



# STATE OF IOWA

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

DEPARTMENT OF MANAGEMENT  
CHARLES J. KROGMEIER, DIRECTOR

DATE: January 3, 2008

TO: The Honorable Chester J. Culver  
The Honorable Patty Judge

FROM: Charles J. Krogmeier, Director  
Department of Management

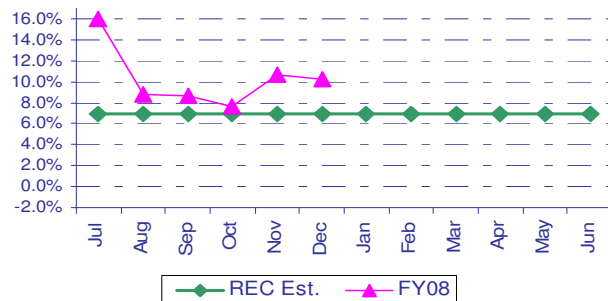
RE: December 2007 General Fund Receipts

General Fund receipts for December totaled \$488.4 million, which is \$37.1 million or 8.2 percent more than was collected during December 2006. December 2007 had 20 processing days as did December 2006. Fiscal year-to-date, General Fund receipts totaled \$3,091.8 million, an increase of 10.3 percent over the same period last year. The Revenue Estimating Conference official estimated rate of annual growth is 6.9 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

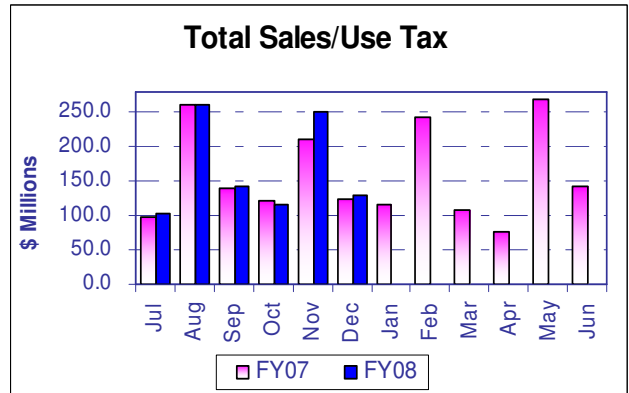
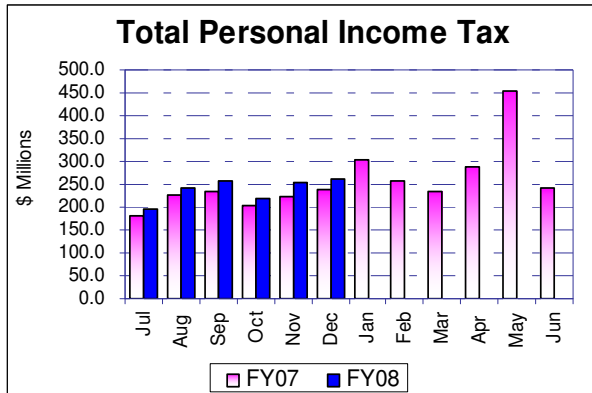
Personal income tax and sales/use tax led the growth in General Fund receipts. Franchise tax also grew substantially. Cigarette and tobacco tax maintained strong growth due to the increase in these taxes in March 2007. These trends helped year-to-date growth post a 10.3 percent rate. The official estimate rate of growth is currently at 6.9 percent for Fiscal Year 2008.

Year-to-Date Growth by Month



### Personal Income Tax

Personal income tax receipts totaled \$259.7 million during December. This represents \$19.6 million or 8.2 percent more than the receipts of December 2006. Withholding tax receipts increased \$16.3 million or 7.7 percent compared to last year. Overall, adjustments did not have any effect on receipts. Estimated payments increased by \$3.7 million. Final return payment decreased by \$0.3 million. Fiscal year-to-date, personal income tax receipts totaled \$1,428.1 million, an increase of 9.3 percent. Personal income tax receipts were estimated to grow by 6.7 percent for the year.

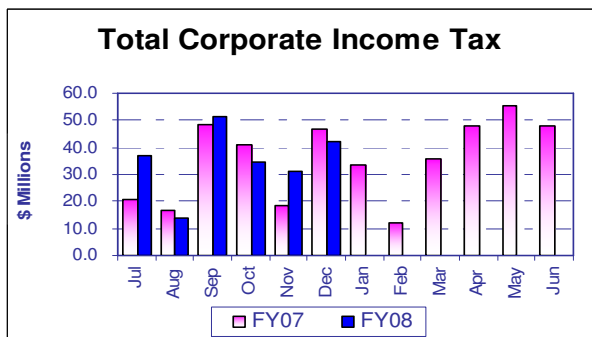


Sales/Use Tax

December sales/use tax receipts totaled \$129.8 million, which represents an increase of \$5.1 million or 4.1 percent compared to December 2006. Receipts were affected by adjustments for school local option disbursements and increased account receivable collections. For the fiscal year, sales/use tax receipts totaled \$1,004.0 million, representing an increase of 5.3 percent. The annual estimated rate of sales/use tax growth was 2.8 percent.

Corporate Income Tax

Corporate income tax receipts during December totaled \$42.3 million, which is \$4.6 million or 9.8 percent less than in December 2006. Receipts were affected by a decrease in accounts receivable transfer. For the fiscal year, corporate income tax receipts totaled \$ 210.6 million or 9.9 percent more than last year. Corporate income tax receipts were estimated to increase at a rate of 5.3 percent.



Cigarette and Tobacco Tax

Receipts from cigarette tax revenue stood at \$15.8 million in December 2007. This represents an increase of \$8.8 million or 125.7 percent over receipts in same month of 2006. Receipts from tobacco tax stood at \$1.5 million. This represents an increase of \$1.3 million or 650.0 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 \$115.5 million and \$10.7 million respectively. Cigarette and tobacco tax receipts were estimated to increase at a rate of 91.1 percent and 57.9 percent respectively.

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

**CASH BASIS**

	MONTH OF DECEMBER		FY08 Over (Under) FY07		FY08 Annual Est Percent Of Growth
	FY07	FY08	Dollars	Percent	
Personal Income Tax	\$240.1	\$259.7	\$19.6	8.2%	6.7%
Sales/Use Tax	124.7	129.8	5.1	4.1%	2.8%
Corporate Income Tax	46.9	42.3	(4.6)	-9.8%	5.3%
Inheritance Tax	5.3	5.3	0.0	0.0%	10.0%
Insurance Premium Tax	0.3	0.3	0.0	0.0%	12.3%
Cigarette Tax	7.0	15.8	8.8	125.7%	91.1%
Tobacco Tax	0.2	1.5	1.3	650.0%	57.9%
Beer Tax	1.1	1.2	0.1	9.1%	2.1%
Franchise Tax	4.0	5.0	1.0	25.0%	-9.3%
Miscellaneous Tax	0.0	0.0	0.0	N/A	0.0%
<b>Total Special Taxes</b>	<b>\$429.6</b>	<b>\$460.9</b>	<b>\$31.3</b>	<b>7.3%</b>	<b>7.2%</b>
Institutional Payments	0.8	1.2	0.4	50.0%	0.0%
Liquor Transfers:	5.8	7.5	1.7	29.3%	4.6%
Interest	2.6	2.7	0.1	3.8%	-30.3%
Fees	5.7	5.5	(0.2)	-3.5%	-13.6%
Judicial Revenue	5.1	8.2	3.1	60.8%	33.8%
Miscellaneous Receipts	1.7	2.4	0.7	41.2%	1.4%
Racing and Gaming	0.0	0.0	0.0	N/A	0.0%
<b>Total Receipts</b>	<b>\$451.3</b>	<b>\$488.4</b>	<b>\$37.1</b>	<b>8.2%</b>	<b>6.9%</b>
Transfers	\$0.1	\$0.2	\$0.1		
<b>Total Rcpts &amp; Transfers</b>	<b>\$451.4</b>	<b>\$488.6</b>	<b>\$37.2</b>		

Iowa Department of Management  
January 3, 2008

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

**CASH BASIS**

	SIX MONTHS THROUGH DECEMBER		FY08 Over (Under) FY07		FY08 Annual Est Percent Of Growth
	FY07	FY08	Dollars	Percent	
Personal Income Tax	\$1,306.7	\$1,428.1	\$121.4	9.3%	6.7%
Sales/Use Tax	953.3	1,004.0	50.7	5.3%	2.8%
Corporate Income Tax	191.6	210.6	19.0	9.9%	5.3%
Inheritance Tax	36.3	37.0	0.7	1.9%	10.0%
Insurance Premium Tax	61.4	52.7	(8.7)	-14.2%	12.3%
Cigarette Tax	44.3	115.5	71.2	160.7%	91.1%
Tobacco Tax	4.2	10.7	6.5	154.8%	57.9%
Beer Tax	7.5	7.7	0.2	2.7%	2.1%
Franchise Tax	13.8	16.0	2.2	15.9%	-9.3%
Miscellaneous Tax	0.4	0.4	0.0	0.0%	0.0%
<b>Total Special Taxes</b>	<b>\$2,619.5</b>	<b>\$2,882.7</b>	<b>\$263.2</b>	<b>10.0%</b>	<b>7.2%</b>
Institutional Payments	5.9	7.2	1.3	22.0%	0.0%
Liquor Transfers:	27.4	33.3	5.9	21.5%	4.6%
Interest	15.1	15.6	0.5	3.3%	-30.3%
Fees	36.1	35.4	(0.7)	-1.9%	-13.6%
Judicial Revenue	28.4	41.9	13.5	47.5%	33.8%
Miscellaneous Receipts	12.9	16.0	3.1	24.0%	1.4%
Racing and Gaming	59.0	59.7	0.7	1.2%	0.0%
<b>Total Receipts</b>	<b>\$2,804.3</b>	<b>\$3,091.8</b>	<b>\$287.5</b>	<b>10.3%</b>	<b>6.9%</b>
Transfers	\$37.4	\$37.5	\$0.1		
<b>Total Rcpts &amp; Transfers</b>	<b>\$2,841.7</b>	<b>\$3,129.3</b>	<b>\$287.6</b>		

Iowa Department of Management  
January 3, 2008

# Iowa Economic Snapshot December 2007

## Iowa Workforce Development

### Iowa's Unemployment Rate 3.9%

The statewide labor force remained virtually unchanged at 1,675,200 in November. It was 1,675,300 in October. The labor force figures continues to reflect optimistic expectations of the economy by employers and job seekers. These trends helped the state's seasonally adjusted unemployment rate to remain unchanged at 3.9 percent from the October rate. According to the Iowa Department of Workforce Development, "job growth regained momentum in November despite continuing risks to the economy." The jobless rate was reported at 3.5 percent one year ago.

### Iowa's Nonfarm Employment 1,529,300

Iowa's nonfarm employment (i.e., total private non-farm including government) totaled 1,529,300 in November. This number represents an increase of 3,200 jobs from the October revised figure and 23,600 more jobs than in November 2006. The increase in the November figure was mainly in trade and transportation sector, where 1,100 jobs were added. Manufacturing rebounded by adding 300 additional jobs for the month. Mining and financial services lost 100 and 400 jobs respectively.

- 34.0 Average Weekly Hours
- \$15.39 Average Hourly Earnings

### Iowa's Manufacturing Employment 230,700

In November 2007, manufacturing employment stood at 230,700, up from the revised October figure of 230,400. Workers in manufacturing earned \$710.64 a week in November 2007.

- Working 42.3 Average Weekly Hours
- \$16.80 Average Hourly Earnings

### Iowa's Unemployment Benefit Payments \$20.0 million

Iowa jobless benefits payments for November 2007 totaled \$20.0 million for 25,296 claimants. This represents a decrease of \$0.4 million from the October figure of \$19.6 million for 21,696 jobless Iowans. One year ago, payments totaled \$25.1 million for 29,525 claimants.

- 6,517 First Payments

### Current National and Regional Economic Outlook

According to the December "final" data release by the U.S. Bureau of Economic Analysis (BEA), real gross domestic product -- the output of goods and services produced by labor and property located in the United States -- increased at an annual rate of 4.9 percent in the third quarter of 2007, up from 3.8 percent in the second quarter 2007. Personal income data shows Iowa's personal income increase by 1.4 percent in the third quarter. Iowa is ranked 20<sup>th</sup> nationally in personal income growth from the second to third quarter of 2007. For the month of November, the national inflation rate is at 4.3 percent for a year-to date average of 2.7 percent.

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

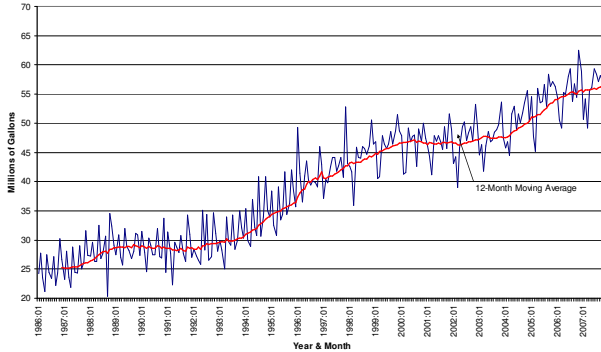
- Midwest farmland values at + 15 percent for the third quarter of 2007 relative to the third quarter of 2006. (Iowa continues to lead the district with a + 21 percent change in dollar value).
- The Midwest Manufacturing Index (CFMMI) – a monthly estimate by major industry of manufacturing output in the Seventh Federal Reserve District which includes Iowa - at + 0.5 percent in November.
- The National Activity Index (CFNAI) – a monthly index designed to better gauge overall economic activity and inflationary pressure at - 0.27 in November.
- The Michigan Retail Index – a forecast of retail sales and three month outlook at - 9.0 for sales outlook and - 3.9 for sales performance as of November 2007.

## Iowa Department of Revenue

### Diesel Fuel Consumption

Diesel fuel consumption during November 2007 in Iowa for transportation purposes increased by 2.292 million gallons (3.66%) compared to November 2006. Over the past 12 months diesel fuel consumption has increased by 2.10%. This month's level of diesel fuel consumption totaled 56.646 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 20.04% over the last pre-recession peak.

Monthly Diesel Fuel Consumption



### Real Estate Transfer Tax

During November 2007 real estate transfer tax collections increased by 7.10% compared to November 2006. Over the past twelve months real estate transfer tax receipts have decreased by 1.78%. During November the interest rate for 30-year conventional mortgages nationally averaged 6.21%, which is down 0.17% from October, and still 0.86% below the December 2001 peak of 7.07%

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

