Members present: Dennis Prouty, David Underwood, Holmes Foster.

Dennis Prouty called the Revenue Estimating Conference to order at 3:00 p.m. with all members present.

Dennis asked for a motion to approve the minutes of the December 6, 2002 REC Meeting. Motion made by Holmes Foster, seconded by David Underwood to approve minutes as printed. Motion carried.

**FY2003 General Fund Estimates, Lottery and Other Transfers, Accruals, Refunds, and Gambling Revenues Transferred to Other Funds**

Referring to the REC spreadsheet, Dennis noted that both LFB and DOM were very close to what was decided in December. Some items had been adjusted but did not affect the totals. Withholding is better than anticipated in December and pay returns and estimates are going the other way. On a positive note, Dennis stated sales tax is up slightly. Corporate tax is also slightly higher. These increases were not strong enough to warrant raising the FY03 estimates from the December REC meeting. Estimates for FY04 will be increased by approximately $3M.

Holmes agreed that the slight increase should not change current estimates for FY03 and made motion to accept LFB's estimates for FY2003. David seconded motion.

David also agreed that everything is flat throughout the economy. Iowans are working and evidently making a little more money. There aren't more Iowans working; they are just paying a little more withholdings. That's certainly been a surprise that the resiliency of Iowa's unemployment base is as strong as it is given the way the economy is. That's been a positive note.

Dennis added that the biggest question now concerns refunds. They are coming in, but there are so many unknowns in that area making it difficult to estimate.

Following discussion, motion carried.

**FY2004 General Fund Estimates, Lottery and Other Transfers, Accruals, Refunds, and Gambling Revenues Transferred to Other Funds**

Dennis stated that FY2004 is a continuation of what had been decided in December with the adjustments. Percentage wise for personal income tax, LFB is slighting higher than DOM. The same holds true with all the amounts. LFB adjusted where they felt the change should be.
David questioned the continued growth of insurance premium tax and asked if the change that was made to reduce the insurance premium tax would be expected to continue to grow at that level for the next couple of years?

Dennis responded saying the $10M special legislation that took place last year has been taken out of the figures for the actual receipts for this year. In comparison with last year, we're $10M ahead.

Holmes made motion, seconded by David to accept LFB's estimates for FY2004. Motion carried.

Dennis reported that no changes were made in Gambling Revenues. The lawsuit is still out and negotiations going on. If the Court should rule against the state, $102M plus interest would have to be paid. No adjustments have been made for this since REC works only with current law.

Dennis asked for a motion for FY03 and FY04 Gambling Revenues of $121.3M. David moved to accept, Holmes seconded. Motion carried.

Motion made by Holmes, seconded by David to accept the $4.6M estimate for Wine Receipts. Motion carried.

Other Business

With no further business, the REC meeting was adjourned.