

TO: Members of the Iowa Senate and
Members of the Iowa House of Representatives

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DATE: December 3, 2012

Monthly General Fund Receipts through November 30, 2012

The attached spreadsheet presents FY 2013 General Fund total net receipts with comparable figures for actual FY 2012. The figures can be compared to the FY 2013 estimate of \$6.386 billion set by the Revenue Estimating Conference (REC) on October 11, 2012. The FY 2013 estimate is an increase of \$183.5 million (3.0%) compared to actual FY 2012 total net receipts (excludes transfers). The next REC meeting will be held on December 12.

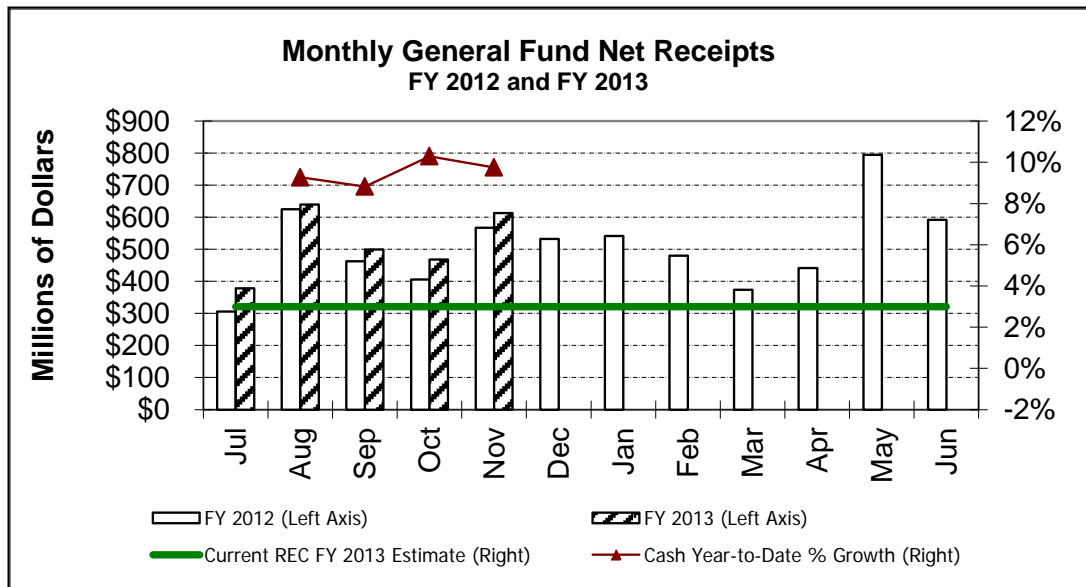
FY 2013 Monthly Estimate Comparison - Dollars in Millions						
Most Recent REC Projected Growth for the Year, Excluding Transfers = + 2.96%						
Year-to-Date Ending:	Year-to-Date FY 2012	Year-to-Date FY 2013	Dollar Change	% Change	Year-to-Date Change at REC Estimate for the Entire Year	Year-to-Date Above (Below) Estimated Change
Oct	\$1,799.9	\$1,985.1	\$185.2	10.3%	\$53.3	\$131.9
Nov	2,366.8	2,597.7	230.9	9.8%	70.0	160.9
Dec	2,899.4					
Jan	3,440.7					
Feb	3,921.1					
Mar	4,294.9					
Apr	4,736.3					
May	5,530.8					
Jun	6,122.9					
Year end	6,202.4					

Overview of Current Situation

November 2012 net General Fund revenue was \$45.5 million (8.0%) above the November 2011 revenue level. Year-to-date net tax receipts are \$230.9 million (9.8%) higher than FY 2012. Major sources of tax revenue and their contribution to the FY 2013 change include:

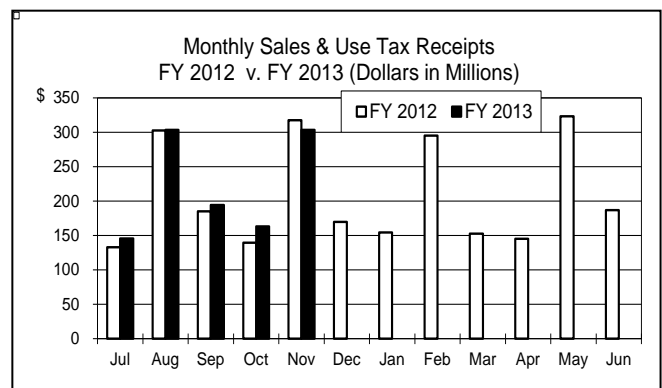
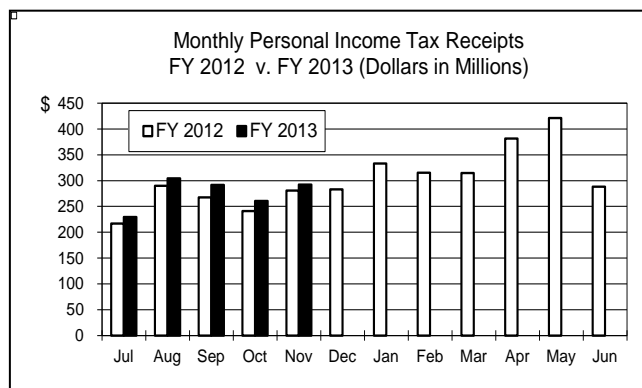
- Personal income tax (positive \$82.1 million, 6.3%)
- Sales/use tax (positive \$32.0 million, 3.0%)

- Corporate tax (positive \$42.4 million, 28.1%)
- Other taxes (positive \$7.1 million, 7.2%)
- Other receipts (positive \$13.8 million, 11.2%)
- Tax refunds not including school infrastructure refunds (positive \$55.4 million)
- School infrastructure sales/use tax refunds (negative \$2.1 million)



Personal Income Tax revenue received in November totaled \$292.5 million, an increase of \$11.7 million (4.2%) compared to November 2011.

The FY 2013 REC income tax estimate of \$3.826 billion represents a projected increase of 5.3% compared to actual FY 2012. Through November, personal income tax receipts have increased \$82.1 million (6.3%). By subcategory, withholding payments increased \$59.7 million (5.3%), estimate payments increased \$19.8 million (16.5%), and payments with returns increased \$2.6 million (5.5%). The following chart compares FY 2013 monthly income tax receipts from the three personal income tax subcategories with FY 2012.



Sales/Use Tax receipts received in November totaled \$303.5 million, a decrease of \$14.1 million (-4.4%) compared to November 2011. The early deposit of quarterly sales tax payments that positively impacted October sales/use tax receipts had a negative impact in November.

The REC estimate for FY 2013 sales/use tax receipts is \$2.600 billion, an increase of 3.8% compared to actual FY 2012. Year-to-date sales/use tax receipts total \$1,110.1 million, an increase of \$32.0 million (3.0%) compared to FY 2012. The preceding chart compares FY 2013 monthly sales/use tax receipts with FY 2012.

Corporate Tax receipts received in November totaled \$15.9 million, a decrease of \$0.1 million (-0.6%) compared to November 2011.

The REC estimate for FY 2013 corporate tax revenue is \$580.9 million, an increase of 11.6% compared to actual FY 2012. Through November, corporate tax receipts have increased \$42.4 million (28.1%).

Other tax receipts received in November totaled \$8.6 million, an increase of \$1.1 million (14.7%) compared to November 2011.

The REC estimate for FY 2013 other tax revenue is \$362.8 million, an increase of 2.1% compared to actual FY 2012. Through November, other tax receipts have increased 7.2%.

Other receipts (non-tax receipts) received in November totaled \$46.7 million, an increase of \$11.0 million (30.8%) compared to November 2011.

The REC estimate for FY 2013 other receipts revenue is \$321.3 million, a decrease of 9.9% compared to actual FY 2012. Year-to-date other receipts have increased 11.2% through November.

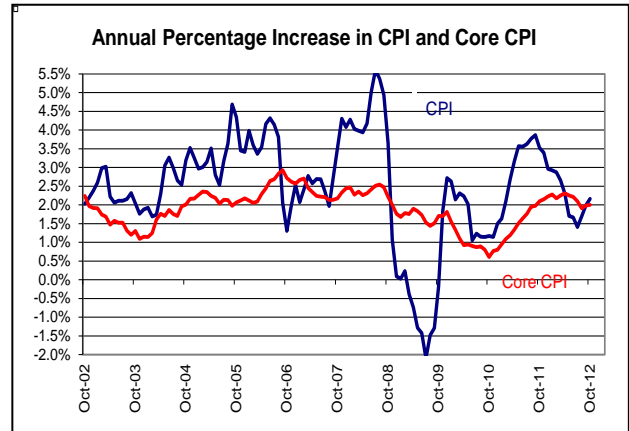
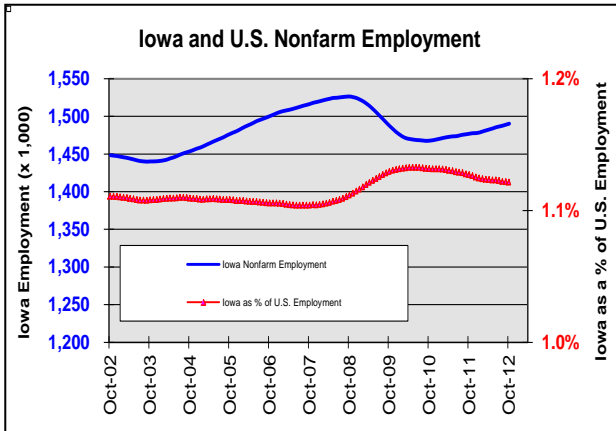
Tax Refunds issued in November totaled \$21.2 million, a decrease of \$35.7 million (-62.7%) compared to November 2011. The reduced tax refunds accounted for 78.5% of the revenue growth in November and was due to a large amount of corporate income tax refunds paid in November 2011. School infrastructure refunds totaled \$33.4 million in November, a decrease of \$0.3 million compared to November 2011.

Status of the Economy

Iowa nonfarm employment was reported at 1,515,000 for the month of October (not seasonally adjusted), 15,400 higher (1.0%) than October 2011.

Iowa's 12-month average employment is presented as the blue line on the following graph. Iowa's average nonfarm employment peaked in October 2008 at 1,526,400, and was 47,700 above the peak prior to the previous recession (January 2001). The current 12-month average reading is now 1,490,400, resulting in an annual average Iowa nonfarm employment level 36,000 below the October 2008 peak.

The employment chart also presents Iowa nonfarm employment as a percent of U.S. nonfarm employment. Iowa's share of U.S. nonfarm employment decreased noticeably from 1999 through 2002, decreased at a much slower pace from 2002 through 2007, and increased from January 2008 through June 2010. Since that time, Iowa's percent of U.S. employment has declined as the percentage growth in U.S. employment has exceeded the percentage growth in Iowa employment.



The Consumer Price Index (CPI-U) through October 2012 was 231.43 (1983/84=100). Consumer prices decreased slightly (-0.04%) in October (not seasonally adjusted) and the annual rate of inflation increased to 2.2% from the previous month's level of 2.0%. After 10 consecutive months of a decrease in the annual rate of inflation, the figure has increased the last three months.

Core CPI, an inflation measure excluding food and energy expenditures, increased 0.2% in October and totaled 2.0% year-over-year. For the two components excluded from the core rate, energy prices are down 2.3% year-over-year while food prices are up 1.7%.

Information related to State General Fund receipts is available on the Fiscal Services Division's web site at: <http://www.legis.state.ia.us/receipts/daily.html>

GENERAL FUND RECEIPTS - FY 2012 vs. FY 2013 July 1 through November 30 (in millions of dollars) Dollars may not add due to rounding. Percentages calculated on rounded numbers.					ESTIMATED GENERAL FUND RECEIPTS (in millions of dollars) FY 12 Actual Compared to FY 13 REC Estimate		
	FY 2012	FY 2013	Year to Date % Change	November % Change	Actual FY 2012	Estimate FY 2013	Projected % Change
Personal Income Tax	\$ 1,296.7	\$ 1,378.8	6.3%	4.2%	\$ 3,634.3	\$ 3,826.4	5.3%
Sales/Use Tax	1,078.1	1,110.1	3.0%	-4.4%	2,505.3	2,600.3	3.8%
Corporate Income Tax	151.0	193.4	28.1%	-0.6%	520.7	580.9	11.6%
Inheritance Tax	29.9	34.3	14.7%	8.1%	77.6	81.5	5.0%
Insurance Premium Tax	46.8	47.4	1.3%	0.0%	101.4	103.8	2.4%
Cigarette Tax	0.0	0.0	0.0%	0.0%	103.2	101.9	-1.3%
Tobacco Tax	2.5	2.5	0.0%	0.0%	16.3	16.1	-1.2%
Beer Tax	6.5	6.8	4.6%	10.0%	14.2	14.5	2.1%
Franchise Tax	12.2	13.9	13.9%	200.0%	41.5	43.9	5.8%
Miscellaneous Tax	0.3	0.4	0.0%	50.0%	1.1	1.1	0.0%
Total Gross Taxes	\$ 2,624.0	\$ 2,787.7	6.2%	-0.2%	\$ 7,015.6	\$ 7,370.4	5.1%
Institutional Payments	5.7	5.9	3.5%	66.7%	13.0	13.8	6.2%
Liquor Profits	34.2	41.8	22.2%	0.0%	94.6	94.6	0.0%
Interest	0.9	0.8	-11.1%	0.0%	2.4	2.5	4.2%
Fees	9.7	10.3	6.2%	-57.9%	29.1	25.6	-12.0%
Judicial Revenue	39.5	36.9	-6.6%	2.0%	113.8	113.9	0.1%
Miscellaneous Receipts	12.2	15.6	27.9%	-33.3%	37.7	30.9	-18.0%
Racing and Gaming Receipts	20.6	25.3	22.8%	24.4%	66.0	40.0	-39.4%
TOTAL GROSS RECEIPTS	\$ 2,746.7	\$ 2,924.3	6.5%	1.4%	\$ 7,372.3	\$ 7,691.7	4.3%
Accrued Revenue-Net					61.3	16.8	
Tax Refunds *	-190.5	-135.1	-29.1%	-62.7%	-820.6	-896.0	9.2%
School Infrast. Refunds *	-189.3	-191.4	1.1%	-0.9%	-410.6	-426.6	3.9%
TOTAL NET RECEIPTS	\$ 2,366.8	\$ 2,597.7	9.8%	8.0%	\$ 6,202.4	\$ 6,385.9	3.0%

* For FY 2012 and FY 2013 Year-to-Date columns, refunds are presented on a cash basis. For FY 2012 Actual and FY 2013 Estimate, refunds are presented on a fiscal year basis.