

# FISCAL UPDATE Article

Fiscal Services Division

April 10, 2020



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## UPDATE ON THE REBUILD IOWA INFRASTRUCTURE FUND

The State has collected \$215.5 million in wagering taxes through March 31, 2020. The State collected \$302.3 million in FY 2019. Pursuant to Iowa Code section [8.57](#), the funding is distributed as follows:

Revenue Bonds Debt Service Fund	\$55.0 million
Vision Iowa Fund	\$15.0 million
Skilled Worker and Job Creation Fund	\$63.75 million
General Fund	\$2.25 million
Federal Subsidy Holdback	\$3.75 million
Rebuild Iowa Infrastructure Fund (RIIF)	Remaining revenue

As of April 7, 2020, the first five recipients have received sufficient funding to meet Iowa Code requirements. However, the Rebuild Iowa Infrastructure Fund (RIIF) has only received \$68.7 million. The table below shows deposits in the RIIF by accrual month.

Due to the COVID-19 pandemic, casinos were ordered closed on March 17, 2020. This order has been extended through April 30, 2020. Under the current order, closing casinos will result in revenue that is \$32.1 million less than FY 2019 at the end of April. If the closure order is extended further, revenue reductions compared to FY 2019 will increase.

### Wagering Tax Distributions

	FY 2019 Distributions			FY 2020 Distributions			Difference
	All Other Distributions	RIIF Distribution	Total	All Other Distributions	RIIF Distribution	Total	
July	\$ 12,245,827	\$ -	\$12,245,827	\$ 11,707,375	\$ -	\$11,707,375	\$ -538,452
August	28,584,579	-	28,584,579	28,718,242	-	28,718,242	133,663
September	24,864,612	86,292	24,950,904	24,648,560	83,312	24,731,872	-219,032
October	23,302,796	110,013	23,412,808	29,189,003	137,729	29,326,732	5,913,923
November	28,363,394	133,947	28,497,341	19,678,876	92,881	19,771,756	-8,725,585
December	21,802,654	102,889	21,905,544	26,131,276	123,323	26,254,599	4,349,055
January	6,152,907	20,245,042	26,397,949	5,365,875	24,695,885	30,061,760	3,663,811
February	710,585	22,454,065	23,164,650	781,851	24,280,421	25,062,273	1,897,623
March	829,995	25,792,460	26,622,455	618,256	19,278,130	19,896,386	-6,726,069
April	799,627	24,592,709	25,392,336	-	-	-	-25,392,336
May	990,776	30,538,007	31,528,783	-	-	-	-31,528,783
June	716,243	22,556,570	23,272,814	-	-	-	-23,272,814
July (Accrual)	210,936	6,090,193	6,301,129	-	-	-	-6,301,129
Grand Total	\$149,574,933	\$152,702,187	\$302,277,120	\$146,839,313	\$68,691,680	\$215,530,994	\$-86,746,127

The table below compares FY 2019 revenues, the State's original revenue estimates for FY 2020, the State's current revenues, and estimated FY 2020 revenues if the State does not receive more wagering taxes. Current revenues are approximately \$84.1 million below the most recent estimate made by the Revenue Estimating Conference. Should casinos open in May, the revenue outlook would improve, but the public may not immediately return to casinos. For the last three years, revenues deposited during the remaining period have averaged \$83.9 million. By month, revenues have averaged \$26.6 million in April, \$25.8 million in May, \$26.6 million in June, and \$4.8 million in the accrual period after the end of the fiscal year.

### Rebuild Iowa Infrastructure Fund Revenues

	FY 2019	FY 2020 (orig)	FY 2020 (YTD)	FY 2020 (est)
Beginning Balance	\$ 10,882,658	\$ 10,921,715	\$ 10,921,715	\$ 10,921,715
Casino Wagering Tax Revenues				
Wagering Tax and Fees	152,822,679	150,060,000	68,730,997	68,730,997
Revenue Bond Debt Service Fund Transfer	6,684,968	6,000,000	-	6,000,000
Federal Subsidy Holdback Fund Transfer	3,809,391	3,750,000	-	3,750,000
Total Casino Wagering Tax Revenues	163,317,038	159,810,000	68,730,997	78,480,997
Interest	15,728,014	16,000,000	10,325,152	13,000,000
MSA Tobacco Payments	10,900,749	10,790,405	1,657,195	10,790,405
MSA Tobacco Litigation Settlements	2,209,594	2,209,595	-	2,209,595
<b>Revenue Total</b>	<b>\$ 203,038,053</b>	<b>\$ 199,731,715</b>	<b>\$ 91,635,059</b>	<b>\$ 115,402,712</b>

With the exception of the allocations for the Skilled Worker and Job Creation and General Fund, the remainder of wagering tax distributions fund bond payments. Currently there is \$198.9 million in enacted RIIF appropriations (Environment First Fund and Technology Reinvestment Fund included) and another \$63.8 million in Skilled Worker and Job Creation Fund appropriations for FY 2020 that is funded primarily through wagering taxes. As currently allocated, wagering taxes will not be sufficient to fund currently enacted FY 2020 RIIF appropriations.

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