



STATE OF IOWA

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

DEPARTMENT OF MANAGEMENT
CHARLES J. KROGMEIER, DIRECTOR

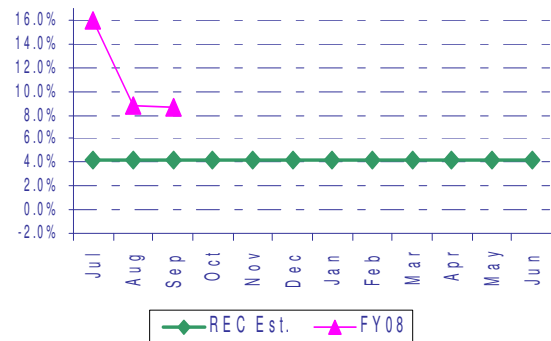
DATE: October 2, 2007
TO: The Honorable Chester J. Culver
The Honorable Patty Judge
FROM: Charles J. Krogmeier, Director
Department of Management
RE: September 2007 General Fund Receipts

General Fund receipts for September totaled \$523.3 million, which is \$40.4 million or 8.4 percent more than was collected during September 2006. September 2007 had 19 processing days as compared to 20 processing days in September 2006. Fiscal year-to-date, General Fund receipts totaled \$1,582.9 million, an increase of 8.7 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

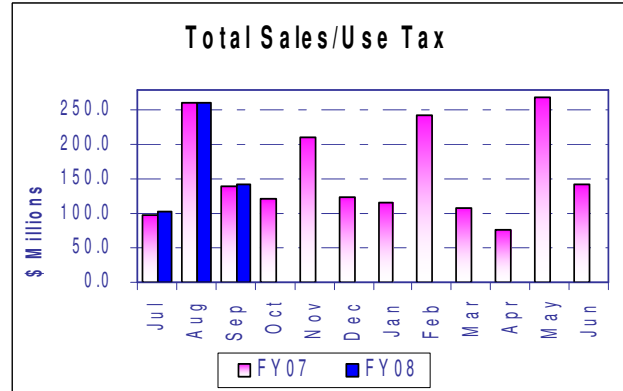
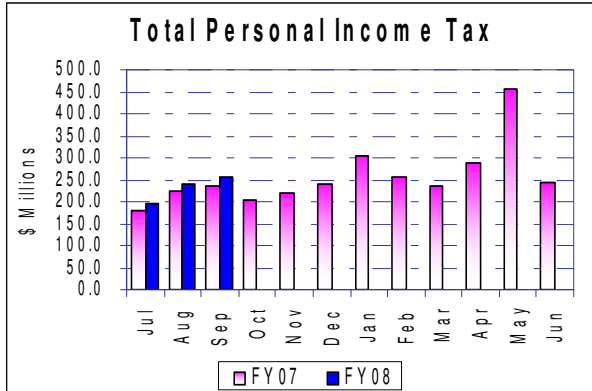
Personal income tax maintained its strong growth. Strong growth also continued with cigarette and tobacco tax due to the increase in these taxes in March 2007. These trends helped year-to-date growth post an 8.7 percent rate. The official estimate rate of growth is currently at 4.2 percent for Fiscal Year 2008 and will be revised when the Revenue Estimating Conference meets on October 9, 2007.

Year-to-Date Growth by Month



Personal Income Tax

Personal income tax receipts totaled \$257.8 million during September. This represents \$21.8 million or 9.2 percent more than the receipts of September 2006. Withholding tax receipts increased \$8.0 million or 4.4 percent compared to last year. Estimated payments increased by \$5.6 million. Final return payment increased by \$8.1 million. This was attributed to an increase in school district surtax transfers. Fiscal year-to-date, personal income tax receipts totaled \$967.6 million, an increase of 9.0 percent. Personal income tax receipts were estimated to grow by 2.9 percent for the year.

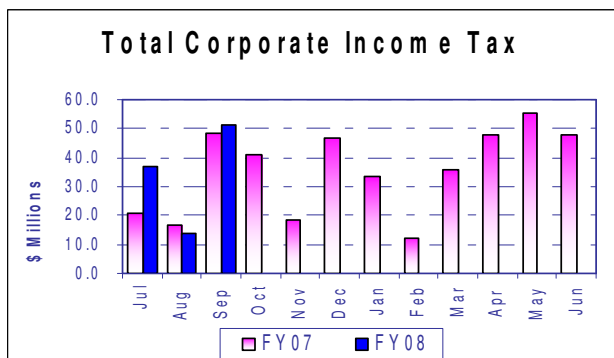


Sales/Use Tax

September sales/use tax receipts totaled \$143.5 million, which represents an increase of \$3.6 million or 2.6 percent compared to September 2006. Receipts were affected by adjustments for local option tax distributions and account receivable collections. For the fiscal year, sales/use tax receipts totaled \$507.8 million, representing an increase of 1.9 percent. The annual estimated rate of sales/use tax growth was 2.7 percent.

Corporate Income Tax

Corporate income tax receipts during September totaled \$51.4 million, which is \$3.2 million or 6.6 percent more than in September 2006. For the fiscal year, corporate income tax receipts totaled \$ 102.4 million or 19.9 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 \$15.3 million in September 2007. This represents an increase of \$9.0 million or 142.9 percent over receipts in same month of 2006. Receipts from tobacco tax stood at \$2.0 million. This represents an increase of \$1.3 million or 185.7 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 \$57.9 million and \$5.8 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 SEPTEMBER 30, 2007
(\$ MILLIONS)**

CASH BASIS

	MONTH OF SEPTEMBER		FY08 Over (Under) FY07		FY08 Annual Est Percent Of Growth
	FY07	FY08	Dollars	Percent	
Personal Income Tax	\$236.0	\$257.8	\$21.8	9.2%	2.9%
Sales/Use Tax	139.9	143.5	3.6	2.6%	2.7%
Corporate Income Tax	48.2	51.4	3.2	6.6%	1.0%
Inheritance Tax	6.8	4.7	(2.1)	-30.9%	6.8%
Insurance Premium Tax	2.1	0.3	(1.8)	-85.7%	17.0%
Cigarette Tax	6.3	15.3	9.0	142.9%	79.9%
Tobacco Tax	0.7	2.0	1.3	185.7%	29.4%
Beer Tax	1.4	1.5	0.1	7.1%	0.0%
Franchise Tax	4.1	4.6	0.5	12.2%	16.9%
Miscellaneous Tax	0.0	0.0	0.0	N/A	-28.6%
Total Special Taxes	\$445.5	\$481.1	\$35.6	8.0%	4.8%
Institutional Payments	1.5	1.2	(0.3)	-20.0%	-2.3%
Liquor Transfers:	3.8	3.9	0.1	2.6%	4.0%
Interest	2.3	1.6	(0.7)	-30.4%	1.0%
Fees	5.0	5.5	0.5	10.0%	-26.4%
Judicial Revenue	2.6	6.2	3.6	138.5%	1.6%
Miscellaneous Receipts	1.3	3.1	1.8	138.5%	7.6%
Racing and Gaming	20.9	20.7	(0.2)	-1.0%	0.0%
Total Receipts	\$482.9	\$523.3	\$40.4	8.4%	4.2%
Transfers	\$8.2	\$0.0	(\$8.2)		
Total Rcpts & Transfers	\$491.1	\$523.3	\$32.2		

Iowa Department of Management
October 2, 2007

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

CASH BASIS

	THREE MONTHS THROUGH SEPTEMBER		FY08 Over (Under) FY07		FY08 Annual Est Percent Of Growth
	FY07	FY08	Dollars	Percent	
Personal Income Tax	\$640.2	\$697.6	\$57.4	9.0%	2.9%
Sales/Use Tax	498.1	507.8	9.7	1.9%	2.7%
Corporate Income Tax	85.4	102.4	17.0	19.9%	1.0%
Inheritance Tax	18.6	18.3	(0.3)	-1.6%	6.8%
Insurance Premium Tax	60.1	52.4	(7.7)	-12.8%	17.0%
Cigarette Tax	22.6	57.9	35.3	156.2%	79.9%
Tobacco Tax	2.3	5.8	3.5	152.2%	29.4%
Beer Tax	4.2	4.2	0.0	0.0%	0.0%
Franchise Tax	6.6	7.4	0.8	12.1%	16.9%
Miscellaneous Tax	0.1	0.1	0.0	0.0%	-28.6%
Total Special Taxes	\$1,338.2	\$1,453.9	\$115.7	8.6%	4.8%
Institutional Payments	3.6	3.5	(0.1)	-2.8%	-2.3%
Liquor Transfers:	12.6	13.7	1.1	8.7%	4.0%
Interest	6.3	5.2	(1.1)	-17.5%	1.0%
Fees	20.3	21.7	1.4	6.9%	-26.4%
Judicial Revenue	12.5	16.4	3.9	31.2%	1.6%
Miscellaneous Receipts	6.1	8.8	2.7	44.3%	7.6%
Racing and Gaming	57.1	59.7	2.6	4.6%	0.0%
Total Receipts	\$1,456.7	\$1,582.9	\$126.2	8.7%	4.2%
Transfers	\$22.2	\$21.6	(\$0.6)		
Total Rcpts & Transfers	\$1,478.9	\$1,604.5	\$125.6		

Iowa Department of Management
October 2, 2007

Iowa Economic Snapshot September 2007

Iowa Workforce Development

Iowa's Unemployment Rate
3.9%

The statewide labor force slightly decreased for the second month in a row from 1,660,300 in July to 1,656,700 in August. The decrease in the labor force reflected the continuing 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 remained steady at 3.9 percent from the July rate. The current month's economic news continues to support earlier reports that job growth will be slower through the rest of the year. The jobless rate was reported at 3.6 percent one year ago.

Iowa's Nonfarm Employment
1,522,600

Iowa's nonfarm employment (i.e., total private non-farm including government) totaled 1,522,600 in August. This number represents a gain of 200 jobs from the July revised figure and 21,100 more jobs than in August 2006. The increase in the August figure was mainly in government and in construction. Job loss of 200 or more was reflected in manufacturing, trade and transportation, finance and education and health.

- 33.9 Average Weekly Hours
- \$15.25 Average Hourly Earnings

Iowa's Manufacturing Employment
231,600

In August 2007, manufacturing employment stood at 231,600, down from the revised July figure of 231,800. Workers in manufacturing earned \$732.24 a week in August 2007.

- Working 43.2 Average Weekly Hours
- \$16.95 Average Hourly Earnings

Iowa's Unemployment Benefit Payments
\$22.2 million

Iowa jobless benefits payments for August 2007 totaled \$22.2 million for 23,985 claimants. This represents an increase of \$2.5 million from the July figure of \$19.7 million for 25,825 jobless Iowans. One year ago, payments totaled \$23.8 million for 26,620 claimants.

- 5,092 First Payments

Current National and Regional Economic Outlook

On September 18, 2007 in response to the credit markets, the Federal Reserve slashed its federal funds rate - (interest rates banks charge each other on overnight loans) from 5.25 percent to 4.75 percent. This followed a previous action on the discount rate - (interest rate on Fed's loan to banks) to 5.75 percent from 6.25 percent. These events and the concern of sub prime lending as well as the housing market slump caused a jitter among consumers and investors. Stock prices have continued to respond favorably to the Fed's interest rate cut. However, the dollar has depreciated in value against the European currency - the Euro, the British pound sterling, the Japanese yen and the Canadian dollar. These resulting foreign exchange issues will impact the export and import trade.

Economic Indicators from the Federal Reserve Bank of Chicago:

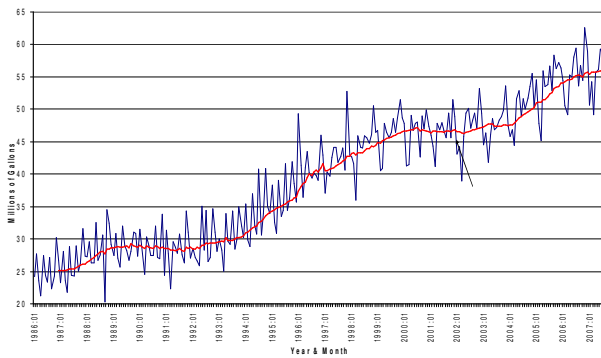
- Midwest farmland values at + 11 percent for the second quarter of 2007 relative to the second quarter of 2006. (Iowa continues to lead the district with a +18 percent change in dollar value).
- The Midwest Manufacturing Index (CFMMI) - a monthly estimate by major industry of manufacturing output in the Seventh Federal Reserve District which includes Iowa - at + 0.6 percent in July.
- The National Activity Index (CFNAI) - a monthly index designed to better gauge overall economic activity and inflationary pressure at - 0.57 in August.
- The Michigan Retail Index - a forecast of retail sales and three month outlook at - 1.3 for sales outlook and + 3.2 for sales performance as of August 2007.

Iowa Department of Revenue

Diesel Fuel Consumption

Diesel fuel consumption during August 2007 in Iowa for transportation purposes increased by 3.441 million gallons (6.41%) compared to August 2006. Over the past 12 months diesel fuel consumption has increased by 1.45%. This month's level of diesel fuel consumption totaled 56.117 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 18.92% over the last pre-recession peak.

Monthly Diesel Fuel Consumption



Real Estate Transfer Tax

During August 2007 real estate transfer tax collections increased by 9.68% compared to August 2006. Over the past twelve months real estate transfer tax receipts have increased by 0.32%. During August the interest rate for 30-year conventional mortgages nationally averaged 6.57%, which was down 0.13% from June, and still 0.50% below the December 2001 peak of 7.07%

Real Estate Transfer Tax

