

Revenue Estimating Conference Minutes October 16, 2006

Members present: Dennis Prouty, Mike Ralston, David Underwood

Mr. Prouty called the Revenue Estimating Conference to order at 1:00 p.m.

Approval of Minutes of March 24, 2006 Meeting

Motion made by Mr. Ralston, seconded by Mr. Underwood to approve the Minutes of the March 24, 2006 meeting as printed. Motion carried.

Review Fiscal Year 2007 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 FY07 estimates and look at FY08 estimates. He shared that FY06 gross tax receipts were up 3.8% over 2005 for the year. REC will meet again in early December for the purpose of setting the amount for FY2008 for the Governor and the Legislature to use in their budgeting process.

Referring to the REC spreadsheet, Mr. Prouty noted that the Legislative Service Agency (LSA) estimates and the Governor's Appointee estimates were very close.

Mr. Underwood felt the major issues revolve around personal income tax and whether that's going to grow significantly this next year versus the earlier estimates. Receipts have been good and the economy is staying fairly strong. He felt the estimates were aggressive but reachable. He noted that the real difference is with the net accruals. Mr. Underwood expressed his concern with tracking the impact of the withholding table changes

Mr. Lunde stated that would be reviewed prior to the December REC meeting.

Mr. Underwood shared that the wage increase will probably continue to be strong in Iowa due to the low unemployment rate. There are a few plant closings to look forward to, but there seem to be plenty of jobs for those who want to work.

Mr. Ralston agreed the wage growth would continue across the state. He added that with the evidence that's in, FY07 should be a strong year.

Motion made by Mr. Underwood, seconded by Mr. Ralston to accept the LSA estimate for FY07 Net General Fund Receipts of \$5,540.2M. Motion carried.

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

Mr. Prouty shared that from the LSA standpoint, FY08 is a continuation of FY07 with no rapid change indicated.

Mr. Ralston agreed and felt the evidence is strong that these are good estimates.

Mr. Underwood also agreed adding there is only ½ percent difference in the estimates. These figures, which will be used for budget preparation, will be reviewed and adjusted if necessary at the December REC meeting.

Mr. Underwood made motion, seconded by Mr. Ralston to accept the LSA estimates for FY08 Net General Fund Receipts of \$5,739.1M. Motion carried.

Mr. Underwood made motion, seconded by Mr. Ralston to accept the FY07 Estimated Gambling Revenue Deposited to Other Funds of \$207.6M and the FY08 Gambling estimates of \$210.4M. Motion carried.

Other Business

With no further business, Mr. Underwood made motion, seconded by Mr. Ralston to arise.

Respectfully submitted

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

Marcia E. Murrow
Secretary
Department of Management