

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

DEPARTMENT OF MANAGEMENT  
 CHARLES J. KROGMEIER, DIRECTOR

DATE: April 2, 2008

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

FROM: Charles J. Krogmeier, Director  
 Department of Management

RE: March 2008 General Fund Receipts

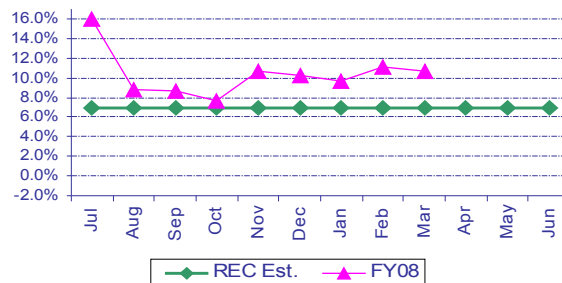


General Fund receipts for March totaled \$464.9 million, which is \$28.4 million or 6.5 percent more than was collected during March 2007. March 2008 had 21 processing days as compared to 22 processing days in March 2007. Fiscal year-to-date, General Fund receipts totaled \$4,759.5 million, an increase of 10.6 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. Tax refunds for Fiscal Year 2008 are \$399.8 million, which will reduce the overall revenue increase.

**Summary**

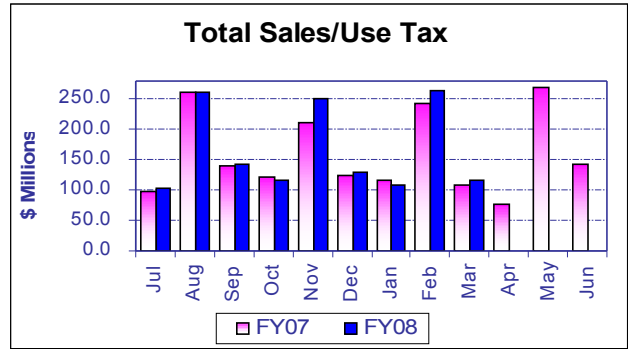
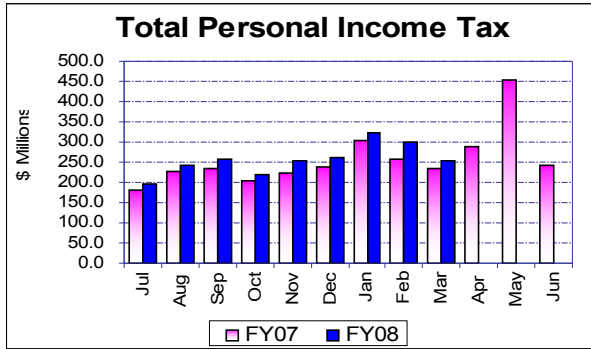
Personal income tax and sales and use tax, led the growth in General Fund receipts to 10.6 percent year-to-date. The official estimate rate of growth currently at 6.9 percent for Fiscal Year 2008 will be revisited when the Revenue Estimating Conference meets on April 4, 2008.

**Year-to-Date Growth by Month**



**Personal Income Tax**

Personal income tax receipts totaled \$253.4 million during March. This represents \$18.1 million or 7.7 percent more than the receipts of March 2007. Withholding tax receipts increased \$8.2 million or 4.3 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 \$0.7 million. Final return payment increased by \$9.3 million. Fiscal year-to-date, personal income tax receipts totaled \$2,303.7 million, an increase of 9.6 percent. Personal income tax receipts are estimated to grow by 6.7 percent for the year.

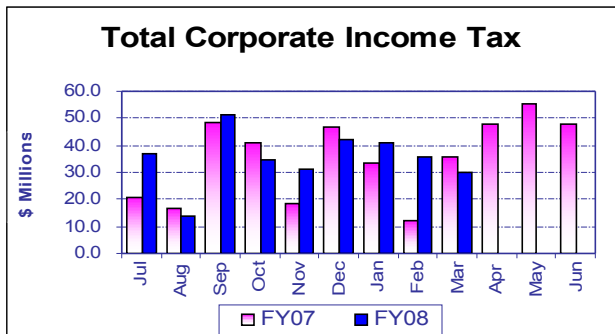


**Sales/Use Tax**

March sales/use tax receipts totaled \$117.3 million, which represents an increase of \$9.9 million or 9.2 percent compared to March 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 \$1,495.6 million, representing an increase of 5.3 percent. The annual estimated rate of sales/use tax growth is 2.8 percent.

**Corporate Income Tax**

Corporate income tax receipts during March totaled \$30.0 million, which is \$5.9 million or 16.4 percent less than in March 2007. Receipts were affected by an increase in accounts receivable transfer. For the fiscal year, corporate income tax receipts totaled \$316.9 million or 15.9 percent more than last year. Corporate income tax receipts are estimated to increase at a rate of 5.3 percent.



**Cigarette and Tobacco Tax**

Receipts from cigarette tax revenue stood at \$16.3 million in March 2007. This represents an increase of \$4.2 million or 34.7 percent over receipts in same month of 2007. Receipts from tobacco tax stood at \$1.7 million. This represents an increase of \$1.0 million or 142.9 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 \$167.8 million and \$15.8 million respectively. Cigarette and tobacco tax receipts were estimated to increase at a rate of 91.1 percent and 57.9 percent respectively.

**Refunds**

For the month of March, \$115.2 million in refunds were issued by the Department of Revenue. This compares to \$112.4 million issued March 2007. For the year, \$399.8 million in refunds have been issued, which is \$50.1 million or 14.3% more than were issued last year. Refunds are estimated to grow at 5.8% for the fiscal year on an accrual basis.

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

**CASH BASIS**

	MONTH OF MARCH		FY08 Over (Under) FY07		FY08 Annual Est Percent Of Growth
	FY07	FY08	Dollars	Percent	
Personal Income Tax	\$235.3	\$253.4	\$18.1	7.7%	6.7%
Sales/Use Tax	107.4	117.3	9.9	9.2%	2.8%
Corporate Income Tax	35.9	30.0	(5.9)	-16.4%	5.3%
Inheritance Tax	7.5	4.5	(3.0)	-40.0%	10.0%
Insurance Premium Tax	7.8	10.1	2.3	29.5%	12.3%
Cigarette Tax	12.1	16.3	4.2	34.7%	91.1%
Tobacco Tax	0.7	1.7	1.0	142.9%	57.9%
Beer Tax	0.9	1.0	0.1	11.1%	2.1%
Franchise Tax	2.1	2.6	0.5	23.8%	-9.3%
Miscellaneous Tax	0.7	0.1	(0.6)	-85.7%	0.0%
<b>Total Special Taxes</b>	<b>\$410.4</b>	<b>\$437.0</b>	<b>\$26.6</b>	<b>6.5%</b>	<b>7.2%</b>
Institutional Payments	1.4	1.4	0.0	0.0%	0.0%
Liquor Transfers:	5.3	5.5	0.2	3.8%	4.6%
Interest	3.0	2.0	(1.0)	-33.3%	-30.3%
Fees	8.8	8.8	0.0	0.0%	-13.6%
Judicial Revenue	5.6	7.6	2.0	35.7%	33.8%
Miscellaneous Receipts	2.0	2.6	0.6	30.0%	1.4%
Racing and Gaming	0.0	0.0	0.0	N/A	0.0%
<b>Total Receipts</b>	<b>\$436.5</b>	<b>\$464.9</b>	<b>\$28.4</b>	<b>6.5%</b>	<b>6.9%</b>
Transfers	\$0.0	\$0.1	\$0.1		
<b>Total Rcpts &amp; Transfers</b>	<b>\$436.5</b>	<b>\$465.0</b>	<b>\$28.5</b>		

Iowa Department of Management  
April 2, 2008

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

**CASH BASIS**

	NINE MONTHS THROUGH MARCH		FY08 Over (Under) FY07		FY08 Annual Est Percent Of Growth
	FY07	FY08	Dollars	Percent	
Personal Income Tax	\$2,101.6	\$2,303.7	\$202.1	9.6%	6.7%
Sales/Use Tax	1,420.8	1,495.6	74.8	5.3%	2.8%
Corporate Income Tax	273.5	316.9	43.4	15.9%	5.3%
Inheritance Tax	57.6	57.2	(0.4)	-0.7%	10.0%
Insurance Premium Tax	70.6	67.5	(3.1)	-4.4%	12.3%
Cigarette Tax	70.5	167.8	97.3	138.0%	91.1%
Tobacco Tax	6.8	15.8	9.0	132.4%	57.9%
Beer Tax	10.6	10.9	0.3	2.8%	2.1%
Franchise Tax	21.2	22.9	1.7	8.0%	-9.3%
Miscellaneous Tax	1.1	0.7	(0.4)	-36.4%	0.0%
<b>Total Special Taxes</b>	<b>\$4,034.3</b>	<b>\$4,459.0</b>	<b>\$424.7</b>	<b>10.5%</b>	<b>7.2%</b>
Institutional Payments	9.1	10.9	1.8	19.8%	0.0%
Liquor Transfers:	44.3	50.3	6.0	13.5%	4.6%
Interest	24.7	24.0	(0.7)	-2.8%	-30.3%
Fees	67.0	64.4	(2.6)	-3.9%	-13.6%
Judicial Revenue	44.3	63.0	18.7	42.2%	33.8%
Miscellaneous Receipts	19.4	28.2	8.8	45.4%	1.4%
Racing and Gaming	59.0	59.7	0.7	1.2%	0.0%
<b>Total Receipts</b>	<b>\$4,302.1</b>	<b>\$4,759.5</b>	<b>\$457.4</b>	<b>10.6%</b>	<b>6.9%</b>
Transfers	\$51.4	\$51.0	(\$0.4)		
<b>Total Rcpts &amp; Transfers</b>	<b>\$4,353.5</b>	<b>\$4,810.5</b>	<b>\$457.0</b>		

Iowa Department of Management  
April 2, 2008

# Iowa Economic Snapshot

## March 2008

### Iowa Workforce Development

**Iowa's Unemployment Rate**  
**3.5%**

The statewide labor force decreased slightly to 1,669,500 in February. It was 1,673,500 in January. The labor force figures reflect uncertain expectations by employers and job seekers caused by a slowing national economy. Despite these uncertainties, the state's seasonally adjusted unemployment rate dropped to 3.5 percent from the January rate of 3.6 percent. According to the Iowa Department of Workforce Development, "unemployment remained at a relatively low level in February despite slower job growth for the month. While Iowa's economy remains on solid footing compared to the nation, the housing slowdown continues to have a negative effect on the state's construction industry" The jobless rate was reported at 3.7 percent one year ago.

**Iowa's Nonfarm Employment**  
**1,524,200**

Iowa's nonfarm employment (i.e., total private non-farm including government) totaled 1,524,200 in February. This number reflects a loss of 200 jobs from the January revised figure and 10,400 more jobs than in February 2007. The slight decrease in the February figure was mainly in construction with 900 lost jobs, retail with 600 lost jobs and leisure and hospitality with 300 lost jobs. Job gains were made in education and health services with 500 new jobs, health services with 600 new jobs, manufacturing and finance with 300 new jobs each, government with 200 new jobs and other services with 100 new jobs.

- 40.1 Average Weekly Hours-Goods Producing Sectors.
- \$17.63 Average Hourly Earnings-Goods Producing Sectors.

**Iowa's Manufacturing Employment**  
**230,300**

In February 2008, manufacturing employment stood at 230,300, the same as the revised January figure. Workers in manufacturing earned \$677.61 a week in February 2008.

- Working 40.6 Average Weekly Hours
- \$16.69 Average Hourly Earnings

**Iowa's Unemployment Benefit Payments**  
**\$44.4 million**

Iowa jobless benefits payments for February 2008 totaled \$44.4 million for 44,749 claimants. This represents a decrease of \$8.4 million from the January figure of \$52.8 million for 55,453 jobless Iowans. One year ago, payments totaled \$43.7 million for 46,159 claimants.

- 9,486 First Payments

### Current National and Regional Economic Outlook

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

- Federal funds rate - (interest rates banks charge each other on overnight loans) from 3.00 to 2.25 percent.
- The discount rate – (interest rate on Fed's loan to banks) from 3.50 to 2.50 percent.
- The prime lending rate – the benchmark for millions of business and consumer loans, now stands at 5.25 percent down from 6.00 percent.
- Stock prices continue to fluctuate reflecting unstable economy.
- For the month of February 2008, the national inflation rate is at 4.03 percent down from 4.28 percent in January 2008. Comparatively the rate was 2.42 percent in February 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 January.
- The National Activity Index (CFNAI) – a monthly index designed to better gauge overall economic activity and inflationary pressure at - 1.04 in February.
- The Michigan Retail Index – a forecast of retail sales and three month outlook at – 2.1 for sales

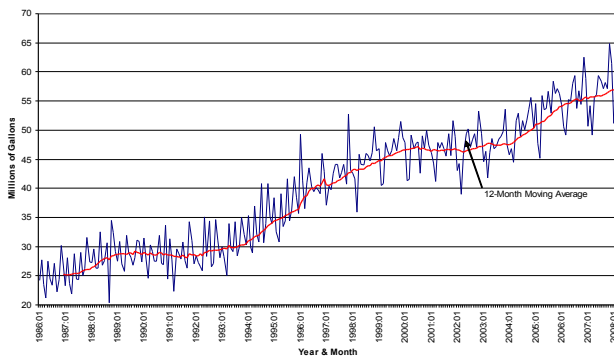
outlook and + 9.0 for sales performance as of January 2008.

## Iowa Department of Revenue

### Diesel Fuel Consumption

Diesel fuel consumption during February 2008 in Iowa for transportation purposes increased by 3.996 million gallons (7.37%) compared to February 2007. Over the past 12 months diesel fuel consumption has increased by 2.79%. This month's level of diesel fuel consumption totaled 57.239 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 21.30% over the last pre-recession peak.

Monthly Diesel Fuel Consumption



### Other Updates

- On Wednesday March 26, 2008, Governor Culver signed into law House File 2417, a bill to exempt federal economic stimulus allocations from individual state income tax. This measure translates into a \$67 million in tax relief dollars. These rebates are not subject to standard state income taxes. The rebate also provide financial security for Iowa Veterans on fixed incomes, and applies retroactively to all taxpayers who have already filed their 2007 tax returns, as well as any tax return filed between now and January 2009.

## Real Estate Transfer Tax

During February 2008 real estate transfer tax collections decreased by 7.71% compared to February 2007. Over the past twelve months real estate transfer tax receipts have decreased by 2.17%. During February the interest rate for 30-year conventional mortgages nationally averaged 5.92%, which is up 0.16% from January, but still 1.15% below the December 2001 peak of 7.07%

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

