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Tax dodging corporate abuse

November 7, 2014

Chris Petersen, Traer Star-Clipper

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Big corporations have been trying to push farmers around since the 19th century. But farmers have always pushed back: more than 100 years ago, the Grange and National Farmers Union were organized to save farming families from corporate abuse.

Now some U.S. corporations are practicing a new form of abuse they are avoiding paying their fair share of taxes by changing their corporate address, usually to a tax haven country. Burger King is the latest company to try this dirty trick, called an "inversion." I call it desertion.

But Burger King isn't going anywhere. Its restaurants won't disappear and its executives won't move to its new "home" in Canada. The company will continue to take advantage of everything that makes the United States a great place to do business. It just wants to pay less for that privilege sticking the rest of us with the tab.

Burger King says that it's not claiming to be a Canadian company so it can dodge taxes here in the United States. But experts say that claim is a "whopper."

Some people argue big corporations are forced to use accounting tricks because they pay too much in taxes. Lobbyists try to convince members of Congress to focus on what corporations are supposed to be paying, not what they're actually paying. But let's focus on this fact instead: the tax code is so riddled with loopholes that most of the Fortune 500 paid a lower tax rate (under 20 percent) than many middle-class families, between 2008 and 2012. Over those five years, 26 huge, profitable U.S. corporations paid nothing in federal income taxes.

As an Iowa farmer, I don't expect to get something for nothing. So when large corporations use accounting tricks to pay zero taxes I get more than a little ticked off.

Where do our two major U.S. Senate candidates stand on these issues? Bruce Braley has a strong record on economic issues important to American families, but will he fight to close loopholes that enable corporations to avoid paying their fair share of taxes? Joni Ernst seems to be leaning in the wrong direction she has already signed a pledge that would make it very hard to close corporate tax loopholes. Given that, can we expect her to fight to block companies like Burger King from being corporate deserters?

Turns out, the morally correct answer is also the politically smart one. A recent Public Policy Polling survey found that Iowans disapprove of corporate inversions by a more than three-to-one margin. And more than two-thirds of us specifically disapprove of Burger King turning its back on America.

When corporations dodge their fair share taxes they deprive our communities of the resources needed to thrive. There is less money to spend on education, transportation, police and fire services and federally-funded agricultural research. And there is less money to help family farms in Iowa when they need it.

Iowans understand that when someone cheats the system there is a price to pay. The same poll found that by an eight-to-one margin Iowans are more likely to vote for "a candidate who wants

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margin Iowans are more likely to vote for a candidate who wants to close tax loopholes and use that money to create jobs by improving our roads, bridges and schools." Wide majorities of Democrats, Republicans and independents all agreed with this position. I'm not a politician, but I think I'd be paying attention.

When corporations abandon their U.S. corporate "citizenship" to avoid paying their fair share in taxes, they are deserting our country. They are insulting anyone who ever served our nation. Like many other families, mine is honored by several generations who served in America's wars. The recent conflicts in the Mideast have produced a whole new cohort of veterans, many wounded for life. They've all sacrificed for our nation. Corporations sully that sacrifice when they casually shed their American identity to dodge taxes.

Farmers are tied to their land by more than a deed. Place matters to us. So does taking care of our plants and animals, and our friends and neighbors in need. We find it offensive when others in this case big corporations break their bonds to our country just to make a quick buck. Iowans know it's wrong. It's time for our politicians to stand up and say what they think.

Chris Petersen is a hog farmer in Clear Lake and past president of the Iowa Farmers Union.

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