

July 1, 2010

Re: Non-Deductibility of Lobbying Expenses Required Notification

Dear County Auditor:

Enclosed is your dues invoice for Fiscal Year 2011 for the Iowa State Association of Counties. I want to take this opportunity to thank you for your support during the past year. The dues will remain the same for the third consecutive year.

The Omnibus Budget Reconciliation Act of 1993 (H.R. 2264) requires us to inform our members of the percentage of membership dues utilized for lobbying expenses. ISAC's expenses for lobbying activities were approximately 52.4% of the dues collected from our membership during FY-2010. We estimate that percentage will be approximately 53% for FY-2011.

The reason for reporting this information is that under federal law, federal income taxpayers are no longer allowed to deduct lobbying expenses. We realize that counties do not pay federal income tax but the law contains no exceptions for associations made up of political subdivisions. And under the law, if an association fails to report lobbying expenses or dues non-deductibility to members as part of their dues assessment, the association is subject to federal penalties. So out of an excess of caution, we are including this information.

If you have any questions or if I can be of further assistance, please don't hesitate to call me.

Sincerely,

A handwritten signature in black ink, reading "William R. Peterson". The signature is fluid and cursive, with a long horizontal line extending from the end of the name.

William R. Peterson
Executive Director

Enclosure