

FISCAL UPDATE Article

Fiscal Services Division

May 29, 2020



Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

REVENUE ESTIMATING CONFERENCE — MAY 2020

Revenue Estimate Summary. The Revenue Estimating Conference (REC) met on May 29, 2020, and decreased the estimated FY 2020 net General Fund receipts projection by \$149.5 million compared to the FY 2020 REC March estimate considering recent economic changes due to the COVID-19 pandemic. The REC decreased the FY 2021 estimate by \$360.1 million compared to the FY 2021 March estimate.

Fiscal Year 2020. The March REC estimate for FY 2020 net General Fund receipts, including transfers, totals \$7.941 billion, an increase of \$82.4 million (1.0%) compared to actual FY 2019. The estimated changes include a decrease of 6.7% in gross personal income tax, an increase of 3.4% in gross sales/use tax, and a decrease of 8.2% in gross corporate income tax receipts. The following table provides additional detail for the FY 2020 revenue projection.

FY 2020 Revenue Estimating Conference Projection

Dollars in Millions

	<u>Actual FY 2019</u>	<u>March FY 2020 Estimate</u>	<u>May FY 2020 Estimate</u>	<u>Change to March Estimate</u>	<u>Change Compared to FY 2019 Actual</u>	
Personal Income Tax	\$ 4,944.0	\$ 4,995.1	\$ 4,613.2	\$ -381.9	\$ -330.8	-6.7%
Sales/Use Tax	3,045.5	3,233.4	3,147.8	-85.6	102.3	3.4%
Corporate Tax	706.3	726.5	648.3	-78.2	-58.0	-8.2%
Other Taxes	321.3	306.6	328.7	22.1	7.4	2.3%
Total Taxes	<u>\$ 9,017.1</u>	<u>\$ 9,261.6</u>	<u>\$ 8,738.0</u>	<u>\$ -523.6</u>	<u>\$ -279.1</u>	<u>-3.1%</u>
Other Receipts	334.5	330.3	336.0	5.7	1.5	0.4%
Gross Tax and Receipts	<u>\$ 9,351.6</u>	<u>\$ 9,591.9</u>	<u>\$ 9,074.0</u>	<u>\$ -517.9</u>	<u>\$ -277.6</u>	<u>-3.0%</u>
Accruals (Net)	19.2	16.8	361.1	344.3	341.9	
Refund (Accrual Basis)	-1,131.9	-1,093.0	-1,085.5	7.5	46.4	-4.1%
School Infrast. Refunds (Accrual)	-503.1	-534.0	-511.4	22.6	-8.3	1.6%
Total Net Receipts	<u>\$ 7,735.8</u>	<u>\$ 7,981.7</u>	<u>\$ 7,838.2</u>	<u>\$ -143.5</u>	<u>\$ 102.4</u>	<u>1.3%</u>
Transfers (Accrual Basis)	\$ 123.0	\$ 109.0	\$ 103.0	\$ -6.0	\$ -20.0	-16.3%
Net Receipts Plus Transfers	<u>\$ 7,858.8</u>	<u>\$ 8,090.7</u>	<u>\$ 7,941.2</u>	<u>\$ -149.5</u>	<u>\$ 82.4</u>	<u>1.0%</u>

Fiscal Year 2021. The estimate for FY 2021 net General Fund receipts, including transfers, totals \$7.877 billion, a decrease of \$64.6 million (-0.8%) compared to the FY 2020 estimate. The estimated changes by category are askew due to the delay of payments in FY 2020 and the fiscal year accrual adjustment. The following table provides additional detail for the FY 2021 revenue projection.

FY 2021 Revenue Estimating Conference Projection

Dollars in Millions

	Actual FY 2019	May FY 2020 Estimate	May FY 2021 Estimate	Change Compared to FY 2020 Estimate	
Personal Income Tax	\$ 4,944.0	\$ 4,613.2	\$ 5,141.4	\$ 528.2	11.4%
Sales/Use Tax	3,045.5	3,147.8	3,174.6	26.8	0.9%
Corporate Tax	706.3	648.3	748.4	100.1	15.4%
Other Taxes	321.3	328.7	345.9	17.2	5.2%
Total Taxes	\$ 9,017.1	\$ 8,738.0	\$ 9,410.3	\$ 672.3	7.7%
Other Receipts	334.5	336.0	336.0	0.0	0.0%
Gross Tax and Receipts	\$ 9,351.6	\$ 9,074.0	\$ 9,746.3	\$ 672.3	7.4%
Accruals (Net)	19.2	361.1	-350.9	-712.0	
Refund (Accrual Basis)	-1,131.9	-1,085.5	-1,104.0	-18.5	1.7%
School Infrast. Refunds (Accrual)	-503.1	-511.4	-519.8	-8.4	1.6%
Total Net Receipts	\$ 7,735.8	\$ 7,838.2	\$ 7,771.6	\$ -66.6	-0.8%
Transfers (Accrual Basis)	\$ 123.0	\$ 103.0	\$ 105.0	\$ 2.0	1.9%
Net Receipts Plus Transfers	\$ 7,858.8	\$ 7,941.2	\$ 7,876.6	\$ -64.6	-0.8%

Next Meeting. The next REC meeting has not been scheduled. A detailed [spreadsheet](#) of the REC estimates is available on the Legislative Services Agency (LSA) website.

LSA Staff Contact: Jeff W. Robinson (515.281.4614) jeff.robinson@legis.iowa.gov
 Kent Ohms (515.725.2200) kenneth.ohms@legis.iowa.gov

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