



# STATE OF IOWA

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

DEPARTMENT OF MANAGEMENT  
CHARLES J. KROGMEIER, DIRECTOR

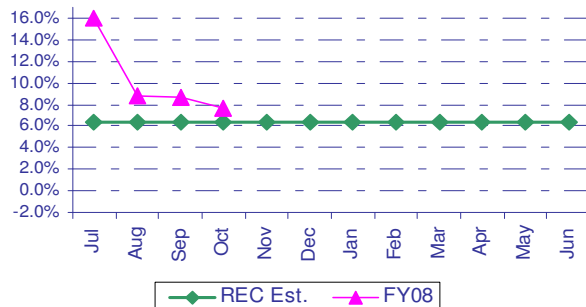
DATE: Nov 2, 2007  
TO: The Honorable Chester J. Culver  
The Honorable Patty Judge  
FROM: Charles J. Krogmeier, Director  
Department of Management  
RE: October 2007 General Fund Receipts

General Fund receipts for October totaled \$428.0 million, which is \$18.2 million or 4.4 percent more than was collected during October 2006. October 2007 had 23 processing days as compared to 22 processing days in October 2006. Fiscal year-to-date, General Fund receipts totaled \$2,010.9 million, an increase of 7.7 percent over the same period last year. The Revenue Estimating Conference official estimated rate of annual growth is 6.3 percent for Fiscal Year 2008. It is important to note that these figures are on a cash basis and do not include any adjustments for tax refunds or accruals, which could reduce available revenue.

### Summary

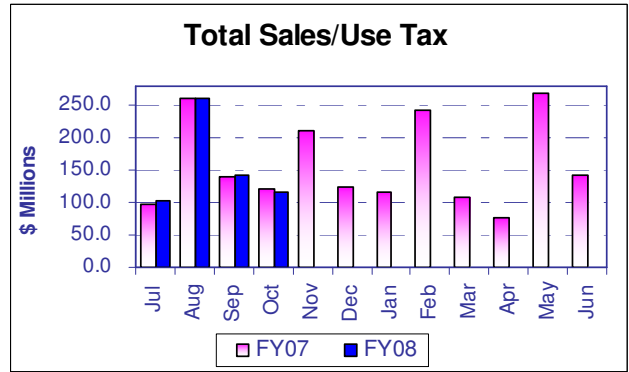
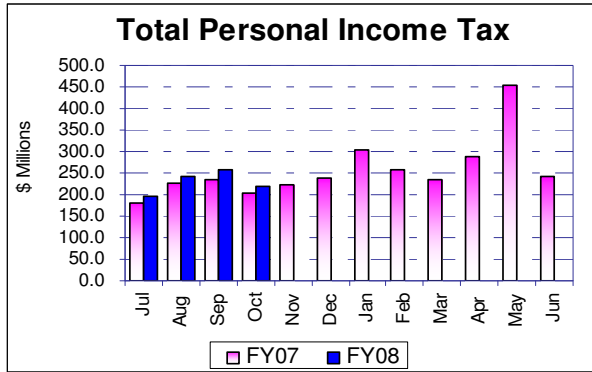
Personal income tax continued to lead the growth in General Fund receipts. Cigarette and tobacco tax have also maintained strong growth due to the increase in these taxes in March 2007. These trends helped year-to-date growth post an 7.7 percent rate. The official estimate rate of growth is currently at 6.3 percent for Fiscal Year 2008.

### Year-to-Date Growth by Month



### Personal Income Tax

Personal income tax receipts totaled \$218.7 million during October. This represents \$13.8 million or 6.7 percent more than the receipts of October 2006. Withholding tax receipts increased \$5.7 million or 3.6 percent compared to last year. Estimated payments increased by \$5.9 million. Final return payment increased by \$2.2 million. This was attributed to an increase in school district surtax transfers and subsequent impact on accounts receivable transfers. Fiscal year-to-date, personal income tax receipts totaled \$916.3 million, an increase of 8.4 percent. Personal income tax receipts were estimated to grow by 5.7 percent for the year.

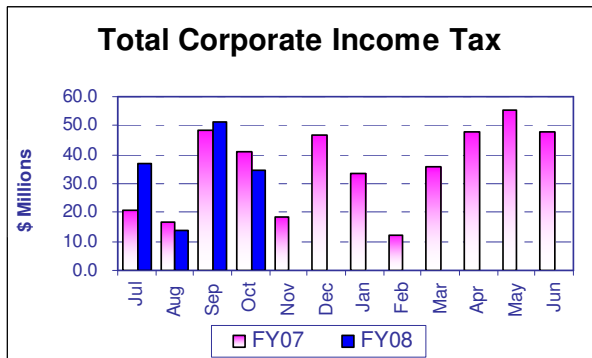


Sales/Use Tax

October sales/use tax receipts totaled \$116.1 million, which represents a decrease of \$4.3 million or 3.6 percent compared to October 2006. Receipts were affected by adjustments for local option tax distributions and account receivable collections. For the fiscal year, sales/use tax receipts totaled \$623.9 million, representing an increase of 0.9 percent. The annual estimated rate of sales/use tax growth was 3.0 percent.

Corporate Income Tax

Corporate income tax receipts during October totaled \$34.8 million, which is \$6.3 million or 15.3 percent less than in October 2006. For the fiscal year, corporate income tax receipts totaled \$ 137.2 million or 8.5 percent more than last year. Corporate income tax receipts were estimated to increase at a rate of 2.7 percent.



Cigarette and Tobacco Tax

Receipts from cigarette tax revenue stood at \$21.3 million in October 2007. This represents an increase of \$13.5 million or 173.1 percent over receipts in same month of 2006. Receipts from tobacco tax stood at \$1.3 million. This represents an increase of \$0.5 million or 62.5 percent over the same month in 2006. These increased rates of growth are due to the increase in these taxes that took effect in March 2007 and continue to be a driving force in the current general revenue growth. Fiscal year-to-date, cigarette and tobacco tax receipts totaled \$79.2 million and \$7.1 million respectively. Cigarette and tobacco tax receipts were estimated to increase at a rate of 82.9 percent and 53.7 percent respectively.

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

**CASH BASIS**

	MONTH OF OCTOBER		FY08 Over (Under) FY07		FY08 Annual Est Percent Of Growth
	FY07	FY08	Dollars	Percent	
Personal Income Tax	\$204.9	\$218.7	\$13.8	6.7%	5.7%
Sales/Use Tax	120.4	116.1	(4.3)	-3.6%	3.0%
Corporate Income Tax	41.1	34.8	(6.3)	-15.3%	2.7%
Inheritance Tax	6.9	5.3	(1.6)	-23.2%	10.0%
Insurance Premium Tax	0.9	0.0	(0.9)	-100.0%	19.4%
Cigarette Tax	7.8	21.3	13.5	173.1%	82.9%
Tobacco Tax	0.8	1.3	0.5	62.5%	53.7%
Beer Tax	1.1	1.1	0.0	0.0%	2.1%
Franchise Tax	2.8	3.5	0.7	25.0%	-9.3%
Miscellaneous Tax	0.1	0.1	0.0	0.0%	0.0%
<b>Total Special Taxes</b>	<b>\$386.8</b>	<b>\$402.2</b>	<b>\$15.4</b>	<b>4.0%</b>	<b>6.5%</b>
Institutional Payments	0.7	1.1	0.4	57.1%	-2.3%
Liquor Transfers:	4.7	6.6	1.9	40.4%	4.6%
Interest	2.3	3.0	0.7	30.4%	-30.3%
Fees	5.0	4.0	(1.0)	-20.0%	-13.0%
Judicial Revenue	5.4	8.8	3.4	63.0%	33.9%
Miscellaneous Receipts	3.0	2.3	(0.7)	-23.3%	12.0%
Racing and Gaming	1.9	0.0	(1.9)	-100.0%	0.0%
<b>Total Receipts</b>	<b>\$409.8</b>	<b>\$428.0</b>	<b>\$18.2</b>	<b>4.4%</b>	<b>6.3%</b>
Transfers	\$14.9	\$15.4	\$0.5		
<b>Total Rcpts &amp; Transfers</b>	<b>\$424.7</b>	<b>\$443.4</b>	<b>\$18.7</b>		

Iowa Department of Management  
November 2, 2007

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

**CASH BASIS**

	FOUR MONTHS THROUGH OCTOBER		FY08 Over (Under) FY07		FY08 Annual Est Percent Of Growth
	FY07	FY08	Dollars	Percent	
Personal Income Tax	\$845.1	\$916.3	\$71.2	8.4%	5.7%
Sales/Use Tax	618.5	623.9	5.4	0.9%	3.0%
Corporate Income Tax	126.5	137.2	10.7	8.5%	2.7%
Inheritance Tax	25.5	23.6	(1.9)	-7.5%	10.0%
Insurance Premium Tax	61.0	52.4	(8.6)	-14.1%	19.4%
Cigarette Tax	30.4	79.2	48.8	160.5%	82.9%
Tobacco Tax	3.1	7.1	4.0	129.0%	53.7%
Beer Tax	5.3	5.3	0.0	0.0%	2.1%
Franchise Tax	9.4	10.9	1.5	16.0%	-9.3%
Miscellaneous Tax	0.2	0.2	0.0	0.0%	0.0%
<b>Total Special Taxes</b>	<b>\$1,725.0</b>	<b>\$1,856.1</b>	<b>\$131.1</b>	<b>7.6%</b>	<b>6.5%</b>
Institutional Payments	4.3	4.6	0.3	7.0%	-2.3%
Liquor Transfers:	17.3	20.3	3.0	17.3%	4.6%
Interest	8.6	8.2	(0.4)	-4.7%	-30.3%
Fees	25.3	25.7	0.4	1.6%	-13.0%
Judicial Revenue	17.9	25.2	7.3	40.8%	33.9%
Miscellaneous Receipts	9.1	11.1	2.0	22.0%	12.0%
Racing and Gaming	59.0	59.7	0.7	1.2%	0.0%
<b>Total Receipts</b>	<b>\$1,866.5</b>	<b>\$2,010.9</b>	<b>\$144.4</b>	<b>7.7%</b>	<b>6.3%</b>
Transfers	\$37.1	\$37.0	(\$0.1)		
<b>Total Rcpts &amp; Transfers</b>	<b>\$1,903.6</b>	<b>\$2,047.9</b>	<b>\$144.3</b>		

Iowa Department of Management  
November 2, 2007

# Iowa Economic Snapshot October 2007

## Iowa Workforce Development

### Iowa's Unemployment Rate 3.9%

The statewide labor force slightly increased from 1,656,700 in August to 1,673,500 in September. The increase in the labor force reflected optimistic expectations of the economy by employers and job seekers. Hiring across most industry sectors showed signs of a renewed activity. With the increased labor force figures, the state's seasonally adjusted unemployment rate remained steady at 3.9 percent from the August rate. According to the Iowa Department of Workforce Development, "the pace of job creation in September reflected a positive turnaround from the weak activity reported for the prior two months". The jobless rate was reported at 3.6 percent one year ago.

### Iowa's Nonfarm Employment 1,526,500

Iowa's nonfarm employment (i.e., total private non-farm including government) totaled 1,526,500 in September. This number represents a gain of 4,100 jobs from the August revised figure and 21,900 more jobs than in September 2006. The increase in the September figure was mainly in government, which was up by 1,500 due to growth at the local level. Leisure and hospitality increased by 900; construction added 800; and financial activities and education and health services were each up by 700.

- 34.1 Average Weekly Hours
- \$15.35 Average Hourly Earnings

### Iowa's Manufacturing Employment 231,000

In September 2007, manufacturing employment stood at 231,000, down from the revised August figure of 231,600. Workers in manufacturing earned \$709.38 a week in September 2007.

- Working 42.2 Average Weekly Hours
- \$16.81 Average Hourly Earnings

### Iowa's Unemployment Benefit Payments \$16.2 million

Iowa jobless benefits payments for September 2007 totaled \$16.2 million for 19,164 claimants. This represents a decrease of \$4.8 million from the August figure of \$22.2 million for 23,985 jobless Iowans. One year ago, payments totaled \$18.6 million for 23,487 claimants.

- 3,604 First Payments

### Current National and Regional Economic Outlook

On October 31, 2007 in response to a surge in oil prices, a credit crisis and a slumping housing market, the Federal Reserve further cut its federal funds rate - (interest rates banks charge each other on overnight loans) from 4.75 percent to 4.5 percent. This was followed by a cut in the discount rate - (interest rate on Fed's loan to banks) to 5.0 percent. Commercial banks responded to the Fed's decision by announcing a cut in their prime lending rate (the benchmark rate for millions of consumer and business loans) to 7.5 percent. These policy moves are intended to ward off threats of a recession while maintaining a decent inflation level. Stock prices have continued to fluctuate in response to the Fed's interest rate cuts.

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

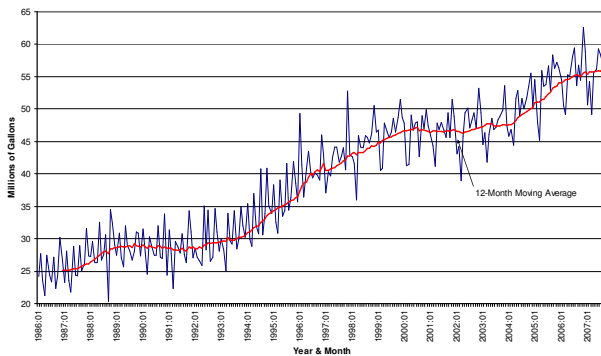
- Midwest farmland values at + 11 percent for the second quarter of 2007 relative to the second quarter of 2006. (Iowa continues to lead the district with a +18 percent change in dollar value).
- The Midwest Manufacturing Index (CFMMI) - a monthly estimate by major industry of manufacturing output in the Seventh Federal Reserve District which includes Iowa - at - 0.1 percent in September.
- The National Activity Index (CFNAI) - a monthly index designed to better gauge overall economic activity and inflationary pressure at - 0.45 in September.
- The Michigan Retail Index - a forecast of retail sales and three month outlook at - 3.0 for sales outlook and - 5.9 for sales performance as of September 2007.

## Iowa Department of Revenue

### Diesel Fuel Consumption

Diesel fuel consumption during September 2007 in Iowa for transportation purposes increased by 1.379 million gallons (2.43%) compared to September 2006. Over the past 12 months diesel fuel consumption has increased by 1.90%. This month's level of diesel fuel consumption totaled 56.232 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 19.16% over the last pre-recession peak.

Monthly Diesel Fuel Consumption



### Real Estate Transfer Tax

During September 2007 real estate transfer tax collections decreased by 18.57% compared to September 2006. Over the past twelve months real estate transfer tax receipts have decreased by 0.84%. During September the interest rate for 30-year conventional mortgages nationally averaged 6.38%, which was down 0.19% from August, and still 0.69% below the December 2001 peak of 7.07%

Real Estate Transfer Tax

Indexed Values (1990:07 = 1.00)

