



# STATE OF IOWA

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

DEPARTMENT OF MANAGEMENT  
CHARLES J. KROGMEIER, DIRECTOR

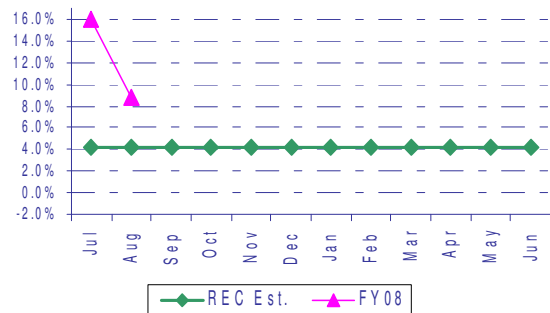
DATE: September 5, 2007  
TO: The Honorable Chester J. Culver  
The Honorable Patty Judge  
FROM: Charles J. Krogmeier, Director  
Department of Management  
RE: August 2007 General Fund Receipts

General Fund receipts for August totaled \$649.2 million, which is \$29.1 million or 4.7 percent more than was collected during August 2006. August 2007 had 23 processing days as did August 2006. Fiscal year-to-date, General Fund receipts totaled \$1,059.7 million, an increase of 8.8 percent over the same period last year. The Revenue Estimating Conference official estimated rate of annual growth is 4.2 percent for Fiscal Year 2008.

### Summary

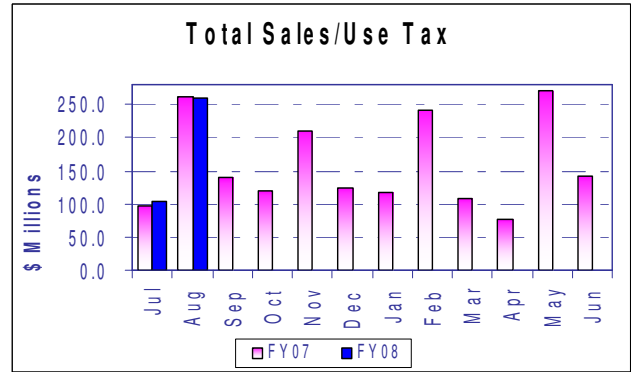
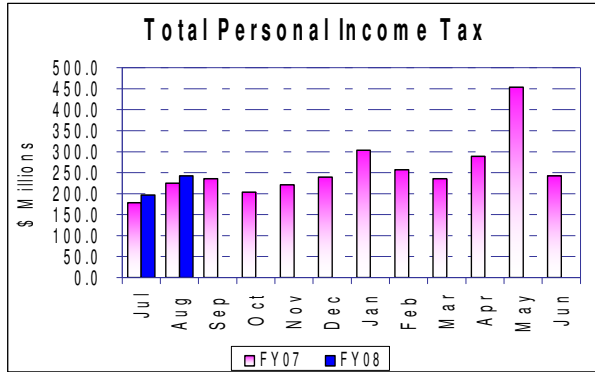
**Strong growth in personal income tax, coupled with continued growth in cigarette and tobacco tax due to the increase in these taxes in March 2007, helped year-to-date growth post an 8.8 percent rate. The official estimate rate of growth is currently at 4.2 percent for Fiscal Year 2008 and will be revised when the Revenue Estimating Conference meets again on October 9, 2007.**

Year-to-Date Growth by Month



### Personal Income Tax

Personal income tax receipts totaled \$241.8 million during August. This represents \$16.7 million or 7.4 percent more than the receipts of August 2006. Withholding tax receipts increased \$18.3 million or 8.5 percent compared to last year. Part of the increase was due to three state payrolls in the month of August because of the state bi-weekly pay schedule. Estimated payments decreased by \$0.2 million. Estimate payments processed in August 2007 decreased by 3.5 percent over the same period last year. Final return payment decreased by \$1.4 million. This was attributed to an increase in school district surtax transfers. Fiscal year-to-date, personal income tax receipts totaled \$439.9 million, an increase of 8.8 percent. Personal income tax receipts were estimated to grow by 2.9 percent for the year.

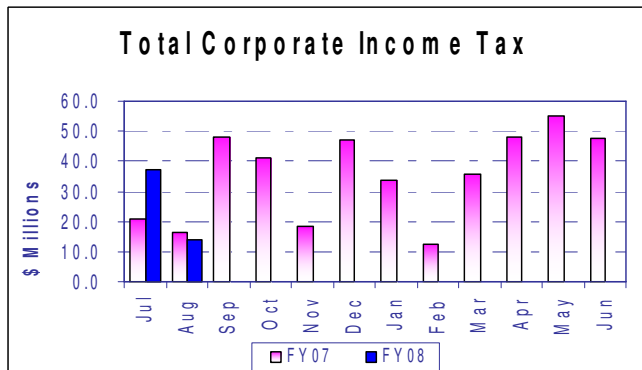


**Sales/Use Tax**

August sales/use tax receipts totaled \$260.7 million, which represents a decrease of \$0.6 million or 0.2 percent compared to August 2006. Receipts were affected by adjustments for local option tax distributions and in account receivable collections. For the fiscal year, sales/use tax receipts totaled \$364.3 million, representing an increase of 1.7 percent. The annual estimated rate of sales/use tax growth was 2.7 percent.

**Corporate Income Tax**

Corporate income tax receipts during August totaled \$13.8 million, which is \$2.8 million or 16.9 percent less than in August 2006. For the fiscal year, corporate income tax receipts totaled \$ 51.0 million or 37.1 percent more than last year. Corporate income tax receipts were estimated to increase at a rate of 1.0 percent.



**Cigarette and Tobacco Tax**

Receipts from cigarette tax revenue stood at \$24.9 million in August 2007. This represents an increase of \$15.3 million or 159.4 percent over receipts in same month of 2006. Receipts from tobacco tax stood at \$2.1 million. This represents an increase of \$1.7 million or 183.3 percent over the same month in 2006. 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 \$42.6 million and \$3.8 million respectively. Cigarette and tobacco tax receipts were estimated to increase at a rate of 79.9 percent and 29.4 percent respectively.

**STATE OF IOWA  
GENERAL FUND RECEIPTS STATEMENT  
FOR THE MONTH ENDING AUGUST 31, 2007  
(\$ MILLIONS)**

**CASH BASIS**

	MONTH OF AUGUST		FY08 Over (Under) FY07		FY08 Annual Est Percent Of Growth
	FY07	FY08	Dollars	Percent	
Personal Income Tax	\$225.1	\$241.8	\$16.7	7.4%	2.9%
Sales/Use Tax	261.3	260.7	(0.6)	-0.2%	2.7%
Corporate Income Tax	16.6	13.8	(2.8)	-16.9%	1.0%
Inheritance Tax	5.9	6.6	0.7	11.9%	6.8%
Insurance Premium Tax	56.5	51.1	(5.4)	-9.6%	17.0%
Cigarette Tax	9.6	24.9	15.3	159.4%	79.9%
Tobacco Tax	0.6	1.7	1.1	183.3%	29.4%
Beer Tax	1.3	1.3	0.0	0.0%	0.0%
Franchise Tax	0.2	0.1	(0.1)	-50.0%	16.9%
Miscellaneous Tax	(1.2)	0.0	1.2	-100.0%	-28.6%
<b>Total Special Taxes</b>	<b>\$575.9</b>	<b>\$602.0</b>	<b>\$26.1</b>	<b>4.5%</b>	<b>4.8%</b>
Institutional Payments	1.1	1.5	0.4	36.4%	-2.3%
Liquor Transfers:	6.0	7.1	1.1	18.3%	4.0%
Interest	1.2	0.4	(0.8)	-66.7%	1.0%
Fees	6.8	6.9	0.1	1.5%	-26.4%
Judicial Revenue	1.9	1.1	(0.8)	-42.1%	1.6%
Miscellaneous Receipts	2.5	2.9	0.4	16.0%	7.6%
Racing and Gaming	24.7	27.3	2.6	10.5%	0.0%
<b>Total Receipts</b>	<b>\$620.1</b>	<b>\$649.2</b>	<b>\$29.1</b>	<b>4.7%</b>	<b>4.2%</b>
Transfers	\$0.1	\$0.7	\$0.6		
<b>Total Rcpts &amp; Transfers</b>	<b>\$620.2</b>	<b>\$649.9</b>	<b>\$29.7</b>		

Iowa Department of Management  
September 4, 2007

**STATE OF IOWA  
GENERAL FUND RECEIPTS STATEMENT  
FOR THE TWO MONTHS ENDING AUGUST 31, 2007  
(\$ MILLIONS)**

**CASH BASIS**

	TWO MONTHS THROUGH AUGUST		FY08 Over (Under) FY07		FY08 Annual Est Percent Of Growth
	FY07	FY08	Dollars	Percent	
Personal Income Tax	\$404.2	\$439.9	\$35.7	8.8%	2.9%
Sales/Use Tax	358.2	364.3	6.1	1.7%	2.7%
Corporate Income Tax	37.2	51.0	13.8	37.1%	1.0%
Inheritance Tax	11.8	13.6	1.8	15.3%	6.8%
Insurance Premium Tax	58.0	52.1	(5.9)	-10.2%	17.0%
Cigarette Tax	16.3	42.6	26.3	161.3%	79.9%
Tobacco Tax	1.6	3.8	2.2	137.5%	29.4%
Beer Tax	2.8	2.7	(0.1)	-3.6%	0.0%
Franchise Tax	2.5	2.8	0.3	12.0%	16.9%
Miscellaneous Tax	0.1	0.1	0.0	0.0%	-28.6%
<b>Total Special Taxes</b>	<b>\$892.7</b>	<b>\$972.9</b>	<b>\$80.2</b>	<b>9.0%</b>	<b>4.8%</b>
Institutional Payments	2.1	2.3	0.2	9.5%	-2.3%
Liquor Transfers:	8.8	9.8	1.0	11.4%	4.0%
Interest	4.0	3.6	(0.4)	-10.0%	1.0%
Fees	15.3	16.2	0.9	5.9%	-26.4%
Judicial Revenue	9.9	10.2	0.3	3.0%	1.6%
Miscellaneous Receipts	4.8	5.7	0.9	18.8%	7.6%
Racing and Gaming	36.2	39.0	2.8	7.7%	0.0%
<b>Total Receipts</b>	<b>\$973.8</b>	<b>\$1,059.7</b>	<b>\$85.9</b>	<b>8.8%</b>	<b>4.2%</b>
Transfers	\$14.0	\$21.6	\$7.6		
<b>Total Rcpts &amp; Transfers</b>	<b>\$987.8</b>	<b>\$1,081.3</b>	<b>\$93.5</b>		

Iowa Department of Management  
September 4, 2007

# Iowa Economic Snapshot

## August 2007

### Iowa Workforce Development

#### Iowa's Unemployment Rate 3.9%

The statewide labor force decreased slightly from 1,660,400 in June to 1,660,300 in July. The decrease in the labor force reflected the cooling off of hiring by employers. Hiring across most industry sectors showed signs of a slowing activity. With the decreased labor force figures, the state's seasonally adjusted unemployment rate increased to 3.9 percent from a June rate of 3.8 percent. This economic news is consistent with earlier reports that job growth will be slower through the rest of the year. The jobless rate was reported at 3.7 percent one year ago.

#### Iowa's Nonfarm Employment 1,521,400

Iowa's nonfarm employment (i.e., total private non-farm including government) totaled 1,521,400 in July. This number represents a loss of 1,900 jobs from the June revised figure and 19,600 more jobs than in July 2006. The decrease in the June figure was centered mainly in trade and transportation, government and professional and business services. These downward trends were partially offset by gains in education and health services coupled with smaller gains in several other industries.

- 33.7 Average Weekly Hours
- \$15.14 Average Hourly Earnings

#### Iowa's Manufacturing Employment 231,000

In July 2007, manufacturing employment stood at 231,000, up from the revised June figure of 230,800. Workers in manufacturing earned \$685.98 a week in July 2007.

- Working 41.2 Average Weekly Hours
- \$16.65 Average Hourly Earnings

#### Iowa's Unemployment Benefit Payments \$19.7 million

Iowa jobless benefits payments for July 2007 totaled \$19.7 million for 25,825 claimants. This represents a decrease of \$0.2 million from the June figure of \$19.5 million for 24,144 jobless Iowans. One year ago, payments totaled \$19.8 million for 26,610 claimants.

- 6,505 First Payments

#### Current National and Regional Economic Outlook

On August 17 2007 in response to the credit markets, the Federal Reserve slashed its discount rate – (interest rate on Fed's loan to banks) to 5.75 percent from 6.25 percent. The Federal funds rate – (interest rate banks charge each other on overnight loans) remained the same at 5.25 percent. These events and the concern of Hurricane Dean around the Gulf of Mexico caused a jump in oil prices. Stock prices in general responded favorably to the Fed's rate cut.

**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. Unchanged in June.
- The National Activity Index (CFNAI) – a monthly index designed to better gauge overall economic activity and inflationary pressure at - 0.10 in July.
- 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 July 2007.

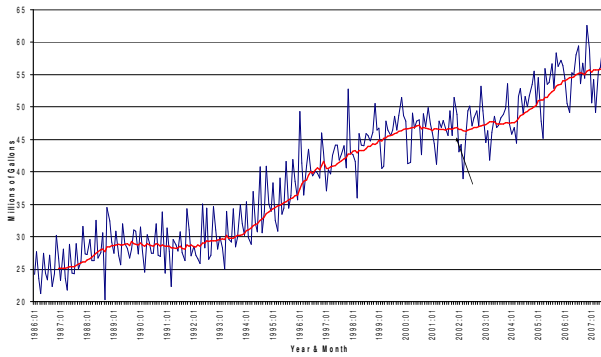
#### Iowa Department of Revenue

#### Diesel Fuel Consumption

Diesel fuel consumption during July 2007 in Iowa for transportation purposes decreased by 0.937 million gallons (1.58%) compared to July 2006. Over the

past 12 months diesel fuel consumption has increased by 1.05%. This month's level of diesel fuel consumption totaled 55.830 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 18.31% over the last pre-recession peak.

Monthly Diesel Fuel Consumption



**Real Estate Transfer Tax**

During July 2007 real estate transfer tax collections increased by 23.37% compared to July 2006. Over the past twelve months real estate transfer tax receipts have increased by 1.11%. During July the interest rate for 30-year conventional mortgages nationally averaged 6.70%, which was up 0.04% from June, but still 0.37% below the December 2001 peak of 7.07%

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

