

Revenue Estimating Conference April 7, 2000

Cynthia Eisenhower called the Revenue Estimating Conference to order at 10:00 a.m. with all members present.

Cynthia stated that today's task was to update the FY00 and FY01 General Fund and reach agreement on refunds, lottery proceeds and estimate proceeds to the rebuild Iowa infrastructure fund.

Minutes of the December 9, 1999 were approved as distributed.

The first order of business was to look at the FY00 General Fund projections. The Economic Forecasting Council met, and discussion centered on the continued strength in the economy, both in Iowa and the Midwest, including the impact of Iowa's \$600 million farm aid package.

Cynthia stated that we now have three quarters of actual data for FY00. As expected, receipts have picked up in the second half of the year, and are steadily climbing toward our December estimate of 3.7% growth.

The General Fund estimates from both DOM and LFB reflect this steady pace. The Department of Revenue & Finance's pattern of receipts suggests some minor adjustments are appropriate within the categories of receipts.

DOM estimates are a little more conservative than LFB's estimates in sales tax and use tax. Both estimates concede that we basically overshot the sales and use tax estimates in December. We just need to agree on how much. (DOM projections in sales tax are \$12 million lower than LFB and use tax is \$5.6 million lower.)

The other FY00 General Fund estimates are within a hair of each other. Overall, for FY00, DOM projects tax receipts to grow 3.4%.

Cynthia asked Dennis Prouty to comment on LFB's estimates. Dennis said they looked at 2000 & 2001. Other than some internal tinkering, prior to the refunds which would include total receipts plus lottery, they did not change from the original estimate. Dennis did not see any reason to change the estimate at this time.

Cynthia asked David Underwood if saw any reason to change the estimate at this time. David questioned whether or not sales and use tax is going to strengthen enough to rise to that level. Following discussion of how DOM positions were different than LFB., motion made by Dennis to adopt LFB's estimates for FY 2000, seconded by David. Motion carried.

Cynthia turned their attention to FY00 refunds. DOM and LFB both project FY00 refunds at \$507.2 million. Following discussion, David made motion, seconded by Dennis to adopt the refund estimates. Motion carried.

Cynthia asked for comments on the FY00 lottery proceeds and the FY00 proceeds to the rebuild Iowa infrastructure fund. Dennis shared that it's probably one of the biggest changes, percentage wise, of what we did last December and the receipts continue to be very strong in that area. David made motion, seconded by Dennis to adopt \$120.1 million estimates for FY00 lottery proceeds and the FY00 proceeds to the rebuild Iowa infrastructure fund. Motion carried.

Looking at FY01, Cynthia stated that DOM and LFB estimates are also very similar with the exception of sales and use tax and perhaps insurance premium tax. Cindy said she was pretty ambivalent about insurance premium tax, but still a little uncomfortable with the sales and use tax numbers. Overall, DOM estimates FY01 receipts growth of 4.5%. David made motion, seconded by Dennis to use FY01 estimates by LFB. Motion carried.

Following discussion, motion was made by Dennis, seconded by David to approve FY01 refunds at \$532.5 million. Motion carried.

Cynthia asked for discussion on FY01 lottery proceeds and proceeds to the rebuild Iowa infrastructure fund. Following discussion, David made motion, seconded by Dennis to adopt the lottery proceeds and proceeds to the rebuild Iowa infrastructure fund FY01. Motion carried.

With no further business to bring before the Council, the meeting was adjourned.