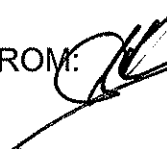




# STATE OF IOWA

CHESTER J. CULVER, GOVERNOR  
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF MANAGEMENT  
CHARLES J. KROGMEIER, DIRECTOR

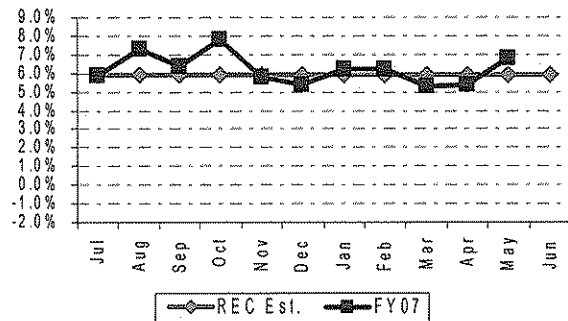
DATE: June 4, 2007  
TO: The Honorable Chester J. Culver  
The Honorable Patty Judge  
FROM:  Charles J. Krogmeier, Director  
Department of Management  
RE: May 2007 General Fund Receipts

General Fund receipts for May totaled \$845.0 million, which is \$111.3 million or 15.2 percent more than was collected during May 2006. May 2007 had 22 processing days as compared to 24 processing days in May 2006 which included two Saturdays. Fiscal year-to-date, General Fund receipts totaled \$5,618.6 million, an increase of 6.8 percent over receipts for the same period last year. The official estimated rate of annual growth is 5.9 percent.

### Summary

Corporate income tax continued its very strong growth. Strong growth was also seen in tobacco and cigarette tax and in personal income tax. Inheritance tax showed a moderate growth as well. These helped year-to-date growth post a 6.8% rate. The official estimate rate of growth is currently at 5.9 percent.

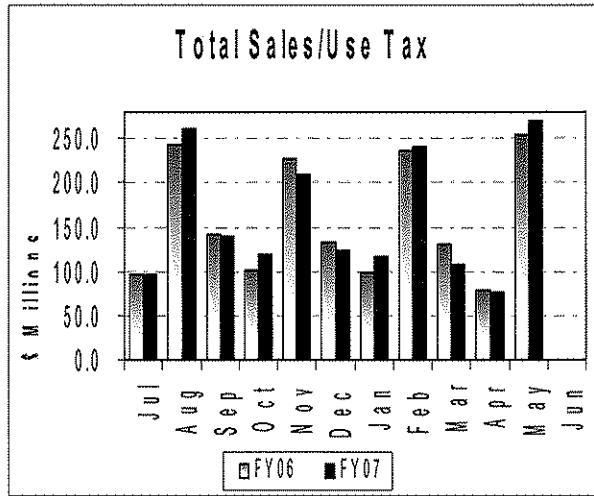
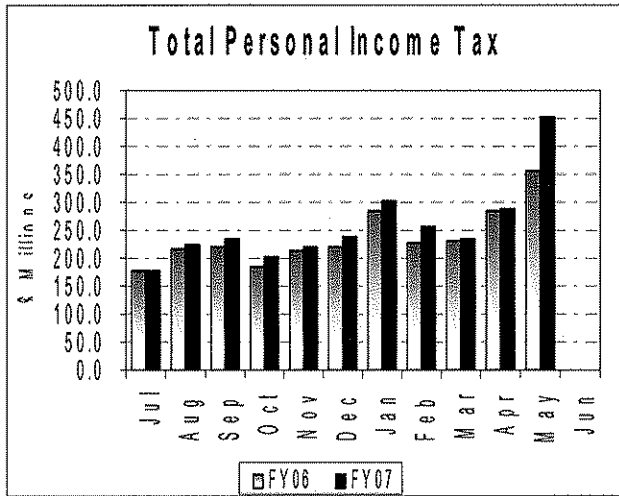
Year-to-Date Growth by Month



### Personal Income Tax

Personal income tax receipts totaled \$454.2 million during May. This represents \$97.3 million or 27.3 percent more than the receipts of May 2006. Withholding tax receipts increased \$15.4 million or 7.1 percent compared to last year. Part of the May increase in withholding receipts reflects a catch-up of payments missed in April 2007. Estimated payments increased by \$62,000. Estimate payments processed in May 2007 increased by 0.2 percent over the same period last year. Final return payment increased by \$81.9 million. The increase was attributed in part to a shift in processing priorities within the Department of Revenue. Other reasons include a reflection of the April 2006 withholding formula change that shifted tax liability payments from withholding and refunds to final returns and

finally to a strong growth in non-wage income during the 2006 tax year. Fiscal year-to-date, personal income tax receipts totaled \$2,843.3 million, an increase of 8.0 percent. Personal income tax receipts were estimated to grow by 6.3 percent for the year.

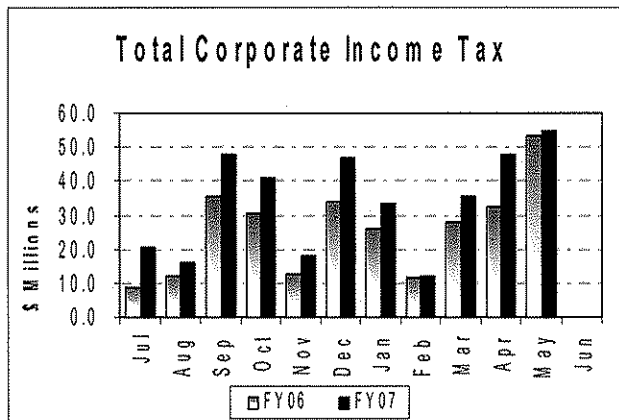


Sales/Use Tax

May sales/use tax receipts totaled \$270.7 million, which represents an increase of \$16.5 million or 6.5 percent compared to May 2006. Receipts were affected by changes in adjustments for increases in regular local option tax distributions, school infrastructure local option distribution, and increased account receivable transfer. For the fiscal year, sales/use tax receipts are \$1,768.3 million, representing an increase of 1.2%. The annual estimated rate of sales/use tax growth was 1.3 percent.

Corporate Income Tax

Corporate income tax receipts during May totaled \$55.1 million, which is \$1.6 million or 3.0 percent more than in May 2006. For the fiscal year, corporate income tax receipts totaled \$376.6 million or 31.1% more than last year. Corporate income tax receipts were estimated to increase at a rate of 26.4 percent.



**STATE OF IOWA  
GENERAL FUND RECEIPTS STATEMENT  
FOR THE MONTH ENDING MAY 31, 2007  
(\$ MILLIONS)**

**CASH BASIS**

	MONTH OF MAY		FY07 Over (Under) FY06		FY07 Annual Est Percent Of Growth
	FY06	FY07	Dollars	Percent	
Personal Income Tax	\$356.9	\$454.2	97.3	27.3%	6.3%
Sales/Use Tax	254.2	270.7	16.5	6.5%	1.3%
Corporate Income Tax	53.5	55.1	1.6	3.0%	26.4%
Inheritance Tax	8.0	7.4	(0.6)	-7.5%	3.8%
Insurance Premium Tax	18.4	8.6	(9.8)	-53.3%	-3.7%
Cigarette Tax	7.7	18.3	10.6	137.7%	36.5%
Tobacco Tax	1.6	2.3	0.7	43.8%	26.1%
Beer Tax	1.1	1.1	0.0	0.0%	0.0%
Franchise Tax	6.6	4.3	(2.3)	-34.8%	3.9%
Miscellaneous Tax	(0.1)	(0.1)	0.0	0.0%	66.7%
<b>Total Special Taxes</b>	<b>\$707.9</b>	<b>\$821.9</b>	<b>\$114.0</b>	<b>16.1%</b>	<b>6.1%</b>
Institutional Payments	1.3	1.3	0.0	0.0%	-3.1%
Liquor Transfers:	7.2	7.3	0.1	1.4%	4.7%
Interest	1.7	1.4	(0.3)	-17.6%	65.7%
Fees	6.0	4.1	(1.9)	-31.7%	7.3%
Judicial Revenue	7.3	6.5	(0.8)	-11.0%	1.9%
Miscellaneous Receipts	2.3	2.5	0.2	8.7%	-28.0%
Racing and Gaming	0.0	0.0	0.0	N/A	0.0%
<b>Total Receipts</b>	<b>\$733.7</b>	<b>\$845.0</b>	<b>\$111.3</b>	<b>15.2%</b>	<b>5.9%</b>
Transfers	\$0.3	\$0.2	(\$0.1)		
<b>Total Rcpts &amp; Transfers</b>	<b>\$734.0</b>	<b>\$845.2</b>	<b>\$111.2</b>		

Iowa Department of Management  
June 4, 2007

**STATE OF IOWA  
GENERAL FUND RECEIPTS STATEMENT  
FOR THE ELEVEN MONTHS ENDING MAY 31, 2007  
(\$ MILLIONS)**

**CASH BASIS**

	ELEVEN MONTHS THROUGH MAY		FY07 Over (Under) FY06		FY07 Annual Est Percent Of Growth
	FY06	FY07	Dollars	Percent	
Personal Income Tax	\$2,631.7	\$2,843.3	\$211.6	8.0%	6.3%
Sales/Use Tax	1,746.7	1,768.3	21.6	1.2%	1.3%
Corporate Income Tax	287.3	376.6	89.3	31.1%	26.4%
Inheritance Tax	67.4	70.2	2.8	4.2%	3.8%
Insurance Premium Tax	85.9	79.2	(6.7)	-7.8%	-3.7%
Cigarette Tax	80.2	98.3	18.1	22.6%	36.5%
Tobacco Tax	8.1	10.5	2.4	29.6%	26.1%
Beer Tax	12.8	12.8	0.0	0.0%	0.0%
Franchise Tax	30.1	28.6	(1.5)	-5.0%	3.9%
Miscellaneous Tax	0.6	1.3	0.7	0.0%	66.7%
<b>Total Special Taxes</b>	<b>\$4,950.8</b>	<b>\$5,289.1</b>	<b>\$338.3</b>	<b>6.8%</b>	<b>6.1%</b>
Institutional Payments	11.7	11.6	(0.1)	-0.9%	-3.1%
Liquor Transfers:	53.5	57.9	4.4	8.2%	4.7%
Interest	17.3	28.2	10.9	63.0%	65.7%
Fees	73.1	80.4	7.3	10.0%	7.3%
Judicial Revenue	55.5	59.9	4.4	7.9%	1.9%
Miscellaneous Receipts	41.1	32.5	(8.6)	-20.9%	-28.0%
Racing and Gaming	60.0	59.0	(1.0)	-1.7%	0.0%
<b>Total Receipts</b>	<b>\$5,263.0</b>	<b>\$5,618.6</b>	<b>\$355.6</b>	<b>6.8%</b>	<b>5.9%</b>
Transfers	\$143.8	\$68.5	(\$75.3)		
<b>Total Rcpts &amp; Transfers</b>	<b>\$5,406.8</b>	<b>\$5,687.1</b>	<b>\$280.3</b>		

Iowa Department of Management  
June 4, 2007

# Iowa Economic Snapshot

## May 2007

### Iowa Workforce Development

#### Iowa's Unemployment Rate 3.4%

The statewide labor force decreased slightly from 1,656,500 in March to 1,653,600 in April. This was the third straight month that the labor force had declined. The decline in the labor force is not significant as the amount of the labor force usually corresponds with the amount of hiring. Hiring across most industry sectors were slow paced for the month. The state's seasonally adjusted unemployment rate increased slightly to 3.4% from a March rate of 3.2%. The jobless rate was reported at 3.8% one year ago.

#### Iowa's Nonfarm Employment 1,519,200

Iowa's nonfarm employment (i.e., total private non-farm including government) totaled 1,519,200 in April. This number represents a loss of 100 jobs from the March revised figure and 18,400 more jobs than in April 2006. The slight decline in the April figure was primarily due to downturn in construction, which lost 2,000 jobs over the month. This was the first decline for the sector since December, and the largest since April 2000. Part of the reason for the sudden drop in construction was attributed to the slowdown in new housing construction and a possible shifting in seasonal patterns of hiring. The service sector was the major job engine in April with professional and business services gaining 800 jobs. Employment in education and health increased by 700 jobs, government was up by 600 jobs, while trade and transportation grew by 500 jobs.

- 33.4 Average Weekly Hours
- \$15.16 Average Hourly Earnings

#### Iowa's Manufacturing Employment 231,900

In April 2007, manufacturing employment stood at 231,900, down from the revised March figure of 232,100. Workers in manufacturing earned \$716.14 a week in April 2007.

- Working 42.4 Average Weekly Hours
- \$16.89 Average Hourly Earnings

#### Iowa's Unemployment Benefit Payments \$28.6 million

Iowa jobless benefits payments for April 2007 totaled \$28.6 million for 34,781 claimants. This represents a decrease of \$12.2 million from the March figure of \$40.8 million for 44,532 jobless Iowans. Benefit payments decreased in all industry sectors, and all but two industry sectors had a decrease in the number of claimants. One year ago, payments totaled \$24.7 million for 33,164 claimants.

- 4,971 First Payments

#### Current National and Regional Economic Outlook

In the most current report released on May 31, 2007 by the Bureau of Economic Analysis (BEA) of the U.S. Department of Commerce, preliminary estimates for the first quarter of 2007 for the real Gross Domestic Product (GDP) shows a deceleration of economic growth. Real GDP increased at an annual rate of 0.6 percent as compared to a 2.5 percent increase in the fourth quarter of 2006. According to the BEA, "the deceleration in real GDP growth in the first quarter primarily reflected an upturn in imports, downturn in exports and in federal government spending, and a deceleration in personal consumption expenditures (PCE) for nondurable goods that were partly offset by an upturn in equipment and software, a smaller decrease in residential fixed investment, acceleration in PCE for durable goods and in PCE for services, and a smaller decrease in private inventory investment." investment."

**Economic Indicators** from the Federal Reserve Bank of Chicago:

- Midwest farmland values at + 10 percent year over year. (Iowa led the district with a +16 percent change in dollar value).
- The Midwest Manufacturing Index (CFMMI) – a monthly estimate by major industry of manufacturing output in the Seventh Federal Reserve District which includes Iowa – at + 0.6 percent in April.
- The National Activity Index (CFNAI) – a monthly index designed to better gauge overall economic activity and inflationary pressure at - 0.10 percent in April.

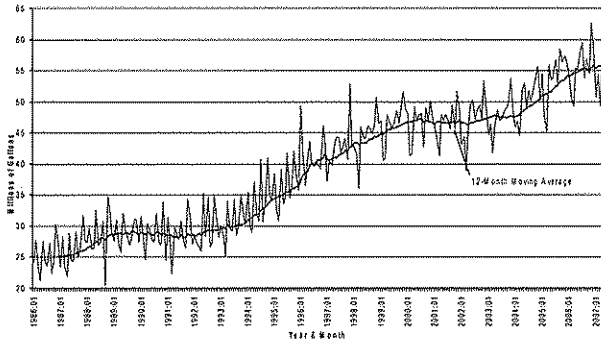
- The Michigan Retail Index – a forecast of retail sales and three month outlook at 49.8 (down from 57.1 in March) for sales outlook and 39.7 (down from 49.0 in March) for sales performance as of April 2007.

**Iowa Department of Revenue**

**Diesel Fuel Consumption**

Diesel fuel consumption during April 2007 in Iowa for transportation purposes was almost the same as during April 2006 increasing by 0.313 million gallons (0.57%). This month's level of diesel fuel consumption totaled 55.709 million gallons on a 12-month moving average basis. Prior to the 2001 recession, diesel fuel consumption peaked at 47.189 million gallons, so diesel fuel consumption is now 18.1% over the last pre-recession peak.

Monthly Diesel Fuel Consumption



**Real Estate Transfer Tax**

During April 2007 real estate transfer tax collections decreased by 2.96% compared to April 2006. Real estate transfer tax receipts have now remained relatively flat for the past four months. During April the interest rate for 30-year conventional mortgages nationally averaged 6.18%, which was up 0.02% from March, and still 0.89% below the December 2001 peak of 7.07%, and 0.33% below April 2006.

Real Estate Transfer Tax Indexed Values (1990:07 = 1.00)

