




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

DEPARTMENT OF MANAGEMENT
CHARLES J. KROGMEIER, DIRECTOR

DATE: March 2, 2007

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

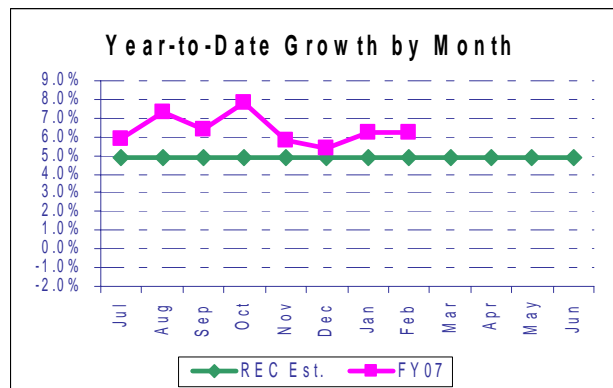
FROM: Charles J. Krogmeier, Director 
Department of Management

RE: February 2007 General Fund Receipts

General Fund receipts for February totaled \$548.6 million, which is \$30.6 million or 5.9 percent more than was collected during February 2006. February 2007 had 20 processing days as did February 2006. Fiscal year-to-date, General Fund receipts totaled \$3,865.6 million, an increase of 6.2 percent over receipts for the same period last year. The official estimated rate of annual growth is 4.9 percent.

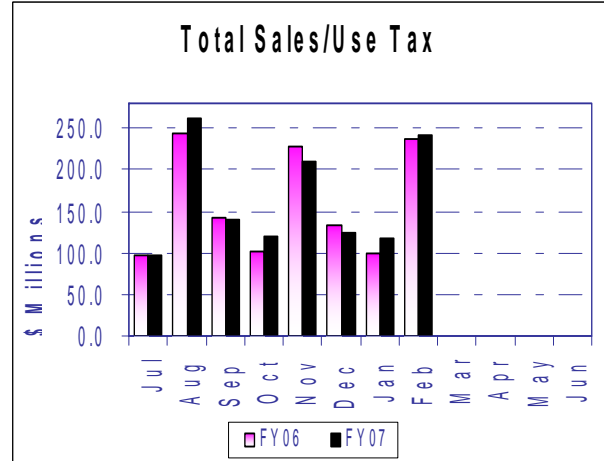
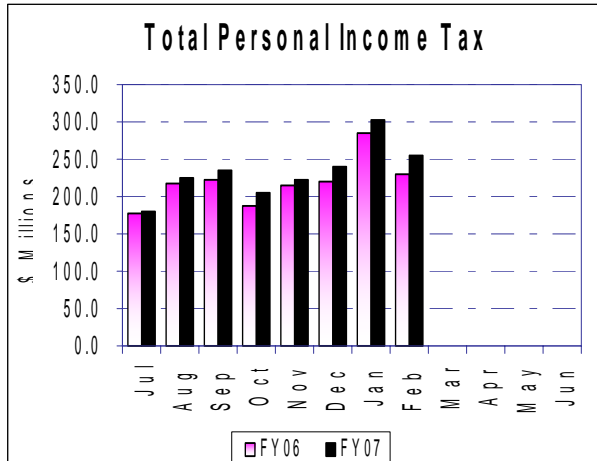
Summary

Corporate income tax posted a huge gain and continued to lead the exceptional growth. This was backed by growth in Personal income and insurance premium tax. Growth was also seen in sales/use and inheritance tax. These helped year-to-date growth post a 6.2% rate. The official estimate rate of growth is currently at 4.9 percent.



Personal Income Tax

Personal income tax receipts totaled \$256.1 million during February. This represents \$25.9 million or 11.3 percent more than the receipts of February 2006. Withholding tax receipts increased \$25.0 million or 11.4 percent compared to last year. Most of the February increase in withholding receipts seen this year can be attributed to the fact that last year (2006) the second semimonthly withholding payment, over \$12 million, was posted in March. Estimated payments decreased by \$1.6 million. In mid February, a correction to an amount recorded in January was made that reduced reported estimate payments by \$3.6 million. Final return payment increased by \$25.6 million. The increase in final return payment is attributed to a decrease in the adjustment for the school tax surcharge. Fiscal year-to-date, personal income tax receipts totaled \$1,866.3 million, an increase of 6.4 percent. Personal income tax receipts were estimated to grow by 6.1 percent for the year.

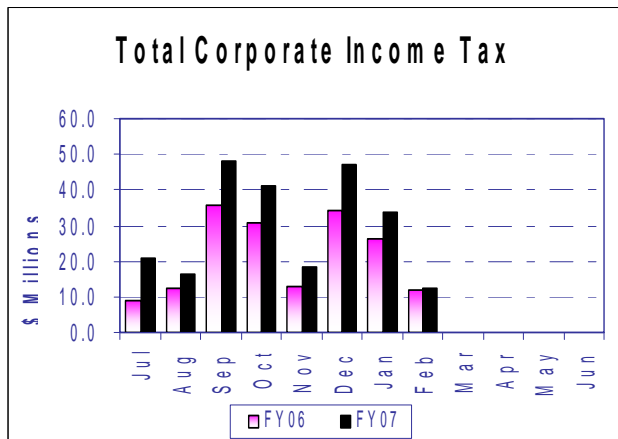


Sales/Use Tax

February sales/use tax receipts totaled \$242.6 million, which represents an increase of \$5.9 million or 2.5 percent compared to February 2006. Receipts were effected by changes in adjustments for increases in both local option and school infrastructure local option distributions. For the fiscal year, sales/use tax receipts are \$1,313.4 million, representing an increase of 2.4%. The annual estimated rate of sales/use tax growth was 2.7 percent.

Corporate Income Tax

Corporate income tax receipts during February totaled \$12.4 million, which is \$0.3 million or 2.5 percent more than in February 2006. For the fiscal year, corporate income tax receipts totaled \$237.6 million or 37.3% more than last year. Corporate income tax receipts were estimated to increase at a rate of 24.3 percent.



**STATE OF IOWA
 GENERAL FUND RECEIPTS STATEMENT
 FOR THE MONTH ENDING FEBRUARY 28, 2007
 (\$ MILLIONS)**

CASH BASIS

	MONTH OF FEBRUARY		FY07 Over (Under) FY06		FY07 Annual Est Percent Of Growth
	FY06	FY07	Dollars	Percent	
Personal Income Tax	\$230.2	\$256.1	\$25.9	11.3%	6.1%
Sales/Use Tax	236.7	242.6	5.9	2.5%	2.7%
Corporate Income Tax	12.1	12.4	0.3	2.5%	24.3%
Inheritance Tax	5.5	3.8	(1.7)	-30.9%	1.8%
Insurance Premium Tax	1.4	1.4	0.0	N/A	-9.4%
Cigarette Tax	6.5	6.0	(0.5)	-7.7%	0.0%
Tobacco Tax	0.7	0.8	0.1	14.3%	5.4%
Beer Tax	1.0	1.0	0.0	0.0%	2.1%
Franchise Tax	0.4	0.3	(0.1)	-25.0%	-5.9%
Miscellaneous Tax	0.2	(0.1)	(0.3)	-150.0%	66.7%
Total Special Taxes	\$494.7	\$524.3	\$29.6	6.0%	5.5%
Institutional Payments	1.3	1.0	(0.3)	-23.1%	-3.1%
Liquor Transfers:	4.2	4.3	0.1	2.4%	3.1%
Interest	2.4	3.5	1.1	45.8%	33.1%
Fees	6.3	7.9	1.6	25.4%	-9.3%
Judicial Revenue	7.1	5.2	(1.9)	-26.8%	1.9%
Miscellaneous Receipts	2.0	2.4	0.4	20.0%	-28.0%
Racing and Gaming	0.0	0.0	0.0	N/A	0.0%
Total Receipts	\$518.0	\$548.6	\$30.6	5.9%	4.9%
Transfers	\$0.3	\$0.1	(\$0.2)		
Total Rcpts & Transfers	\$518.3	\$548.7	\$30.4		

Iowa Department of Management
 March 2, 2007

**STATE OF IOWA
 GENERAL FUND RECEIPTS STATEMENT
 FOR THE EIGHT MONTHS ENDING FEBRUARY 28, 2007
 (\$ MILLIONS)**

CASH BASIS

	EIGHT MONTHS THROUGH FEBRUARY		FY07 Over (Under) FY06		FY07 Annual Est Percent Of Growth
	FY06	FY07	Dollars	Percent	
Personal Income Tax	\$1,754.1	\$1,866.3	\$112.2	6.4%	6.1%
Sales/Use Tax	1,282.3	1,313.4	31.1	2.4%	2.7%
Corporate Income Tax	173.1	237.6	64.5	37.3%	24.3%
Inheritance Tax	49.0	50.1	1.1	2.2%	1.8%
Insurance Premium Tax	50.6	62.8	12.2	24.1%	-9.4%
Cigarette Tax	58.5	58.4	(0.1)	-0.2%	0.0%
Tobacco Tax	5.9	6.1	0.2	3.4%	5.4%
Beer Tax	9.7	9.7	0.0	0.0%	2.1%
Franchise Tax	18.8	19.1	0.3	1.6%	-5.9%
Miscellaneous Tax	0.4	0.4	0.0	0.0%	66.7%
Total Special Taxes	\$3,402.4	\$3,623.9	\$221.5	6.5%	5.5%
Institutional Payments	8.6	7.7	(0.9)	-10.5%	-3.1%
Liquor Transfers:	35.8	39.0	3.2	8.9%	3.1%
Interest	12.7	21.7	9.0	70.9%	33.1%
Fees	50.4	58.2	7.8	15.5%	-9.3%
Judicial Revenue	36.3	38.7	2.4	6.6%	1.9%
Miscellaneous Receipts	33.8	17.4	(16.4)	-48.5%	-28.0%
Racing and Gaming	60.0	59.0	(1.0)	-1.7%	0.0%
Total Receipts	\$3,640.0	\$3,865.6	\$225.6	6.2%	4.9%
Transfers	\$60.4	\$51.4	(\$9.0)		
Total Rcpts & Transfers	\$3,700.4	\$3,917.0	\$216.6		

Iowa Department of Management
 March 2, 2007

Iowa Economic Snapshot February 2007

Iowa Workforce Development

Note: Updated Iowa economic data will be available in the March 2007 report due to benchmarking season.

Iowa's Unemployment Rate 3.5%

The statewide labor force was virtually unchanged going from 1,697,900 in November to 1,697,800 in December. This was due to the slowed pace of hiring across most industry sectors for the month. The trend in the labor force, helped the state's seasonally adjusted unemployment rate inch up to 3.5% from a November rate of 3.4%. The jobless rate stood at 4.5% one year ago. There is little evidence to suggest that the strong growth trend will be interrupted in the months ahead.

Iowa's Nonfarm Employment 1,520,200

Iowa's nonfarm employment (i.e., total private non-farm excluding government) totaled 1,520,200 in December. This number represents a gain of 3,600 jobs from the November figure and 24,500 more jobs than in December 2005. The November 2006 figure represents a new all-time high for the state. Leading the job growth are the following sectors: manufacturing with 1,300 additional jobs, trade and transportation with 1,100 additional jobs, financial activities with 700 additional jobs, and education and health services with 600 additional jobs.

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

Iowa's Manufacturing Employment 236,600

In December 2006, manufacturing employment stood at 236,600, up from the November figure of 235,300. Workers in manufacturing earned \$817.15 a week in December 2006.

- Working 45.6 Average Weekly Hours
- \$17.92 Average Hourly Earnings

Iowa's Unemployment Benefit Payments \$29.5 million

Iowa jobless benefits payments for December 2006 totaled \$29.5 million for 36,856 claimants. This represents an increase of \$4.4 million from the November figure of \$25.1 million for 29,252 jobless Iowans. Seasonal layoffs in construction accounted

for most of the increase in unemployment claims. One year ago, payments totaled \$29.2 million for 37,415 claimants.

- 10,881 First Payments

New Information: Farmland Values and Credit Conditions

According to the report released on February 22, 2007 by the Federal Reserve Bank of Chicago, the 2006 annual increase in farmland values was 9 percent for the Seventh Federal Reserve District. The district includes the states of Illinois, Indiana, Iowa, Michigan, and Wisconsin. The report observed that the increased growth rate extended the strongest stretch of gains since the 1970s. The report is based on survey responses from agricultural bankers.

The value of "good" agricultural land rose by 5 percent in the fourth quarter of 2006 for the entire district. The state of Iowa led the district by posting a 7 percent fourth quarter increase (October 1, 2006 to January 1, 2007) and with a reported 13 percent annual increase (January 1, 2006 to January 1, 2007). The report also showed that almost 50 percent of the respondents expected farmland values to increase, as well as to remain stable, in the first quarter of 2007.

The report also showed the following:

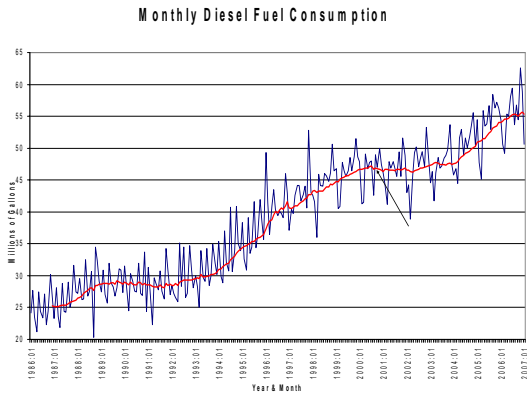
- Agricultural credit conditions in the District improved from a year ago, reversing some of the slippage in recent quarters.
- Indexes of non-real-estate farm loan repayment rates and funds availability demonstrated stronger activity than both the last quarter of 2005 and the third quarter of 2006, as did loan renewals and extensions.
- Loan demand in the fourth quarter of 2006 was below the level of the third quarter, but above that of the fourth quarter of 2005.
- Agricultural interest rates were stable for the third consecutive quarter.
- Loan-to-deposit ratios averaged 76.6 percent for the fourth quarter of 2006.

Iowa Department of Revenue

Diesel Fuel Consumption

Diesel fuel consumption during January in Iowa for transportation purposes decreased by 3.807 million gallons (6.99%) compared to the same month last year. This month's decrease follows increases during both November

and December. This month's level of diesel fuel consumption totaled 55.378 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 17.35% over the last pre-recession peak.



Real Estate Transfer Tax

During January 2007 real estate transfer tax collections decreased by 8.44% compared to January 2006. Real estate transfer tax receipts have decreased six of the past seven months. During January the interest rate for 30-year conventional mortgages nationally averaged 6.22%, which was up 0.08% from November, but still 0.85% below the December 2001 peak of 7.07%, and only 0.07% above January 2006.

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

