



STATE OF IOWA

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

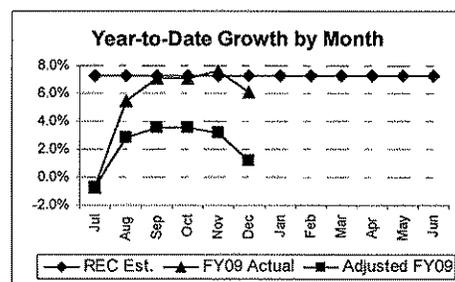
DEPARTMENT OF MANAGEMENT
CHARLES J. KROGMEIER, DIRECTOR

DATE: January 9, 2009
TO: The Honorable Chester J. Culver
The Honorable Patty Judge
FROM: Charles J. Krogmeier, Director 
Department of Management
RE: December 2008 General Fund Receipts

General Fund receipts for December totaled \$479.9 million, which is \$8.5 million or 1.7 percent less than was collected during December 2007. Fiscal year-to-date, General Fund receipts totaled \$3,280.8 million, an increase of 6.1 percent over the same period last year. December 2008 had 22 processing days as compared to 20 for December 2007. The Revenue Estimating Conference's (REC) official estimated rate of annual growth is 7.3 percent for Fiscal Year 2009. It is important to note that these figures are on a cash basis and do not include any adjustments for school infrastructure transfers, tax refunds or accruals, which could reduce available revenue. As shown in the graph below, FY2009 revenue growth rate has started to decline.

Summary

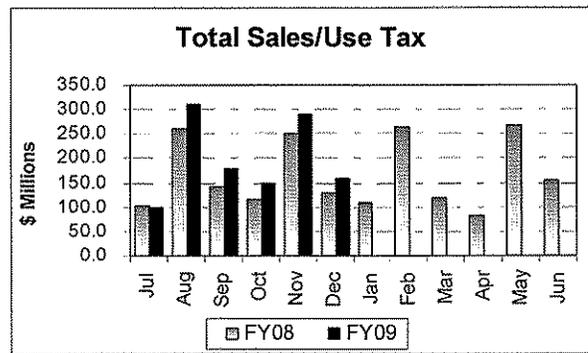
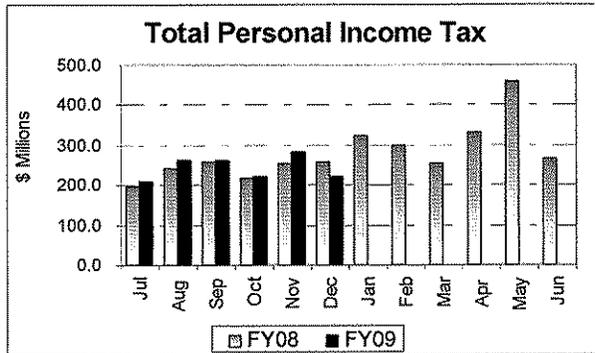
Growth due to the increase in the sales/use tax from 5.0% to 6.0%, as a result of replacing the school infrastructure local option (SILO) tax, is offset by a slowdown in personal income and corporate income tax. However, due to problems in processing estimate payments, it appears that \$20 million that would have been deposited in December 2008 will now be deposited in January 2009. Year-to-date growth is 6.1% compared to the REC's estimate of 7.3%. If the transfer to the school infrastructure program is included for a comparison, the year-to-date growth rate would be 1.2% compared to the REC's implied estimate of 0.6%.



Personal Income Tax

Personal income tax receipts totaled \$220.4 million during December. This represents \$39.3 million or 15.1 percent less than the receipts of December 2007. Withholding tax receipts decreased \$20.5 million or 9.0 percent compared to last year. Estimated payments decreased by \$21.5 million; however, a majority of the decline can be attributed to a processing issue at the Department of Revenue. It appears that a problem occurred on December 10 in processing estimate payments and was not

resolved until December 31. Due to this delay in processing, approximately \$20 million that would have been deposited in December 2008 will not be deposited until January 2009. Final return payments increased by \$2.7 million. Fiscal year-to-date, personal income tax receipts totaled \$1,456.0 million, an increase of 2.0 percent. Personal income tax receipts are estimated to grow by 2.8 percent for the year.

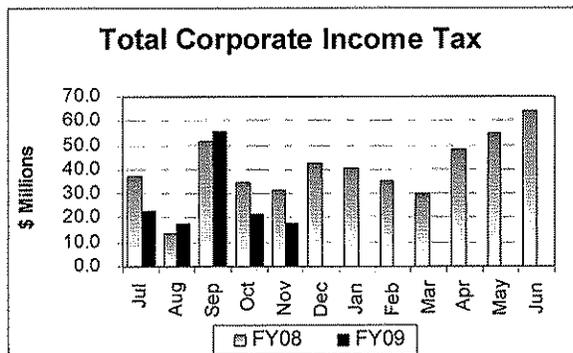


Sales/Use Tax

December sales/use tax receipts totaled \$158.8 million, which represents an increase of \$29.0 million or 22.3 percent compared to December 2007. The State sales/use tax was increased from 5.0% to 6.0% beginning July 1, 2008, with the increase replacing the School Infrastructure Local Option (SILO) sales tax. Beginning in August 2008, sales/use gross tax receipts are no longer adjusted for SILO sales tax payments to school districts. This adjustment is now made in the same manner as refunds are made, through a standing unlimited appropriation from the General Fund. The December adjustment for school infrastructure transfer was \$37.1 million in December. For the fiscal year, sales/use tax receipts totaled \$1,187.5 million or 18.3 percent more than last year, compared to the estimate of increase of 22.9 percent.

Corporate Income Tax

Corporate income tax receipts during December totaled \$45.2 million, which is \$2.9 million or 6.9 percent more than in December 2007. For the fiscal year, corporate income tax receipts totaled \$180.9 million or 14.1 percent less than last year. Corporate income tax receipts are estimated to decrease at a rate of 9.7 percent.



Refunds

For the month of December, \$57.3 million in refunds were issued by the Department of Revenue on a cash basis. This compares to \$36.2 million issued December 2007. Year-to-date refunds issued are \$226.7 million compared to \$166.1 million for the same period last year. Refunds are estimated for Fiscal Year 2009 to grow at 8.3 percent on an accrual basis.

**STATE OF IOWA
GENERAL FUND RECEIPTS STATEMENT
FOR THE MONTH ENDING DECEMBER 31, 2008
(\$ MILLIONS)**

CASH BASIS

	MONTH OF DECEMBER		FY09 Over (Under) FY08		FY09 Annual Est Percent Of Growth
	FY08	FY09	Dollars	Percent	
Personal Income Tax	\$259.7	\$220.4	(\$39.3)	-15.1%	2.8%
Sales/Use Tax	129.8	158.8	29.0	22.3%	22.9%
Corporate Income Tax	42.3	45.2	2.9	6.9%	-9.7%
Inheritance Tax	5.3	5.7	0.4	7.5%	2.0%
Insurance Premium Tax	0.3	0.2	(0.1)	100.0%	2.5%
Cigarette Tax	15.8	18.5	2.7	17.1%	-2.4%
Tobacco Tax	1.5	1.4	(0.1)	-6.7%	4.2%
Beer Tax	1.2	1.2	0.0	0.0%	-0.7%
Franchise Tax	5.0	4.5	(0.5)	-10.0%	-14.4%
Miscellaneous Tax	0.0	0.4	0.4	#DIV/0!	0.0%
Total Special Taxes	\$460.9	\$456.3	(\$4.6)	-1.0%	7.9%
Institutional Payments	1.2	1.4	0.2	16.7%	-10.1%
Liquor Transfers:	7.5	7.5	0.0	0.0%	3.0%
Interest	2.7	1.2	(1.5)	-55.6%	-52.6%
Fees	5.5	6.5	1.0	18.2%	-12.2%
Judicial Revenue	8.2	4.5	(3.7)	-45.1%	15.6%
Miscellaneous Receipts	2.4	2.5	0.1	4.2%	5.5%
Racing and Gaming	0.0	0.0	0.0	100.0%	0.0%
Total Gross Tax and Other Receipts	\$488.4	\$479.9	(\$8.5)	-1.7%	7.3%
Transfers	\$0.2	\$0.4	\$0.2		
Total Gross Tax and Other Rcpts & Transfers	\$488.6	\$480.3	(\$8.3)		
Reductions in General Fund Receipts					
School Infrastructure Transfer	\$0.0	(\$37.1)	(\$37.1)		
Refunds	(\$36.2)	(\$57.3)	(\$21.1)		
Total Reductions in GF Receipts	(\$36.2)	(\$94.4)	(\$58.2)		

Iowa Department of Management
January 6, 2009

**STATE OF IOWA
GENERAL FUND RECEIPTS STATEMENT
FOR THE SIX MONTHS ENDING DECEMBER 31, 2008
(\$ MILLIONS)**

CASH BASIS

	SIX MONTHS THROUGH DECEMBER		FY09 Over (Under) FY08		FY09 Annual Est Percent Of Growth
	FY08	FY09	Dollars	Percent	
Personal Income Tax	\$1,428.1	\$1,456.0	\$27.9	2.0%	2.8%
Sales/Use Tax	1,004.0	1,187.5	183.5	18.3%	22.9%
Corporate Income Tax	210.6	180.9	(29.7)	-14.1%	-9.7%
Inheritance Tax	37.0	42.3	5.3	14.3%	2.0%
Insurance Premium Tax	52.7	49.4	(3.3)	-6.3%	2.5%
Cigarette Tax	115.5	116.5	1.0	0.9%	-2.4%
Tobacco Tax	10.7	11.8	1.1	10.3%	4.2%
Beer Tax	7.7	7.8	0.1	1.3%	-0.7%
Franchise Tax	16.0	14.5	(1.5)	-9.4%	-14.4%
Miscellaneous Tax	0.4	0.7	0.3	75.0%	0.0%
Total Special Taxes	\$2,882.7	\$3,067.4	\$184.7	6.4%	7.9%
Institutional Payments	7.2	7.1	(0.1)	-1.4%	-10.1%
Liquor Transfers:	33.3	41.6	8.3	24.9%	3.0%
Interest	15.6	9.5	(6.1)	-39.1%	-52.6%
Fees	35.4	34.7	(0.7)	-2.0%	-12.2%
Judicial Revenue	41.9	40.0	(1.9)	-4.5%	15.6%
Miscellaneous Receipts	16.0	20.5	4.5	28.1%	5.5%
Racing and Gaming	59.7	60.0	0.3	0.5%	0.0%
Total Gross Tax and Other Receipts	\$3,091.8	\$3,280.8	\$189.0	6.1%	7.3%
Transfers	\$37.5	\$30.3	(\$7.2)		
Total Gross Tax and Other Rcpts & Transfers	\$3,129.3	\$3,311.1	\$181.8		
Reductions in General Fund Receipts					
School Infrastructure Transfer	\$0.0	(\$152.0)	(\$152.0)		
Refunds	(166.1)	(226.7)	(60.6)		
Total Reductions in GF Receipts	(\$166.1)	(\$378.7)	(\$212.6)		

Iowa Department of Management
January 6, 2009