



STATE OF IOWA

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

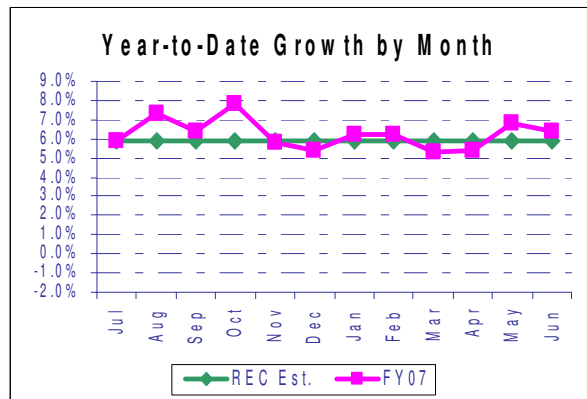
DEPARTMENT OF MANAGEMENT
CHARLES J. KROGMEIER, DIRECTOR

DATE: July 3, 2007
TO: The Honorable Chester J. Culver
The Honorable Patty Judge
FROM: Charles J. Krogmeier, Director
Department of Management
RE: June 2007 General Fund Receipts

General Fund receipts for June totaled \$519.9 million, which is \$12.3 million or 2.4 percent more than was collected during June 2006. June 2007 had 21 processing days as compared to 22 processing days in June 2006. Fiscal year-to-date, General Fund receipts totaled \$6,138.5 million, an increase of 6.4 percent over receipts for the same period last year. The official estimated rate of annual growth is 5.9 percent.

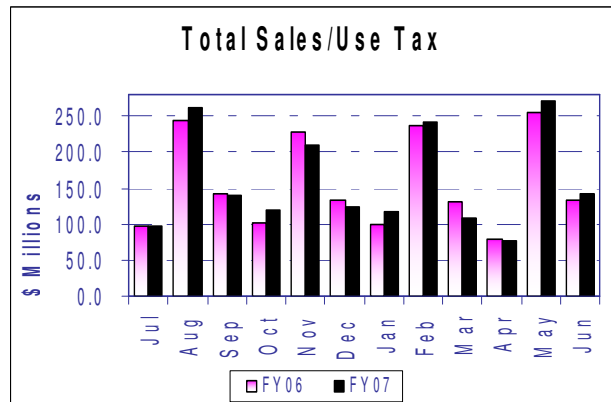
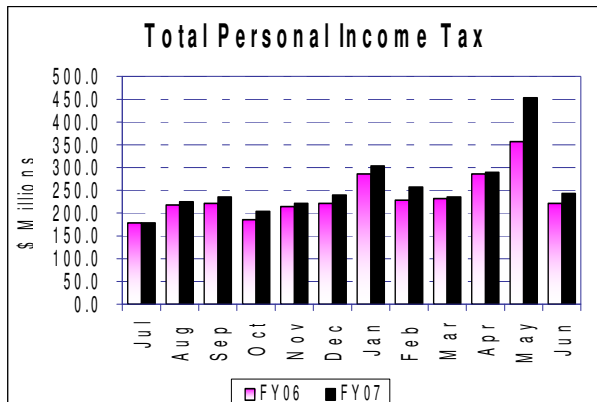
Summary

Fiscal Year 2007 ended with strong growth in corporate income tax, personal income tax, cigarette and tobacco tax. Inheritance tax maintained its moderate growth as well. These helped year-to-date growth post a 6.4% rate. The official estimate rate of growth is currently at 5.9 percent.



Personal Income Tax

Personal income tax receipts totaled \$242.4 million during June. This represents \$19.9 million or 8.9 percent more than the receipts of June 2006. Withholding tax receipts increased \$24.0 million or 14.2 percent compared to last year. Estimated payments increased by \$10,025. Estimate payments processed in June 2007 increased by less than 0.1 percent over the same period last year. Final return payment decreased by \$4.1 million. The decrease was attributed to an increase in school district surtax transfers and a decrease in accounts receivables collections compared to June 2006. Fiscal year-to-date, personal income tax receipts totaled \$3,085.7 million, an increase of 8.1 percent. Personal income tax receipts were estimated to grow by 6.3 percent for the year.

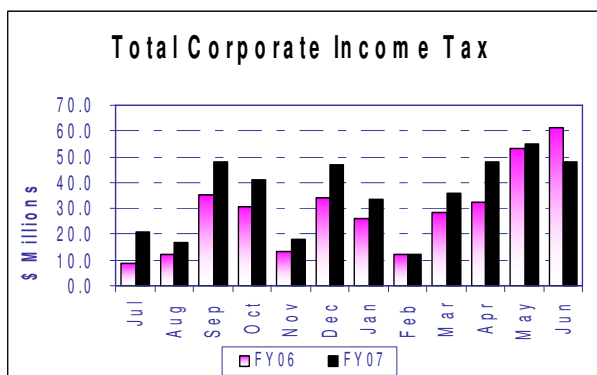


Sales/Use Tax

June sales/use tax receipts totaled \$141.6 million, which represents an increase of \$7.3 million or 5.4 percent compared to June 2006. Receipts were affected by adjustments for increases in local option tax distributions and decreases in account receivable transfers. For the fiscal year, sales/use tax receipts are \$1,909.9 million, representing an increase of 1.5%. The annual estimated rate of sales/use tax growth was 1.3 percent.

Corporate Income Tax

Corporate income tax receipts during June totaled \$47.8 million, which is \$13.5 million or 22.0 percent less than in June 2006. For the fiscal year, corporate income tax receipts totaled \$424.4 million or 21.7% more than last year. Corporate income tax receipts were estimated to increase at a rate of 26.4 percent.



Cigarette and Tobacco Tax

It is worth noting that growth in cigarette tax revenue averaged 50.7 percent from February 2007 through June 2007. Growth in tobacco tax revenue averaged 28.2 percent in the same period. These rates of growth surpassed the revenue estimates of 36.5 percent and 26.1 percent for cigarette tax and tobacco tax respectively.

**STATE OF IOWA
GENERAL FUND RECEIPTS STATEMENT
FOR THE MONTH ENDING JUNE 30, 2007
(\$ MILLIONS)**

CASH BASIS

	MONTH OF JUNE		FY07 Over (Under) FY06		FY07 Annual Est Percent Of Growth
	FY06	FY07	Dollars	Percent	
Personal Income Tax	\$222.5	\$242.4	19.9	8.9%	6.3%
Sales/Use Tax	134.3	141.6	7.3	5.4%	1.3%
Corporate Income Tax	61.3	47.8	(13.5)	-22.0%	26.4%
Inheritance Tax	5.7	5.8	0.1	1.8%	3.8%
Insurance Premium Tax	35.6	26.8	(8.8)	-24.7%	-3.7%
Cigarette Tax	9.3	23.8	14.5	155.9%	36.5%
Tobacco Tax	1.1	1.4	0.3	27.3%	26.1%
Beer Tax	1.4	1.5	0.1	7.1%	0.0%
Franchise Tax	5.4	4.5	(0.9)	-16.7%	3.9%
Miscellaneous Tax	0.0	0.1	0.1	N/A	66.7%
Total Special Taxes	\$476.6	\$495.7	\$19.1	4.0%	6.1%
Institutional Payments	1.3	1.3	0.0	0.0%	-3.1%
Liquor Transfers:	10.3	7.3	(3.0)	-29.1%	4.7%
Interest	0.2	0.5	0.3	150.0%	65.7%
Fees	3.1	5.1	2.0	64.5%	7.3%
Judicial Revenue	7.5	6.9	(0.6)	-8.0%	1.9%
Miscellaneous Receipts	8.6	3.1	(5.5)	-64.0%	-28.0%
Racing and Gaming	0.0	0.0	0.0	N/A	0.0%
Total Receipts	\$507.6	\$519.9	\$12.3	2.4%	5.9%
Transfers	\$0.2	\$0.0	(\$0.2)		
Total Rcpts & Transfers	\$507.8	\$519.9	\$12.1		

Iowa Department of Management
July 3, 2007

**STATE OF IOWA
GENERAL FUND RECEIPTS STATEMENT
FOR THE TWELVE MONTHS ENDING JUNE 30, 2007
(\$ MILLIONS)**

CASH BASIS

	TWELVE MONTHS THROUGH JUNE		FY07 Over (Under) FY06		FY07 Annual Est Percent Of Growth
	FY06	FY07	Dollars	Percent	
Personal Income Tax	\$2,854.2	\$3,085.7	\$231.5	8.1%	6.3%
Sales/Use Tax	1,880.9	1,909.9	29.0	1.5%	1.3%
Corporate Income Tax	348.6	424.4	75.8	21.7%	26.4%
Inheritance Tax	73.1	76.0	2.9	4.0%	3.8%
Insurance Premium Tax	121.5	106.0	(15.5)	-12.8%	-3.7%
Cigarette Tax	89.5	122.1	32.6	36.4%	36.5%
Tobacco Tax	9.3	11.9	2.6	28.0%	26.1%
Beer Tax	14.2	14.3	0.1	0.7%	0.0%
Franchise Tax	35.5	33.1	(2.4)	-6.8%	3.9%
Miscellaneous Tax	0.5	1.4	0.9	0.0%	66.7%
Total Special Taxes	\$5,427.3	\$5,784.8	\$357.5	6.6%	6.1%
Institutional Payments	13.0	12.9	(0.1)	-0.8%	-3.1%
Liquor Transfers:	63.7	65.2	1.5	2.4%	4.7%
Interest	17.6	28.7	11.1	63.1%	65.7%
Fees	76.1	85.5	9.4	12.4%	7.3%
Judicial Revenue	63.1	66.8	3.7	5.9%	1.9%
Miscellaneous Receipts	49.5	35.6	(13.9)	-28.1%	-28.0%
Racing and Gaming	60.0	59.0	(1.0)	-1.7%	0.0%
Total Receipts	\$5,770.3	\$6,138.5	\$368.2	6.4%	5.9%
Transfers	\$144.1	\$68.5	(\$75.6)		
Total Rcpts & Transfers	\$5,914.4	\$6,207.0	\$292.6		

Iowa Department of Management
July 3, 2007

Iowa Economic Snapshot

June 2007

Iowa Workforce Development

Iowa's Unemployment Rate 3.6%

The statewide labor force finally increased slightly from 1,653,600 in April to 1,660,100 in May. This was the first increase after three consecutive months of a decrease. The increase in the labor force reflected employer sentiment on job outlook and stronger hiring pace. Hiring across most industry sectors showed signs of an increased activity. Despite these trends, the state's seasonally adjusted unemployment rate increased to 3.6% from an April rate of 3.4%. This should not be surprising because of the increased labor force figures. The jobless rate was reported at 3.8% one year ago.

Iowa's Nonfarm Employment 1,521,800

Iowa's nonfarm employment (i.e., total private non-farm including government) totaled 1,521,800 in May. This number represents a gain of 3,400 jobs from the April revised figure and 19,400 more jobs than in May 2006. The huge increase in the April figure was primarily due to an increased and stronger pace of hiring by employers. Gains were widely seen throughout the nonfarm sector, with only nondurable goods manufacturing and federal government showing a downward movement. The sectors that led the growth in April include professional and business services gaining 700 new jobs, Leisure and hospitality with 700 additional jobs. Construction gained 600 new jobs, Education and health services added 500 new jobs, while Trade and transportation and local government added 300 new jobs each.

- 33.5 Average Weekly Hours
- \$15.07 Average Hourly Earnings

Iowa's Manufacturing Employment 231,600

In May 2007, manufacturing employment stood at 231,600, down from the revised April figure of 231,800. Workers in manufacturing earned \$708.93 a week in May 2007.

- Working 42.4 Average Weekly Hours
- \$16.72 Average Hourly Earnings

Iowa's Unemployment Benefit Payments \$25.3 million

Iowa jobless benefits payments for May 2007 totaled \$25.3 million for 27,787 claimants. This represents a decrease of \$3.3 million from the April figure of \$28.6 million for 34,781 jobless Iowans. April to May decrease were most significantly impacted by the construction sector. One year ago, payments totaled \$19.9 million for 26,127 claimants.

- 5,247 First Payments

Current National and Regional Economic Outlook

In the most current report released on June 21, 2007 by the Bureau of Economic Analysis (BEA) of the U.S. Department of Commerce, U.S. personal income grew 2.2 percent in the first quarter of 2007 up from 1.4 percent growth in the fourth quarter of 2006. During the same period, farm income fell 7.4 percent. Preliminary estimates by BEA for annual percent change in real GDP by state show Iowa at 2.6 percent, down from 3.0 percent change the previous year.

Iowa's growth rate in personal income during the first quarter of 2007 showed a 1.3 percent rate as compared to 2.3 percent during the same quarter in 2006. According to the BEA, slow growth or falling farm income has been a major source of weakness in personal income numbers for states like Iowa.

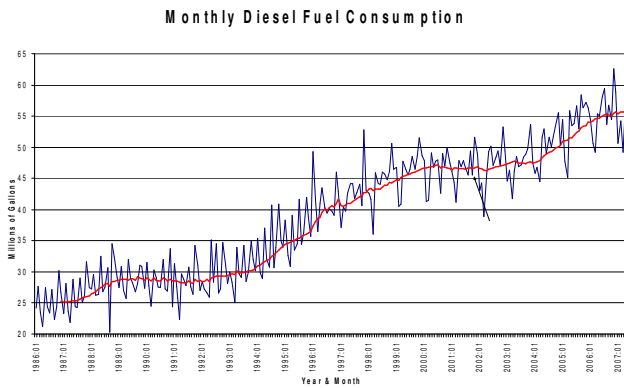
Economic Indicators from the Federal Reserve Bank of Chicago:

- Midwest farmland values at + 10 percent year over year. (Iowa led the district with a +16 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 - 0.2 percent in May.
- The National Activity Index (CFNAI) – a monthly index designed to better gauge overall economic activity and inflationary pressure at - 0.22 percent in May.
- The Michigan Retail Index – a forecast of retail sales and three month outlook at + 9.3 for sales outlook and + 14.4 for sales performance as of May 2007.

Iowa Department of Revenue

Diesel Fuel Consumption

Diesel fuel consumption during May 2007 in Iowa for transportation purposes increase by 1.113 million gallons (2.02%) compared to May 2006. This month's level of diesel fuel consumption totaled 55.801 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 18.25% over the last pre-recession peak.



Real Estate Transfer Tax

During May 2007 real estate transfer tax collections increased by 8.01% compared to May 2006. This is the largest increase since September 2006. During May the interest rate for 30-year conventional mortgages nationally averaged 6.26%, which was up 0.08% from April, but still 0.81% below the December 2001 peak of 7.07%, and 0.34% below May 2006.

