

Revenue Estimating Conference Minutes

December 15, 2011

Members Present: Dave Roederer, Holly Lyons, David Underwood

Mr. Roederer called the Revenue Estimating Conference to order at 10:00 a.m.

Review Fiscal Year 2012 General Fund Estimates, Lottery and Other Transfers, Accruals and Refunds

Ms. Lyons began by stating the estimates have changed little since October. The national and international economic situations are influencing the state economic situation. At the national level, the Congressional Super-committee hasn't yet reached a decision; more workers have been added, but they are getting fewer hours in the second quarter. However, we saw a 5-6% growth in the Iowa Tax Revenue and therefore a small positive change in revenue estimates for 2012 and 2013 by the Legislative Service Agency (LSA).

Mr. Underwood stated that there has been a softening in the world economy, and a strengthening in the dollar. The potential for reduced revenue in exports affects the agricultural and manufacturing economies. Mr. Underwood stated he is more pessimistic of the 2012 revenues than he was in October.

Mr. Roederer stated that the national and international connection is creating the most uncertainty. Europe is up and down and because of that, and the uncertainty in Washington, businesses and industry are put in an uneasy position. Moody's states business and industry do everything they can to try to bring costs down to the lowest level they can, then start expansion through investments and hiring. However, the investments and hiring will not happen until the uncertainty in the economy is lessened at both the national and international level. Profit sheets are healthy throughout the United States, but we don't know what may happen in Washington on taxation. Currently, agriculture is still strong and will continue to be strong. Revenue and Sales Tax Revenues are seeing a strengthening, unemployment claims are still down and employment is up, but employment is still not where it needs to be. Individual housing is still an issue. Building permits are up, but they are mostly for rental units.

Mr. Underwood stated that for FY'12, the difference between LSA and DOM is \$30.4 million. On the detailed numbers, everyone is pretty close. Net refunds versus gross receipts, the only real difference is the Governor's numbers show a little more optimism on the level of refunds. The numbers from the Department of Revenue are closer to the Legislative Service Agency's numbers. Mr. Underwood made a motion to accept the numbers for FY'12 from LSA with an adjustment to decrease LSA's numbers in the Corporate Refunds by \$15 million, which would increase net receipts by that amount. Ms. Lyons agreed, and stated that the flexibility of corporations makes estimating refunds difficult. The motion was seconded by Ms. Lyons.

Motion carried unanimously. FY'12 Net General Fund revenues are set at \$6,000.3 million or a 1.7% increase from FY'11 actual.

Estimate Fiscal Year 2013 General Fund Estimates, Lottery and Other Transfers, Accruals and Refunds

Mr. Underwood stated the net difference is \$48 million and made a motion to accept LSA's numbers with an adjustment in Corporate Refunds by \$24 million, which would increase net receipts by this amount. Seconded by Ms. Lyons. Motion carried unanimously. FY'13 Net General Fund revenues are set at \$6,251.6 million or 4.2% increase from estimated FY'12 revenues.

Estimate Fiscal Year 2012 and Fiscal Year 2013 gambling revenues Transferred To Other Funds

Motion made by Mr. Underwood and seconded by Ms. Lyons to accept the FY'12 and FY'13 numbers since both LSA and DOM have the same estimates. Motion carried unanimously. FY'12 gambling revenues are set at \$219.2 million and FY'13 gambling revenues are set at \$222.2 million

Other Business

With no further business, the meeting was adjourned. Respectfully submitted,

A handwritten signature in black ink, appearing to read "Tammy Winters", written in a cursive style.

Tammy Winters
Executive Secretary
Department of Management