

# **Revenue Estimating Conference Minutes October 9, 2007**

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Members present: Dennis Prouty, Chair; Charles Krogmeier; David Underwood

Mr. Prouty called the Revenue Estimating Conference to order at 2:40 p.m.

## **Approval of Minutes of April 6, 2007 Meeting**

Motion made by Mr. Underwood, seconded by Mr. Krogmeier to approve the minutes of the April 6, 2007 meeting as printed. Motion carried.

## **Review Fiscal Year 2008 General Fund Estimates, Lottery and Other Transfers, Accruals, Refunds, and Gambling Revenues Transferred to Other Funds**

Mr. Prouty stated that the order of business would be to review the FY08 and FY09 estimates. He asked Mr. Krogmeier to share his perspective on the Governor's Appointee's estimate.

Mr. Krogmeier shared that the current revenue numbers on the website are healthier than anyone expected. Referring to the spreadsheet, he noted that both estimates were close and were projecting an increase in terms of personal income tax growth. He felt LSA estimates were more optimistic on personal income growth than the Governor's Appointee estimates. A downturn has been expected since it's been seen at the National level, but it doesn't seem to be reflected in the personal income numbers in Iowa at this point. Mr. Krogmeier also noted that LSA estimates showed \$10M less on insurance premium tax than the Governor's Appointee estimates.

Mr. Underwood shared his concerns regarding individual income tax and the estimates in the final returns. He recently received data from the IRS for 2006 filing year showing wages and salaries increased 5.5%. There is some outturn in employment according to the Iowa Workforce Development as far as the number of employees, but nothing significant. He added that Iowa has been on an upward climb for the last three years, and now it has just started to fall from the peak that it was on in 2006. Mr. Underwood stated that you have to go back to about 1988 or 1989 to see Capital Gains at the levels that Iowans reported last year and he doesn't see a huge increase in that again.

Mr. Krogmeier made motion, seconded by Mr. Underwood to accept the Governor's Appointee FY08 estimate of \$5,934.8M. Motion carried.

With LSA and Governor's Appointee FY08 Estimated Gambling Revenue Deposited to Other Funds being the same, Mr. Underwood made motion, seconded by Mr. Krogmeier to accept the estimates for FY08 of \$213.5M. Motion carried.

## **Estimate Fiscal Year 2009 General Fund Estimates, Lottery and Other Transfers, Accruals, Refunds, and Revenues Transferred to Other Funds.**

Mr. Krogmeier explained the significant differences in FY09 estimates, in terms of the percentage of growth rate, as Governor's Appointee estimates being more optimistic on sales tax income and less optimistic on the personal income tax.

Mr. Underwood, noting sales tax increased 1.5%, was not sure where that point of growth would come from – particularly with the impact of the internet. He didn't feel comfortable that the streamline sales tax would generate a lot of makeup revenue in that area.

Mr. Krogmeier explained that the Department of Revenue is projecting that streamline sales tax is picking up as more and more states participate.

Mr. Prouty shared that LSA estimates were close to the Governor's Appointee estimate totals, but differed on personal income tax and sales tax.

Mr. Underwood made motion, seconded by Mr. Krogmeier to accept the Governor's Appointee FY09 estimates substituting a 5% growth for personal income tax and a 1.8% growth sales tax, without changing the total amount. This reflects a 2.6% overall rate of growth and \$6,091M for the total. Motion carried.

With LSA and Governor's Appointee FY09 Estimated Gambling Revenue Deposited to Other Funds being the same, Mr. Underwood made motion, seconded by Mr. Krogmeier to accept the estimates for FY08 of \$216.3M. Motion carried.

#### **Other Business**

Next meeting scheduled for December 11, 2007.

Mr. Underwood extended his appreciation to the Department of Revenue staff for again putting additional information together. They keep digging deep all the time finding more information that proves very helpful.

With no further business, Mr. Krogmeier made motion, seconded by Mr. Underwood to adjourn. Motion carried.

Respectfully submitted

A handwritten signature in cursive script, reading "Marcia E. Murrow".

Marcia E. Murrow  
Secretary  
Department of Management