



STATE OF IOWA

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

DEPARTMENT OF MANAGEMENT
CHARLES J. KROGMEIER, DIRECTOR

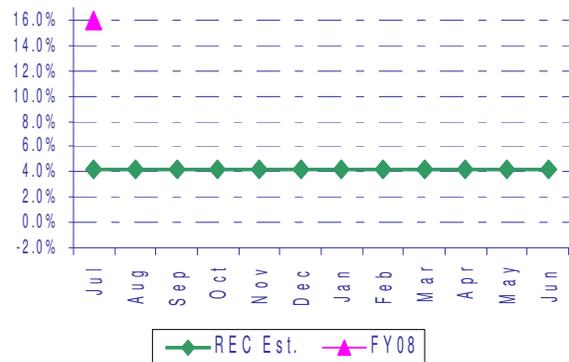
DATE: August 3, 2007
TO: The Honorable Chester J. Culver
The Honorable Patty Judge
FROM: Charles J. Krogmeier, Director
Department of Management
RE: July 2007 General Fund Receipts

General Fund receipts for July totaled \$410.4 million, which is \$56.7 million or 16.0 percent more than was collected during July 2006. July 2007 had 21 processing days as compared to 20 processing days in July 2006. The Revenue Estimating Conference's official estimated rate of annual growth is 4.2 percent for Fiscal Year 2008.

Summary

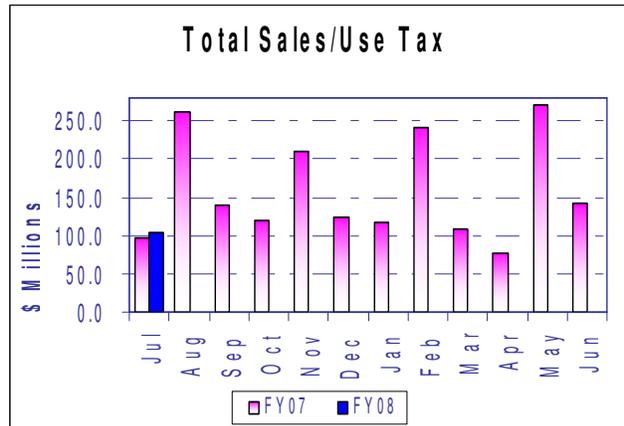
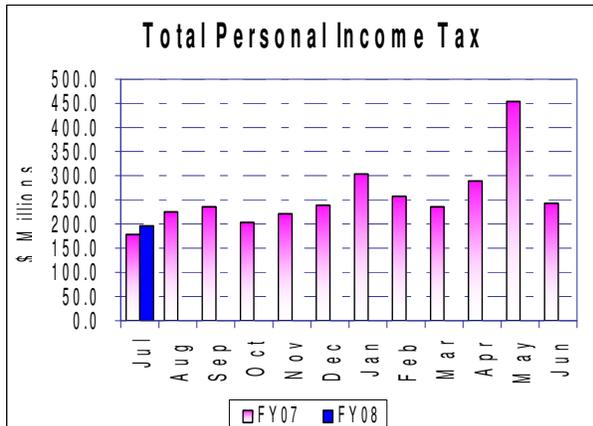
Fiscal Year 2008 started with strong growth in corporate income tax, cigarette tax and tobacco tax with the new increase in the cigarette and tobacco tax driving the growth. Personal income tax, inheritance tax and franchise tax showed very strong growth as well. These helped year-to-date growth post a 16.0 percent rate. The official estimate rate of growth is currently at 4.2 percent, for fiscal year 2008.

Year-to-Date Growth by Month



Personal Income Tax

Personal income tax receipts totaled \$198.0 million during July. This represents \$18.9 million or 10.6 percent more than the receipts of July 2006. Withholding tax receipts increased \$3.6 million or 2.2 percent compared to last year. There was an additional state payroll withholding transfer; therefore comparable withholding receipts increased by \$1.7 million. Estimated payments increased by \$12.0 million. Estimate payments processed in July 2007 increased by 57.8 percent over the same period last year. Final return payment decreased by \$3.3 million. The increase was attributed to an increase in school district surtax transfers as compared to July 2006. Personal income tax receipts were estimated to grow by 2.9 percent for the year.

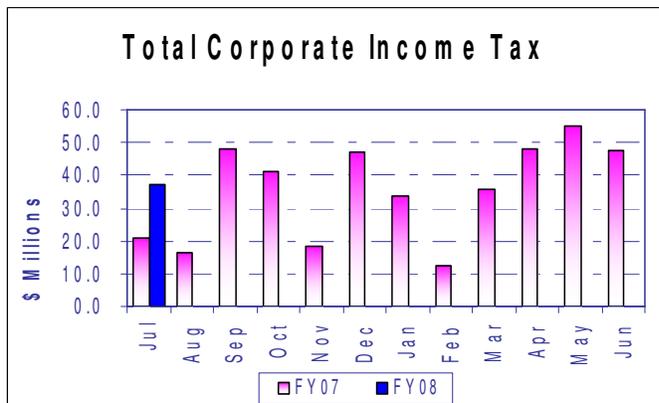


Sales/Use Tax

July sales/use tax receipts totaled \$103.6 million, which represents an increase of \$6.7 million or 6.9 percent compared to July 2006. Receipts were affected by adjustments for increases in local option tax distributions and increases in account receivable transfers. The annual estimated rate of sales/use tax growth was 2.7 percent.

Corporate Income Tax

Corporate income tax receipts during July totaled \$37.2 million, which is \$16.6 million or 80.6 percent more than in July 2006. Corporate income tax receipts were estimated to increase at a rate of 1.0 percent.



Cigarette and Tobacco Tax

Receipts from cigarette tax revenue stood at \$17.7 million in July 2007. This represents an increase of \$11.0 million or 164.2 percent over receipts in same month of 2006. Receipts from tobacco tax stood at \$2.1 million. This represents an increase of \$1.1 million or 110 percent over the same month in 2006. These increased rates of growth are the driving force in the current general revenue growth. Cigarette and tobacco tax receipts were estimated to increase at a rate of 79.9 percent and 29.4 percent respectively.

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

CASH BASIS

	ONE MONTH THROUGH JULY		FY08 Over (Under) FY07		FY08 Annual Est Percent Of Growth
	FY07	FY08	Dollars	Percent	
Personal Income Tax	\$179.1	\$198.0	\$18.9	10.6%	2.9%
Sales/Use Tax	96.9	103.6	6.7	6.9%	2.7%
Corporate Income Tax	20.6	37.2	16.6	80.6%	1.0%
Inheritance Tax	5.9	7.0	1.1	18.6%	6.8%
Insurance Premium Tax	1.5	1.0	(0.5)	-33.3%	17.0%
Cigarette Tax	6.7	17.7	11.0	164.2%	79.9%
Tobacco Tax	1.0	2.1	1.1	110.0%	29.4%
Beer Tax	1.5	1.4	(0.1)	-6.7%	0.0%
Franchise Tax	2.3	2.7	0.4	17.4%	16.9%
Miscellaneous Tax	1.3	0.1	(1.2)	-92.3%	-28.6%
Total Special Taxes	\$316.8	\$370.8	\$54.0	17.0%	4.8%
Institutional Payments	1.0	0.8	(0.2)	-20.0%	-2.3%
Liquor Transfers:	2.8	2.7	(0.1)	-3.6%	4.0%
Interest	2.8	3.2	0.4	14.3%	1.0%
Fees	8.5	9.3	0.8	9.4%	-26.4%
Judicial Revenue	8.0	9.1	1.1	13.8%	1.6%
Miscellaneous Receipts	2.3	2.8	0.5	21.7%	7.6%
Racing and Gaming	11.5	11.7	0.2	1.7%	0.0%
Total Receipts	\$353.7	\$410.4	\$56.7	16.0%	4.2%
Transfers	\$13.9	\$20.9	\$7.0		
Total Rcpts & Transfers	\$367.6	\$431.3	\$63.7		

Iowa Department of Management
August 3, 2007

Iowa Economic Snapshot

July 2007

Iowa Workforce Development

Iowa's Unemployment Rate
3.8%

The statewide labor force continued to increase slightly from 1,660,100 in May to 1,661,400 in June. This was the second straight increase after three consecutive months of a decrease. The increase in the labor force reflected employer sentiment on job outlook and stronger hiring pace. Hiring across most industry sectors showed signs of an increased activity. With the increased labor force figures, the state's seasonally adjusted unemployment rate increased to 3.8 percent from a May rate of 3.6 percent. This should not be surprising because expectations of good job and hiring prospects always lead previously discouraged workers to rejoin the labor force. The jobless rate was reported at 3.7 percent one year ago.

Iowa's Nonfarm Employment
1,523,200

Iowa's nonfarm employment (i.e., total private non-farm including government) totaled 1,523,200 in June. This number represents a gain of 900 jobs from the May revised figure and 17,500 more jobs than in June 2006. The modest increase in the May figure was centered mainly in health care services, financial activities, and professional and business services. A large decline of 700 jobs was noted in manufacturing, while smaller declines occurred in mining and construction, private educational services, and state government.

- 34.1 Average Weekly Hours
- \$14.97 Average Hourly Earnings

Iowa's Manufacturing Employment
230,900

In June 2007, manufacturing employment stood at 230,900, down from the revised May figure of 231,600. Workers in manufacturing earned \$714.02 a week in June 2007.

- Working 42.2 Average Weekly Hours
- \$16.92 Average Hourly Earnings

Iowa's Unemployment Benefit Payments
\$19.5 million

Iowa jobless benefits payments for June 2007 totaled \$19.5 million for 24,144 claimants. This represents a decrease of \$5.8 million from the May figure of \$25.3 million for 27,787 jobless Iowans. One year ago, payments totaled \$22.9 million for 25,462 claimants.

- 4,977 First Payments

Current National and Regional Economic Outlook

Economic Indicators from the Federal Reserve Bank of Chicago:

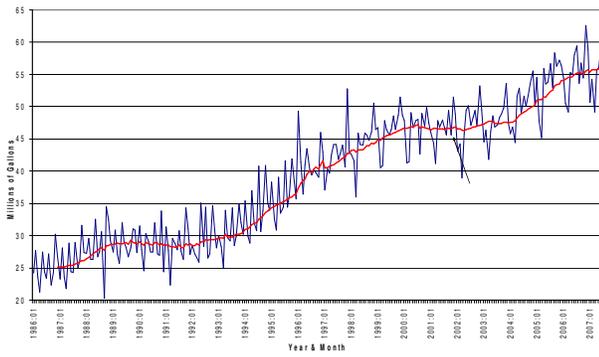
- Midwest farmland values at + 10 percent year over year. (Iowa led the district with a +16 percent change in dollar value).
- The Midwest Manufacturing Index (CFMMI) – a monthly estimate by major industry of manufacturing output in the Seventh Federal Reserve District which includes Iowa - at - 0.2 percent in May. Unchanged in June.
- The National Activity Index (CFNAI) – a monthly index designed to better gauge overall economic activity and inflationary pressure at + 0.11 in June.
- The Michigan Retail Index – a forecast of retail sales and three month outlook at + 9.3 for sales outlook and + 14.4 for sales performance as of June 2007.

Iowa Department of Revenue

Diesel Fuel Consumption

Diesel fuel consumption during June 2007 in Iowa for transportation purposes increase by 1.280 million gallons (2.20 percent) compared to June 2006. The annualized rate of growth in diesel fuel consumption has averaged only about 1.2 percent over the past four months. This month's level of diesel fuel consumption totaled 55.908 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 18.48 percent over the last pre-recession peak.

Monthly Diesel Fuel Consumption



Real Estate Transfer Tax

During June 2007 real estate transfer tax collections decreased by 27.31 percent compared to June 2006. During May the interest rate for 30-year conventional

mortgages nationally averaged 6.66 percent, which was up 0.40 percent from April, but still 0.41 percent below the December 2001 peak of 7.07 percent.

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

