



STATE OF IOWA

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

DEPARTMENT OF MANAGEMENT
CHARLES J. KROGMEIER, DIRECTOR

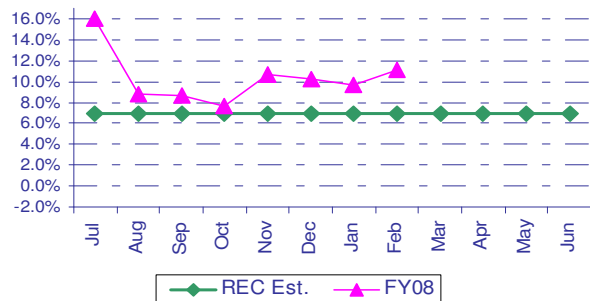
DATE: March 4, 2008
TO: The Honorable Chester J. Culver
The Honorable Patty Judge
FROM: Charles J. Krogmeier, Director
Department of Management
RE: February 2008 General Fund Receipts

General Fund receipts for February totaled \$656.8 million, which is \$108.2 million or 19.7 percent more than was collected during February 2007. February 2008 had 21 processing days as compared to 20 processing days in February 2007. Fiscal year-to-date, General Fund receipts totaled \$4,294.6 million, an increase of 11.1 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

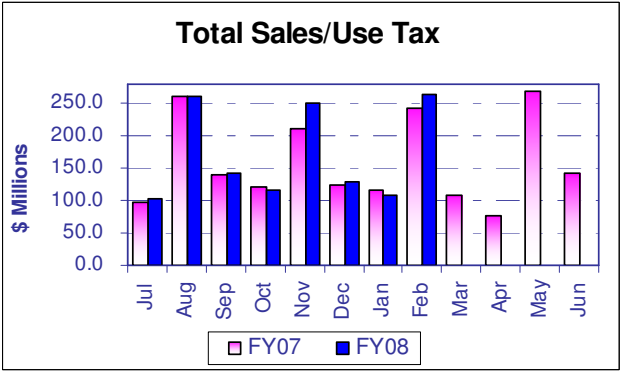
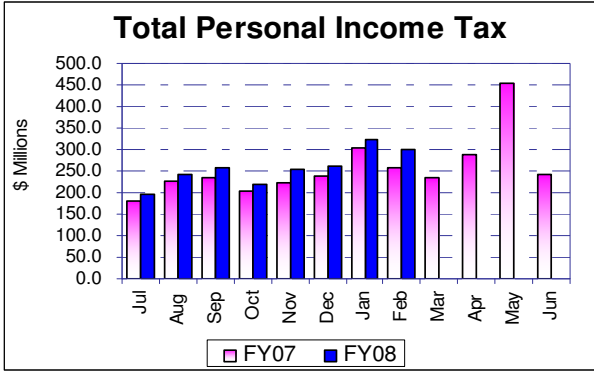
Corporate income tax and personal income tax led the growth in General Fund receipts. Sales and use tax also rebounded as did inheritance and franchise tax. Cigarette and tobacco tax maintained strong growth due to the increase in these taxes in March 2007. These trends helped year-to-date growth post an 11.1 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 \$299.3 million during February. This represents \$43.2 million or 16.9 percent more than the receipts of February 2007. Withholding tax receipts increased \$29.7 million or 12.2 percent compared to last year. Adjustments were largely due to an increase in accounts receivable transfers and the school district tax surcharge transfers. Estimated payments increased by \$8.7 million. Final return payment increased by \$4.9 million. Fiscal year-to-date, personal income tax receipts totaled \$2,050.3 million, an increase of 9.9 percent. Personal income tax receipts were estimated to grow by 6.7 percent for the year.

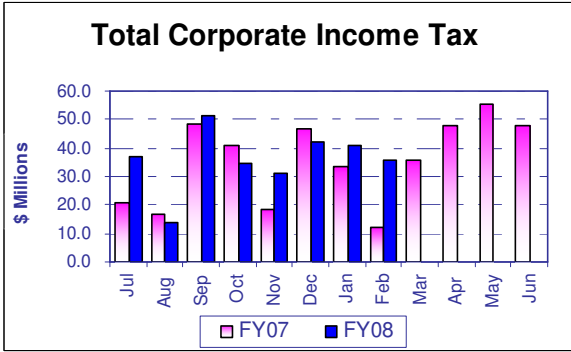


Sales/Use Tax

February sales/use tax receipts totaled \$265.0 million, which represents an increase of \$22.4 million or 9.2 percent compared to February 2007. Receipts were affected by increases in the amount of school local option and school infrastructure local option distributions. For the fiscal year, sales/use tax receipts totaled \$1,378.3 million, representing an increase of 4.9 percent. The annual estimated rate of sales/use tax growth was 2.8 percent.

Corporate Income Tax

Corporate income tax receipts during February totaled \$35.6 million, which is \$23.2 million or 187.1 percent more than in February 2007. Receipts were affected by an increase in accounts receivable transfer. For the fiscal year, corporate income tax receipts totaled \$286.9 million or 20.7 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 \$16.1 million in February 2007. This represents an increase of \$10.1 million or 168.3 percent over receipts in same month of 2007. 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 2007. 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 \$151.5 million and \$14.1 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 FEBRUARY 29, 2008
(\$ MILLIONS)**

CASH BASIS

	MONTH OF FEBRUARY		FY08 Over (Under) FY07		FY08 Annual Est Percent Of Growth
	FY07	FY08	Dollars	Percent	
Personal Income Tax	\$256.1	\$299.3	\$43.2	16.9%	6.7%
Sales/Use Tax	242.6	265.0	22.4	9.2%	2.8%
Corporate Income Tax	12.4	35.6	23.2	187.1%	5.3%
Inheritance Tax	3.8	6.2	2.4	63.2%	10.0%
Insurance Premium Tax	1.4	4.5	3.1	221.4%	12.3%
Cigarette Tax	6.0	16.1	10.1	168.3%	91.1%
Tobacco Tax	0.8	1.3	0.5	62.5%	57.9%
Beer Tax	1.0	1.0	0.0	0.0%	2.1%
Franchise Tax	0.3	1.0	0.7	233.3%	-9.3%
Miscellaneous Tax	(0.1)	0.1	0.2	-200.0%	0.0%
Total Special Taxes	\$524.3	\$630.1	\$105.8	20.2%	7.2%
Institutional Payments	1.0	1.3	0.3	30.0%	0.0%
Liquor Transfers:	4.3	4.5	0.2	4.7%	4.6%
Interest	3.5	2.8	(0.7)	-20.0%	-30.3%
Fees	7.9	7.1	(0.8)	-10.1%	-13.6%
Judicial Revenue	5.2	8.6	3.4	65.4%	33.8%
Miscellaneous Receipts	2.4	2.4	0.0	0.0%	1.4%
Racing and Gaming	0.0	0.0	0.0	N/A	0.0%
Total Receipts	\$548.6	\$656.8	\$108.2	19.7%	6.9%
Transfers	\$0.1	\$0.1	\$0.0		
Total Rcpts & Transfers	\$548.7	\$656.9	\$108.2		

Iowa Department of Management
March 4, 2008

**STATE OF IOWA
GENERAL FUND RECEIPTS STATEMENT
FOR THE EIGHT MONTHS ENDING FEBRUARY 29, 2008
(\$ MILLIONS)**

CASH BASIS

	EIGHT MONTHS THROUGH FEBRUARY		FY08 Over (Under) FY07		FY08 Annual Est Percent Of Growth
	FY07	FY08	Dollars	Percent	
Personal Income Tax	\$1,866.3	\$2,050.3	\$184.0	9.9%	6.7%
Sales/Use Tax	1,313.4	1,378.3	64.9	4.9%	2.8%
Corporate Income Tax	237.6	286.9	49.3	20.7%	5.3%
Inheritance Tax	50.1	52.7	2.6	5.2%	10.0%
Insurance Premium Tax	62.8	57.4	(5.4)	-8.6%	12.3%
Cigarette Tax	58.4	151.5	93.1	159.4%	91.1%
Tobacco Tax	6.1	14.1	8.0	131.1%	57.9%
Beer Tax	9.7	9.9	0.2	2.1%	2.1%
Franchise Tax	19.1	20.3	1.2	6.3%	-9.3%
Miscellaneous Tax	0.4	0.6	0.2	50.0%	0.0%
Total Special Taxes	\$3,623.9	\$4,022.0	\$398.1	11.0%	7.2%
Institutional Payments	7.7	9.5	1.8	23.4%	0.0%
Liquor Transfers:	39.0	44.8	5.8	14.9%	4.6%
Interest	21.7	22.0	0.3	1.4%	-30.3%
Fees	58.2	55.6	(2.6)	-4.5%	-13.6%
Judicial Revenue	38.7	55.4	16.7	43.2%	33.8%
Miscellaneous Receipts	17.4	25.6	8.2	47.1%	1.4%
Racing and Gaming	59.0	59.7	0.7	1.2%	0.0%
Total Receipts	\$3,865.6	\$4,294.6	\$429.0	11.1%	6.9%
Transfers	\$51.4	\$50.9	(\$0.5)		
Total Rcpts & Transfers	\$3,917.0	\$4,345.5	\$428.5		

Iowa Department of Management
March 4, 2008

Iowa Economic Snapshot February 2008

Iowa Workforce Development

Note: Updated Iowa economic data will be available in the March 2008 report due to benchmarking season.

Iowa's Unemployment Rate 4.0%

The statewide labor force increased slightly to 1,678,700 in December. It was 1,675,200 in November. The labor force figures continue to reflect optimistic expectations by employers and job seekers despite a slowing national economy. These trends helped push the state's seasonally adjusted unemployment rate to 4.0 percent from the November rate. According to the Iowa Department of Workforce Development, "the current month's data suggest that the housing slowdown is starting to have a wider impact on the Iowa economy." The jobless rate was reported at 3.5 percent one year ago.

Iowa's Nonfarm Employment 1,527,800

Iowa's nonfarm employment (i.e., total private non-farm including government) totaled 1,527,800 in December. This number reflects a loss of 900 jobs from the November revised figure and 19,000 more jobs than in December 2006. The decrease in the December figure was mainly in professional and business services with a loss of 500 jobs, Construction and education and health with a loss of 400 jobs each, and manufacturing with a loss of 300 jobs. Despite these job losses, trade and transportation gained 400 jobs, while finance added 200 jobs despite the current credit crunch.

- 33.7 Average Weekly Hours
- \$15.52 Average Hourly Earnings

Iowa's Manufacturing Employment 230,500

In December 2007, manufacturing employment stood at 230,500, up from the revised November figure of 230,800. Workers in manufacturing earned \$711.91 a week in December 2007.

- Working 42.2 Average Weekly Hours
- \$16.87 Average Hourly Earnings

Iowa's Unemployment Benefit Payments \$28.0 million

Iowa jobless benefits payments for December 2007 totaled \$28.0 million for 33,805 claimants. This represents an increase of \$8.0 million from the November figure of \$20.0 million for 25,296 jobless Iowans. One year ago, payments totaled \$29.5 million for 36,856 claimants.

- 10,798 First Payments

Current National and Regional Economic Outlook

Federal Reserve and key interest rates- as of March 1, 2008

- Federal funds rate - (interest rates banks charge each other on overnight loans) from 3.50 to 3.00 percent.
- The discount rate – (interest rate on Fed's loan to banks) from 4.00 to 3.50 percent.
- The prime lending rate – the benchmark for millions of business and consumer loans, now stands at 6.0 percent down from 6.50 percent.
- Stock prices continue to fluctuate reflecting unstable economy.
- For the month of January 2008, the national inflation rate is at 4.3 percent up from 4.1 percent in December 2007. Comparatively the rate was 2.1 percent in January 2007.

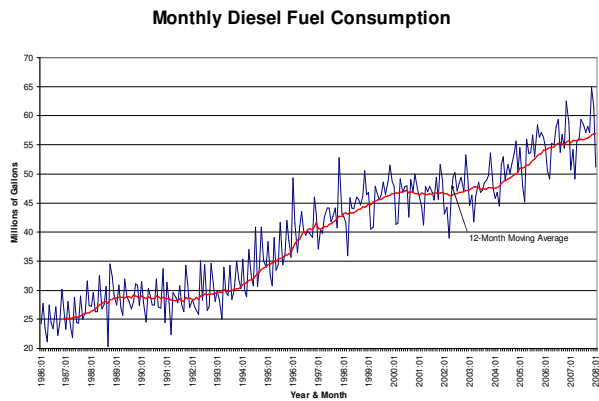
Economic Indicators from the Federal Reserve Bank of Chicago:

- Midwest farmland values at + 16 percent for the period January 1, 2007 to January 1, 2008. (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 December.
- The National Activity Index (CFNAI) – a monthly index designed to better gauge overall economic activity and inflationary pressure at - 0.58 in January.
- The Michigan Retail Index – a forecast of retail sales and three month outlook at – 2.1 for sales outlook and + 9.0 for sales performance as of January 2008.

Iowa Department of Revenue

Diesel Fuel Consumption

Diesel fuel consumption during January 2008 in Iowa for transportation purposes increased by 0.548 million gallons (1.08%) compared to January 2007. Over the past 12 months diesel fuel consumption has increased by 2.76%. This month's level of diesel fuel consumption totaled 56.906 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 20.59% over the last pre-recession peak.



Real Estate Transfer Tax

During January 2008 real estate transfer tax collections decreased by 14.30% compared to January 2007. Over the past twelve months real estate transfer tax receipts have decreased by 2.04%. During January the interest rate for 30-year conventional mortgages nationally averaged 5.76%, which is down 0.34% from December, and still 1.31% below the December 2001 peak of 7.07%

