

The bill passed 81-18 and 44-6, despite no evidence that the track project needs the subsidy. In fact, a leader of the investment team has stated publicly that the project would proceed even without the subsidy.

It passed 81-18 and 44-6, despite the inevitable consequence of cities from around Iowa parading to the Statehouse in the future seeking similar sweetheart deals with money collected under the guise of paying for public services, the demands for which would be heightened with growth in the economy.

It passed 81-18 and 44-6, despite no guarantees on the quality of jobs to be created with the help of a substantial public contribution. Good bargaining by the track owners, but by the state?

As a NASCAR dad and a Wallace fan, let me tell you: This is really bad tax policy.

Our tax policies in Iowa should be fair – based on ability to pay, and applied equitably to similar taxpayers. Taxes should be used to pay for public responsibilities. They should be simple, easy for taxpayers to understand. This bill fails on all counts.

Besides, neither the sport nor Rusty Wallace needs the extra push. NASCAR has boomed over the past 15 years because of the competition offered by drivers like Wallace, not because of government. The key is the product. If the Newton track attracts events from the premier car- and truck-racing circuits, it will do fine and certainly won’t need the subsidy. If it does not attract high-quality races, no subsidy will matter.

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***Mike Owen is assistant director of the Iowa Policy Project, a nonpartisan, nonprofit research organization based in Mount Vernon. Iowa Policy Project reports are available to the public, free of charge, on the web at [www.iowapolicyproject.org](http://www.iowapolicyproject.org).***