



STATE OF IOWA

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

DEPARTMENT OF MANAGEMENT
CHARLES J. KROGMEIER, DIRECTOR

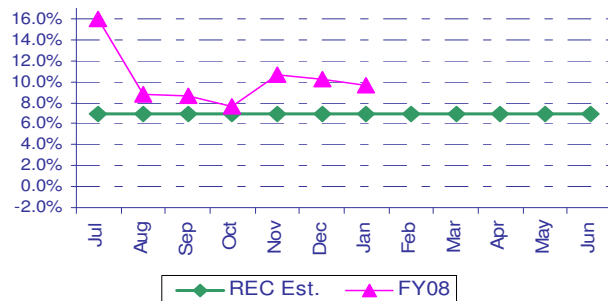
DATE: February 7, 2008
TO: The Honorable Chester J. Culver
The Honorable Patty Judge
FROM: Charles J. Krogmeier, Director
Department of Management
RE: January 2008 General Fund Receipts

General Fund receipts for January totaled \$546.0 million, which is \$33.3 million or 6.5 percent more than was collected during January 2007. January 2008 had 21 processing days as did January 2007. Fiscal year-to-date, General Fund receipts totaled \$3,637.8 million, an increase of 9.7 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, which could reduce available revenue.

Summary

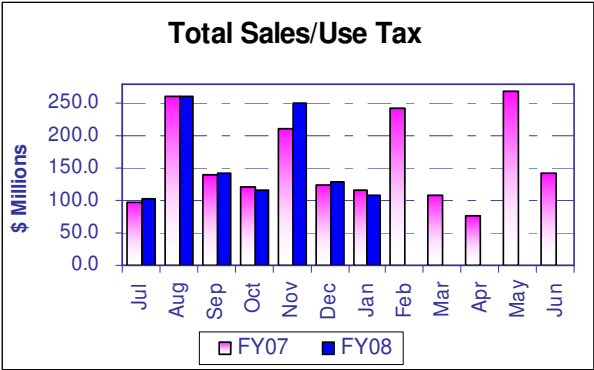
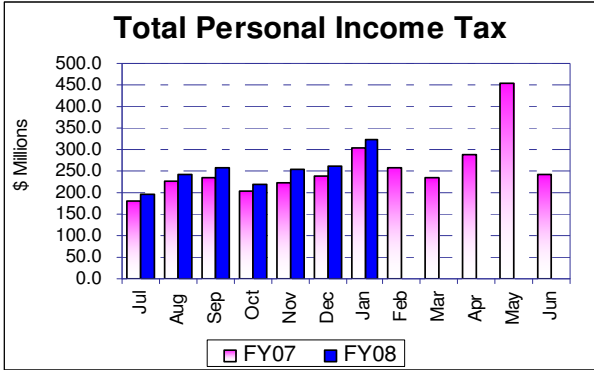
Corporate income tax and personal income tax led the growth in General Fund receipts. Cigarette and tobacco tax maintained strong growth due to the increase in these taxes in March 2007. These trends helped year-to-date growth post a 9.7 percent rate. The official estimate rate of growth is currently at 6.9 percent for Fiscal Year 2008.

Year-to-Date Growth by Month



Personal Income Tax

Personal income tax receipts totaled \$322.9 million during January. This represents \$19.4 million or 6.4 percent more than the receipts of January 2007. Withholding tax receipts increased \$12.0 million or 6.6 percent compared to last year. Adjustments were largely due to an increase in accounts receivable transfers. Estimated payments increased by \$6.0 million. Final return payment increased by \$1.4 million. The increase was attributable to last fall's tax amnesty program. Fiscal year-to-date, personal income tax receipts totaled \$1,751.0 million, an increase of 8.7 percent. Personal income tax receipts were estimated to grow by 6.7 percent for the year.

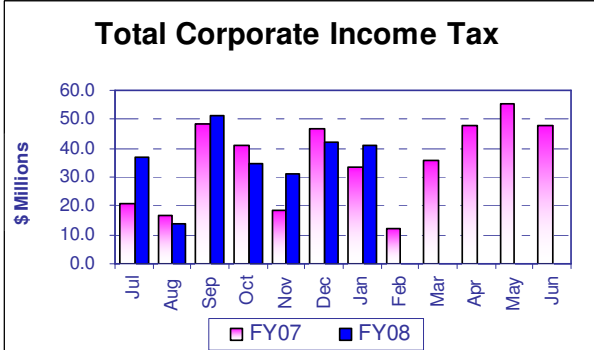


Sales/Use Tax

January sales/use tax receipts totaled \$109.3 million, which represents a decrease of \$8.2 million or 7.0 percent compared to January 2007. Receipts were affected by increases in the amount of school local option distributions and a decrease in transfers from accounts receivable collections. For the fiscal year, sales/use tax receipts totaled \$1,113.3 million, representing an increase of 4.0 percent. The annual estimated rate of sales/use tax growth was 2.8 percent.

Corporate Income Tax

Corporate income tax receipts during January totaled \$40.7 million, which is \$7.1 million or 21.1 percent more than in January 2007. Receipts were affected by an increase in accounts receivable transfer. For the fiscal year, corporate income tax receipts totaled \$251.3 million or 11.6 percent more than last year. Corporate income tax receipts were estimated to increase at a rate of 5.3 percent.



Cigarette and Tobacco Tax

Receipts from cigarette tax revenue stood at \$19.9 million in January 2007. This represents an increase of \$11.8 million or 145.7 percent over receipts in same month of 2007. Receipts from tobacco tax stood at \$2.1 million. This represents an increase of \$1.0 million or 90.9 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 \$135.4 million and \$12.8 million respectively. Cigarette and tobacco tax receipts were estimated to increase at a rate of 91.1 percent and 57.9 percent respectively.

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

CASH BASIS

	MONTH OF JANUARY		FY08 Over (Under) FY07		FY08 Annual Est Percent Of Growth
	FY07	FY08	Dollars	Percent	
Personal Income Tax	\$303.5	\$322.9	\$19.4	6.4%	6.7%
Sales/Use Tax	117.5	109.3	(8.2)	-7.0%	2.8%
Corporate Income Tax	33.6	40.7	7.1	21.1%	5.3%
Inheritance Tax	10.0	9.5	(0.5)	-5.0%	10.0%
Insurance Premium Tax	0.0	0.2	0.2	N/A	12.3%
Cigarette Tax	8.1	19.9	11.8	145.7%	91.1%
Tobacco Tax	1.1	2.1	1.0	90.9%	57.9%
Beer Tax	1.2	1.2	0.0	0.0%	2.1%
Franchise Tax	5.0	3.3	(1.7)	-34.0%	-9.3%
Miscellaneous Tax	0.1	0.1	0.0	N/A	0.0%
Total Special Taxes	\$480.1	\$509.2	\$29.1	6.1%	7.2%
Institutional Payments	0.8	1.0	0.2	25.0%	0.0%
Liquor Transfers:	7.3	7.0	(0.3)	-4.1%	4.6%
Interest	3.1	3.6	0.5	16.1%	-30.3%
Fees	14.2	13.1	(1.1)	-7.7%	-13.6%
Judicial Revenue	5.1	4.9	(0.2)	-3.9%	33.8%
Miscellaneous Receipts	2.1	7.2	5.1	242.9%	1.4%
Racing and Gaming	0.0	0.0	0.0	N/A	0.0%
Total Receipts	\$512.7	\$546.0	\$33.3	6.5%	6.9%
Transfers	\$13.9	\$13.3	(\$0.6)		
Total Rcpts & Transfers	\$526.6	\$559.3	\$32.7		

Iowa Department of Management
February 4, 2008

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

CASH BASIS

	SEVEN MONTHS THROUGH JANUARY		FY08 Over (Under) FY07		FY08 Annual Est Percent Of Growth
	FY07	FY08	Dollars	Percent	
Personal Income Tax	\$1,610.2	\$1,751.0	\$140.8	8.7%	6.7%
Sales/Use Tax	1,070.8	1,113.3	42.5	4.0%	2.8%
Corporate Income Tax	225.2	251.3	26.1	11.6%	5.3%
Inheritance Tax	46.3	46.5	0.2	0.4%	10.0%
Insurance Premium Tax	61.4	52.9	(8.5)	-13.8%	12.3%
Cigarette Tax	52.4	135.4	83.0	158.4%	91.1%
Tobacco Tax	5.3	12.8	7.5	141.5%	57.9%
Beer Tax	8.7	8.9	0.2	2.3%	2.1%
Franchise Tax	18.8	19.3	0.5	2.7%	-9.3%
Miscellaneous Tax	0.5	0.5	0.0	0.0%	0.0%
Total Special Taxes	\$3,099.6	\$3,391.9	\$292.3	9.4%	7.2%
Institutional Payments	6.7	8.2	1.5	22.4%	0.0%
Liquor Transfers:	34.7	40.3	5.6	16.1%	4.6%
Interest	18.2	19.2	1.0	5.5%	-30.3%
Fees	50.3	48.5	(1.8)	-3.6%	-13.6%
Judicial Revenue	33.5	46.8	13.3	39.7%	33.8%
Miscellaneous Receipts	15.0	23.2	8.2	54.7%	1.4%
Racing and Gaming	59.0	59.7	0.7	1.2%	0.0%
Total Receipts	\$3,317.0	\$3,637.8	\$320.8	9.7%	6.9%
Transfers	\$51.3	\$50.8	(\$0.5)		
Total Rcpts & Transfers	\$3,368.3	\$3,688.6	\$320.3		

Iowa Department of Management
February 4, 2008

Iowa Economic Snapshot

January 2008

Iowa Workforce Development

Iowa's Unemployment Rate 4.0%

The statewide labor force increased slightly to 1,678,700 in December. It was 1,675,200 in November. The labor force figures continue to reflect optimistic expectations by employers and job seekers despite a slowing national economy. These trends helped push the state's seasonally adjusted unemployment rate to 4.0 percent from the November rate. According to the Iowa Department of Workforce Development, "the current month's data suggest that the housing slowdown is starting to have a wider impact on the Iowa economy." The jobless rate was reported at 3.5 percent one year ago.

Iowa's Nonfarm Employment 1,527,800

Iowa's nonfarm employment (i.e., total private non-farm including government) totaled 1,527,800 in December. This number reflects a loss of 900 jobs from the November revised figure and 19,000 more jobs than in December 2006. The decrease in the December figure was mainly in professional and business services with a loss of 500 jobs, Construction and education and health with a loss of 400 jobs each, and manufacturing with a loss of 300 jobs. Despite these job losses, trade and transportation gained 400 jobs, while finance added 200 jobs despite the current credit crunch.

- 33.7 Average Weekly Hours
- \$15.52 Average Hourly Earnings

Iowa's Manufacturing Employment 230,500

In December 2007, manufacturing employment stood at 230,500, up from the revised November figure of 230,800. Workers in manufacturing earned \$711.91 a week in December 2007.

- Working 42.2 Average Weekly Hours
- \$16.87 Average Hourly Earnings

Iowa's Unemployment Benefit Payments \$28.0 million

Iowa jobless benefits payments for December 2007 totaled \$28.0 million for 33,805 claimants. This represents an increase of \$8.0 million from the November figure of \$20.0 million for 25,296 jobless Iowans. One year ago, payments totaled \$29.5 million for 36,856 claimants.

- 10,798 First Payments

Current National and Regional Economic Outlook

In response to the national economic slowdown, the U.S. House of Representatives on January 24, 2008 advanced a federal economic stimulus package worth \$150 billion. Prior to this development, on January 22, the Federal Reserve in response also cut the federal funds rate - (interest rates banks charge each other on overnight loans) from 4.25 to 3.5 percent, the biggest funds cut on records going back to 1990. The Federal Reserve also cut the discount rate - (interest rate on Fed's loan to banks) from 4.75 to 4.0 percent. The federal funds rate and the discount rate were further cut to 3.0 percent and 3.5 percent respectively on January 30, 2008. The prime lending rate - the benchmark for millions of business and consumer loans, now stands at 6.50 percent down from 7.25 percent. Stock prices have been on a roller coaster ride in the last few months. For the month of December, the national inflation rate is at 4.1 percent for a year-to-date average of 2.9 percent.

Economic Indicators from the Federal Reserve Bank of Chicago:

- Midwest farmland values at + 15 percent for the third quarter of 2007 relative to the third quarter of 2006. (Iowa continues to lead the district with a + 21 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 December.
- The National Activity Index (CFNAI) - a monthly index designed to better gauge overall economic activity and inflationary pressure at - 0.91 in December.

- The Michigan Retail Index – a forecast of retail sales and three month outlook at – 0.5 for sales outlook and – 9.6 for sales performance as of December 2007.

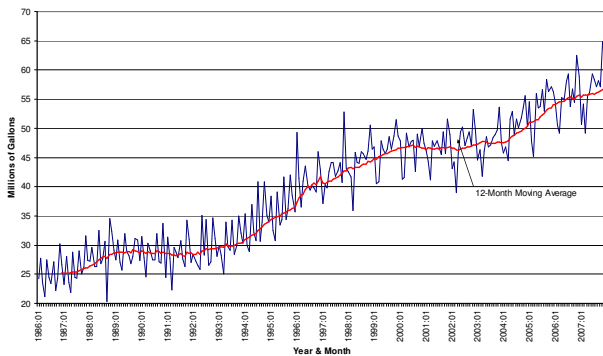
Iowa Department of Revenue

Diesel Fuel Consumption

Diesel fuel consumption during December 2007 in Iowa for transportation purposes increased by 2.579 million gallons (4.38%) compared to December 2006. Over the past 12 months diesel fuel consumption has increased by 2.09%. This month's level of diesel fuel consumption totaled 56.861 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 20.50% over the last pre-recession peak.

During December 2007 real

Monthly Diesel Fuel Consumption



Real Estate Transfer Tax

During December 2007 real estate transfer tax collections increased by 11.49% compared to December 2006. Over the past twelve months real estate transfer tax receipts have decreased by 1.93%. During December the interest rate for 30-year conventional mortgages nationally averaged 6.10%, which is down 0.11% from November, and still 0.97% below the December 2001 peak of 7.07%

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

