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

Dennis Prouty called the Revenue Estimating Conference to order at 9:00 a.m. with all members present.

Dennis Prouty gave a summary of the agenda items, which included reviewing FY02 actual and FY03 estimates.

Dennis asked for a motion to approve the minutes of the May 7, 2002 REC Meeting. Motion made by David Underwood, seconded by Holmes Foster to approve minutes as printed. Motion carried.

**FY2003 General Fund Receipts**

Dennis stated that the business for this meeting was to re-evaluate FY03 in light of what FY02 has come in. The spreadsheet shows where LFB and DOM have come in. Dennis pointed out that since the May 7 REC meeting, Legislative changes adding a net total of $57.1M to FY03 General Fund receipts have become law. That has been incorporated, so the difference from the FY03 estimate moves up by that total which is enacted by law and has nothing to do with the outlook of the economy.

These estimates do not take into account the Iraq conflict. If that escalates, the FY03 estimates will need to be re-evaluated for any necessary changes.

David Underwood said there is not much optimism out there in the business community as far as improvement in profitability this year. The average number of people employed has dropped from 1490.5 to 1479.2 since June of last year. There has been a significant decline on personal income tax receipts over the last four years. David felt we still have Federal law changes impacting Iowa receipts.

Following further discussion, David made motion, seconded by Holmes to add $10M to DOM's Personal Income Tax estimate for FY03 and add $7M to DOM's corporate Income Tax estimate for FY03 bringing Total Tax & Other Receipts to a total of $5,008.1M at 0% growth. Motion carried.

**FY2003 Lottery and Other Transfers**

David made motion, seconded by Holmes to accept LFB's estimate of $127.4M. Motion carried.
**FY2003 Accruals**
David made motion, seconded by Holmes to accept DOM's estimate of $5.5M. Motion carried.

**FY2003 Refunds**
Holmes made motion, seconded by David to accept LFB's estimate of $-622.0M. Motion carried.

**FY2003 Gambling Revenues Transferred to Other Funds**
Dennis Prouty stated that the gambling estimates dropped due to the pending court case on the tracks which has been sent to the lower court for a refund resolution.

Holmes made motion, seconded by David to accept DOM's estimate of $121.3M. Motion carried.

**Other Business**
Dennis shared that a presentation had been made to the Oversight Standing Committee regarding concerns on estimates. Other discussion involved various suggestions and options around revenue estimating.

With no further business, Holmes made motion to arise, seconded by David. Motion carried.