

Revenue Estimating Conference Minutes December 11, 2007

Members present: Dennis Prouty, Chair; Charles Krogmeier; David Underwood (via conference call)

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

Approval of Minutes of October 9, 2007 Meeting

Motion made by Mr. Underwood, seconded by Mr. Krogmeier to approve the minutes of the October 9, 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

As an overview, Mr. Prouty shared that the Governor and the General Assembly use the estimates from this meeting for the next budgeting session which starts in January. Estimates for FY 2008 and FY 2009 will be reviewed at this meeting for any needed adjustments.

Mr. Krogmeier shared that the numbers reviewed by respective agencies and economists indicate the downturn we long expected still isn't here. Iowa appears to be an exception with national trends with some states still struggling with deficits. Both estimates presented at this meeting show some increases. The Governor's Appointee estimate shows personal income going up 6.7% with Legislative Service Agency's estimate showing an 8.1% increase in personal income and less of an increase in other areas. Both estimates show things are positive now, tapering off next year.

Mr. Underwood noted the biggest difference in the two estimates was with the personal income. Capital gains took the reported income up to unprecedented high levels last year. He didn't feel we would be seeing that kind of an increase again. Mr. Underwood was not comfortable with the estimate showing an 8.1% increase. He stated that interest rates took some jumps in 2005 and 2006 which resulted in an extra \$400 million reported income by Iowans on interest alone last year. Dividends and farm income also were up last year, but he didn't feel they would climb at that rate again this year.

Mr. Prouty felt record farm prices would be seen this year.

Motion made by Mr. Underwood, seconded by Mr. Krogmeier to accept the Governor's Appointee estimates for Net Receipts of \$5,983.4M for FY 2008. Motion carried.

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

With the two estimates only 1% different, Mr. Krogmeier made a motion, seconded by Mr. Underwood to accept the Governor's Appointee estimates for Net Receipts of \$6,140M for FY 2009. Motion carried.

With LSA and Governor's Appointee estimated Gambling Revenue Deposited to Other Funds being the same, Mr. Krogmeier made a motion, seconded by Mr. Underwood to accept the estimate for FY 2008 of \$218.6M and the estimate for FY 2009 of \$221.4M. Motion carried.

With no further business Mr. Krogmeier moved, seconded by Mr. Underwood to arise. Meeting adjourned.

Respectfully submitted

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

Marcia E. Murrow
Secretary
Department of Management