

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

DEPARTMENT OF MANAGEMENT
CHARLES J. KROGMEIER, DIRECTOR

DATE: May 6, 2008

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

FROM: Charles J. Krogmeier, Director
Department of Management

RE: April 2008 General Fund Receipts

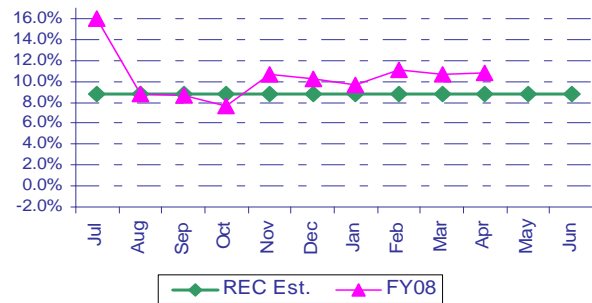


General Fund receipts for April totaled \$528.0 million, which is \$56.5 million or 12.0 percent more than was collected during April 2007. April 2008 had 23 processing days as compared to 22 processing days in April 2007. Fiscal year-to-date, General Fund receipts totaled \$5,287.5 million, an increase of 10.8 percent over the same period last year. The Revenue Estimating Conference official estimated rate of annual growth is 8.8 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

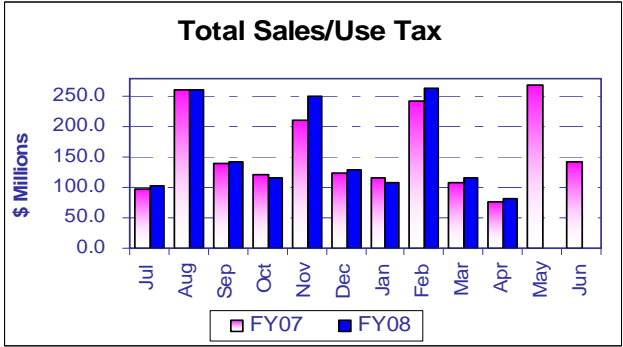
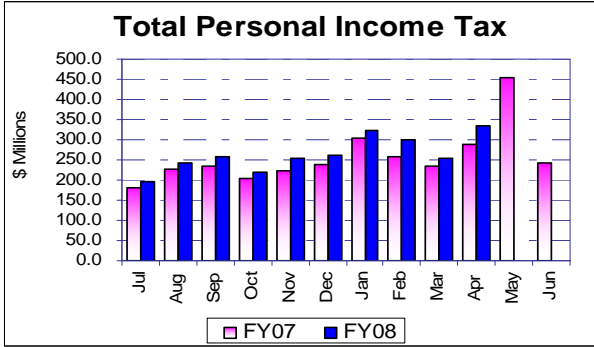
Personal income tax, sales and use tax, corporate income tax and franchise tax led the growth in General Fund receipts to 10.8 percent year-to-date. The official estimate rate of growth is currently at 8.8 percent for Fiscal Year 2008.

Year-to-Date Growth by Month



Personal Income Tax

Personal income tax receipts totaled \$333.5 million during April. This represents \$46.0 million or 16.0 percent more than the receipts of April 2007. Withholding tax receipts increased \$4.2 million or 2.7 percent compared to last year. Adjustments were largely due to an increase in accounts receivable transfers and the school district tax surcharge transfers. Estimated payments increased by \$5.8 million. Final return payment increased by \$36.0 million. Fiscal year-to-date, personal income tax receipts totaled \$2,637.2 million, an increase of 10.4 percent. Personal income tax receipts are estimated to grow by 8.4 percent for the year.

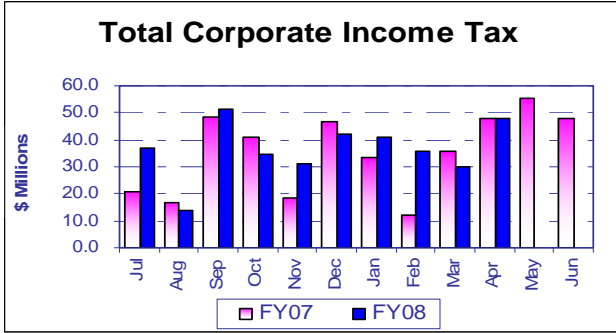


Sales/Use Tax

April sales/use tax receipts totaled \$82.4 million, which represents an increase of \$5.6 million or 7.3 percent compared to April 2007. Receipts were affected by increases in the amount of school local option and school infrastructure local option distributions. For the fiscal year, sales/use tax receipts totaled \$1,578.0 million, representing an increase of 5.4 percent. The annual estimated rate of sales/use tax growth is 4.7 percent.

Corporate Income Tax

Corporate income tax receipts during April totaled \$48.1 million, which is \$0.1 million or 0.2 percent more than in April 2007. Receipts were affected by an increase in accounts receivable transfer. For the fiscal year, corporate income tax receipts totaled \$365.0 million or 13.5 percent more than last year. Corporate income tax receipts are estimated to increase at a rate of 10.2 percent.



Cigarette and Tobacco Tax

Receipts from cigarette tax revenue stood at \$20.5 million in April 2008. This represents an increase of \$11.0 million or 115.8 percent over receipts in same month of 2007. Receipts from tobacco tax stood at \$1.9 million. This represents an increase of \$0.5 million or 35.7 percent over the same month in 2007. These increased rates of growth are due to the increase in these taxes that took effect in April 2007 and continue to be a driving force in the current general revenue growth. Fiscal year-to-date, cigarette and tobacco tax receipts totaled \$188.3 million and \$17.1 million respectively. Cigarette and tobacco tax receipts were estimated to increase at a rate of 86.9 percent and 66.1 percent respectively.

Refunds

For the month of April, \$123.8 million in refunds were issued by the Department of Revenue. This compares to \$113.2 million issued April 2007. For the year, \$523.7 million in refunds have been issued, which is \$53.9 million or 11.5% more than were issued last year. Refunds are estimated to grow at 11.9% for the fiscal year on an accrual basis.

**STATE OF IOWA
GENERAL FUND RECEIPTS STATEMENT
FOR THE MONTH ENDING APRIL 30, 2008
(\$ MILLIONS)**

CASH BASIS

	MONTH OF APRIL		FY08 Over (Under) FY07		FY08 Annual Est Percent Of Growth
	FY07	FY08	Dollars	Percent	
Personal Income Tax	\$287.5	\$333.5	\$46.0	16.0%	8.4%
Sales/Use Tax	76.8	82.4	5.6	7.3%	4.7%
Corporate Income Tax	48.0	48.1	0.1	0.2%	10.2%
Inheritance Tax	5.2	5.0	(0.2)	-3.8%	0.0%
Insurance Premium Tax	0.0	0.0	0.0	N/A	9.4%
Cigarette Tax	9.5	20.5	11.0	115.8%	86.9%
Tobacco Tax	1.4	1.9	0.5	35.7%	66.1%
Beer Tax	1.1	1.0	(0.1)	-9.1%	1.4%
Franchise Tax	3.1	4.9	1.8	58.1%	7.5%
Miscellaneous Tax	0.3	0.2	(0.1)	-33.3%	0.0%
Total Special Taxes	\$432.9	\$497.5	\$64.6	14.9%	8.9%
Institutional Payments	1.2	1.1	(0.1)	-8.3%	-0.8%
Liquor Transfers:	6.3	7.0	0.7	11.1%	8.8%
Interest	2.1	0.5	(1.6)	-76.2%	-5.9%
Fees	9.3	9.7	0.4	4.3%	-7.0%
Judicial Revenue	9.1	9.2	0.1	1.1%	33.8%
Miscellaneous Receipts	10.6	3.0	(7.6)	-71.7%	5.9%
Racing and Gaming	0.0	0.0	0.0	N/A	0.0%
Total Receipts	\$471.5	\$528.0	\$56.5	12.0%	8.8%
Transfers	\$16.9	\$15.2	(\$1.7)		
Total Rcpts & Transfers	\$488.4	\$543.2	\$54.8		

Iowa Department of Management
May 5, 2008

**STATE OF IOWA
GENERAL FUND RECEIPTS STATEMENT
FOR THE TEN MONTHS ENDING APRIL 30, 2008
(\$ MILLIONS)**

CASH BASIS

	TEN MONTHS THROUGH APRIL		FY08 Over (Under) FY07		FY08 Annual Est Percent Of Growth
	FY07	FY08	Dollars	Percent	
Personal Income Tax	\$2,389.1	\$2,637.2	\$248.1	10.4%	8.4%
Sales/Use Tax	1,497.6	1,578.0	80.4	5.4%	4.7%
Corporate Income Tax	321.5	365.0	43.5	13.5%	10.2%
Inheritance Tax	62.8	62.2	(0.6)	-1.0%	0.0%
Insurance Premium Tax	70.6	67.5	(3.1)	-4.4%	9.4%
Cigarette Tax	80.0	188.3	108.3	135.4%	86.9%
Tobacco Tax	8.2	17.7	9.5	115.9%	66.1%
Beer Tax	11.7	11.9	0.2	1.7%	1.4%
Franchise Tax	24.3	27.8	3.5	14.4%	7.5%
Miscellaneous Tax	1.4	0.9	(0.5)	-35.7%	0.0%
Total Special Taxes	\$4,467.2	\$4,956.5	\$489.3	11.0%	8.9%
Institutional Payments	10.3	12.0	1.7	16.5%	-0.8%
Liquor Transfers:	50.6	57.3	6.7	13.2%	8.8%
Interest	26.8	24.5	(2.3)	-8.6%	-5.9%
Fees	76.3	74.1	(2.2)	-2.9%	-7.0%
Judicial Revenue	53.4	72.2	18.8	35.2%	33.8%
Miscellaneous Receipts	30.0	31.2	1.2	4.0%	5.9%
Racing and Gaming	59.0	59.7	0.7	1.2%	0.0%
Total Receipts	\$4,773.6	\$5,287.5	\$513.9	10.8%	8.8%
Transfers	\$68.3	\$66.2	(\$2.1)		
Total Rcpts & Transfers	\$4,841.9	\$5,353.7	\$511.8		

Iowa Department of Management
May 5, 2008

Iowa Economic Snapshot

April 2008

Iowa Workforce Development

Iowa's Unemployment Rate
3.5%

The statewide labor force increased slightly to 1,673,100 in March from a revised February figure of 1,669,200. The slight increase in the labor force figures reflect uncertainties in the labor market by employers and job seekers caused by a slowing national economy. These helped the state's seasonally adjusted unemployment rate remain unchanged at to 3.5 percent from the February rate. According to the Iowa Department of Workforce Development, "at the same time that unemployment remains low in Iowa, job growth has contracted for the second straight month". Evidence from certain sector job losses suggests that consumers are pulling back as they become increasingly concerned about the economic outlook. The jobless rate was reported at 3.7 percent one year ago.

Iowa's Nonfarm Employment
1,523,600

Iowa's nonfarm employment (i.e., total private non-farm including government) totaled 1,523,600 in March. This number reflects a loss of 300 jobs from the February revised figure and 10,900 more jobs than in March 2007. Job losses were reported in trade, transportation and utilities and in leisure and hospitality. These sectors lost a combined 700 jobs over the month. However, manufacturing gained 600 jobs with durable goods manufacturing accounting for 500 of the monthly gain. Financial activities, education and health services and government added 300 jobs each; and construction increased by 200 jobs.

- 41.3 Average Weekly Hours-Goods Producing Sectors.
- \$17.66 Average Hourly Earnings-Goods Producing Sectors.

Iowa's Manufacturing Employment
230,800

In March 2008, manufacturing employment stood at 230,800, an increase of 600 jobs from a February revised figure of 230,200. Workers in manufacturing earned \$691.78 a week in March 2008.

- Working 41.3 Average Weekly Hours

- \$16.75 Average Hourly Earnings

Iowa's Unemployment Benefit Payments
\$42.4 million

Iowa jobless benefits payments for March 2008 totaled \$42.4 million for 44,938 claimants. This represents a decrease of \$2.0 million from the February figure of \$44.4 million for 44,749 jobless Iowans. One year ago, payments totaled \$40.8 million for 44,532 claimants.

- 7,075 First Payments

Current National and Regional Economic Outlook

Federal Reserve and key interest rates- as of May 2, 2008

- Federal funds rate - (interest rates banks charge each other on overnight loans) from 2.25 to 2.00 percent.
- The discount rate – (interest rate on Fed's loan to banks) from 2.50 to 2.25 percent.
- The prime lending rate – the benchmark for millions of business and consumer loans, now stands at 5.00 percent down from 5.25 percent.
- Stock prices continue to fluctuate reflecting unstable economy.
- For the month of March 2008, the national inflation rate is at 3.98 percent down from 4.03 percent in February 2008. Comparatively the rate was 2.78 percent in March 2007.

Economic Indicators from the Federal Reserve Bank of Chicago:

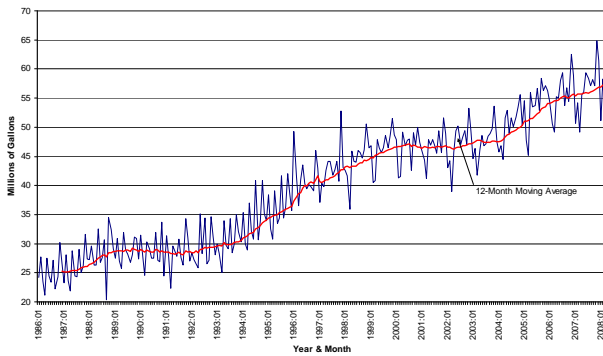
- Midwest farmland values at + 16 percent for the period January 1, 2007 to January 1, 2008. (Iowa continues to lead the district with a + 18 percent change in dollar value).
- The Midwest Manufacturing Index (CFMMI) – a monthly estimate by major industry of manufacturing output in the Seventh Federal Reserve District which includes Iowa - at - 0.7 percent in March.
- The National Activity Index (CFNAI) – a monthly index designed to better gauge overall economic activity and inflationary pressure at - 0.78 in March.
- The Michigan Retail Index – a forecast of retail sales and three month outlook at + 9.6 for sales outlook and – 6.6 for sales performance as of March 2008.

Iowa Department of Revenue

Diesel Fuel Consumption

Diesel fuel consumption during March 2008 in Iowa for transportation purposes increased by 1.630 million gallons (3.31%) compared to March 2007. Over the past 12 months diesel fuel consumption has increased by 3.04%. This month's level of diesel fuel consumption totaled 57.375 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 21.59% over the last pre-recession peak.

Monthly Diesel Fuel Consumption



Real Estate Transfer Tax

During March 2008 real estate transfer tax collections increased by 8.89% compared to March 2007. Over the past twelve months real estate transfer tax receipts have decreased by 2.20%. During March the interest rate for 30-year conventional mortgages nationally averaged 5.97%, which is up 0.05% from February, but still 1.10% below the December 2001 peak of 7.07%

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

