



**REVENUE ESTIMATING CONFERENCE – MARCH MEETING**

**Revenue Estimate Summary.** The Revenue Estimating Conference (REC) met on March 16, 2016, and took the following action:

<b>March Adjustments</b>		
Dollars in Millions		
	<u>FY 2016</u>	<u>FY 2017</u>
December 10, 2015 REC	\$7,045.6	\$7,327.4
December 18, 2015 Federal Law Change	1.9	76.4
Revenue Estimate Prior to March REC	\$7,047.5	\$7,403.8
March 16, 2016 Adjustment	-1.9	-46.4
March 16, 2016 REC Revenue Estimate	\$7,045.6	\$7,357.4

**December Estimate Adjustment.** On December 18, 2015, federal legislation was enacted that permanently extended provisions that reduce federal income and corporate taxes. Iowa allows personal income tax filers to deduct 100.0% of federal income tax paid from Iowa taxable income. For corporate tax filers, the deduction is 50.0%. Iowa federal deductibility impacts are automatic and do not require state legislation. As a result, when federal income taxes are decreased, Iowa income taxes increase. The revenue adjustments were positive, adding \$1.9 million to FY 2016 and \$76.4 million to FY 2017.

The March REC estimates incorporate revenue changes enacted since the December 10, 2015, meeting. The December projections were lowered by \$1.9 million for FY 2016 and \$46.4 million for FY 2017.

**Fiscal Year 2016.** The March REC estimate for FY 2016 net General Fund receipts, including transfers, totals \$7,045.6 million, an increase of \$225.9 million compared to actual FY 2015. The estimated FY 2016 changes compared to FY 2015 include:

- An increase of \$285.0 million (6.8%) in gross income tax receipts.
- An increase of \$54.7 million (2.0%) in gross sales/use tax receipts.
- A decrease of \$60.0 million (-10.4%) in gross corporate tax receipts.

The following chart provides additional detail for the FY 2016 revenue projection.

<b>FY 2016 Revenue Estimating Conference Projection</b>						
Dollars in Millions						
	<b>Actual</b>	<b>December</b>	<b>March</b>	<b>Increase</b>	<b>Increase</b>	<b>Percentage</b>
	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2016</b>	<b>(Decrease)</b>	<b>(Decrease)</b>	<b>Change</b>
		<b>Estimate</b>	<b>Estimate</b>	<b>to December</b>	<b>to Actual</b>	<b>to Actual</b>
				<b>Estimate</b>	<b>FY 2015</b>	<b>FY 2015</b>
Income Tax	\$4,207.3	\$4,502.1	\$4,492.3	\$-9.8	\$285.0	6.8%
Sales/Use Tax	2,753.0	2,838.8	2,807.7	-31.1	54.7	2.0%
Corporate Tax	576.3	500.0	516.3	16.3	-60.0	-10.4%
Insurance Tax	109.6	103.0	108.1	5.1	-1.5	-1.4%
Other Taxes	149.8	158.1	161.0	2.9	11.2	7.5%
<b>Total Taxes</b>	<b>\$7,796.0</b>	<b>\$8,102.0</b>	<b>\$8,085.4</b>	<b>\$-16.6</b>	<b>\$289.4</b>	<b>3.7%</b>
Other Receipts	294.9	291.7	293.0	1.3	-1.9	-0.6%
<b>Gross Tax &amp; Other Receipts</b>	<b>\$8,090.9</b>	<b>\$8,393.7</b>	<b>\$8,378.4</b>	<b>\$-15.3</b>	<b>\$287.5</b>	<b>3.6%</b>
Accruals (Net)	19.6	17.7	16.0	-1.7	-3.6	-18.4%
Refund (Accrual Basis)	-967.9	-1,002.0	-995.2	6.8	-27.3	2.8%
Schl. Infr. Refunds (Accrual)	-450.5	-460.2	-460.0	0.2	-9.5	2.1%
<b>Total Net Receipts</b>	<b>\$6,692.1</b>	<b>\$6,949.2</b>	<b>\$6,939.2</b>	<b>\$-10.0</b>	<b>\$247.1</b>	<b>3.7%</b>
Transfers (Accrual Basis)	127.6	96.4	106.4	10.0	-21.2	-16.6%
<b>Net Receipts Plus Transfers</b>	<b>\$6,819.7</b>	<b>\$7,045.6</b>	<b>\$7,045.6</b>	<b>\$0.0</b>	<b>\$225.9</b>	<b>3.3%</b>

**Fiscal Year 2017.** The March REC estimate for FY 2017 net General Fund receipts, including transfers, totals \$7,357.4 million, an increase of \$311.8 million compared to the revised FY 2016 estimate. The estimated changes include an increase of 5.6% in gross income tax, 1.5% in gross sales/use tax, and an increase of 3.0% in gross corporate tax receipts.

The following chart provides additional detail for the FY 2017 revenue projection.

<b>FY 2017 Revenue Estimating Conference Projection</b>						
Dollars in Millions						
	<b>Estimate</b>	<b>December</b>	<b>March</b>	<b>Increase</b>	<b>Increase</b>	<b>Percentage</b>
	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2017</b>	<b>(Decrease)</b>	<b>(Decrease)</b>	<b>Change</b>
		<b>Estimate</b>	<b>Estimate</b>	<b>to December</b>	<b>to Estimated</b>	<b>to Estimated</b>
				<b>Estimate</b>	<b>FY 2016</b>	<b>FY 2016</b>
Income Tax	\$4,492.3	\$4,707.7	\$4,742.4	\$34.7	\$250.1	5.6%
Sales/Use Tax	2,807.7	2,914.5	2,849.8	-64.7	42.1	1.5%
Corporate Tax	516.3	495.0	531.8	36.8	15.5	3.0%
Insurance Tax	108.1	105.9	106.7	0.8	-1.4	-1.3%
Other Taxes	161.0	165.5	166.0	0.5	5.0	3.1%
<b>Total Taxes</b>	<b>\$8,085.4</b>	<b>\$8,388.6</b>	<b>\$8,396.7</b>	<b>\$8.1</b>	<b>\$311.3</b>	<b>3.9%</b>
Other Receipts	293.0	294.2	294.8	0.6	1.8	0.6%
<b>Gross Tax &amp; Other Receipts</b>	<b>\$8,378.4</b>	<b>\$8,682.8</b>	<b>\$8,691.5</b>	<b>\$8.7</b>	<b>\$313.1</b>	<b>3.7%</b>
Accruals (Net)	16.0	29.6	24.7	-4.9	8.7	54.4%
Refund (Accrual Basis)	-995.2	-1,011.0	-985.0	26.0	10.2	-1.0%
Schl. Infr. Refunds (Accrual)	-460.0	-470.2	-470.0	0.2	-10.0	2.2%
<b>Total Net Receipts</b>	<b>\$6,939.2</b>	<b>\$7,231.2</b>	<b>\$7,261.2</b>	<b>\$30.0</b>	<b>\$322.0</b>	<b>4.6%</b>
Transfers (Accrual Basis)	106.4	96.2	96.2	0.0	-10.2	-9.6%
<b>Net Receipts Plus Transfers</b>	<b>\$7,045.6</b>	<b>\$7,327.4</b>	<b>\$7,357.4</b>	<b>\$30.0</b>	<b>\$311.8</b>	<b>4.4%</b>

**Fiscal Year 2018.** The REC also established an estimate of \$7,659.1 million General Fund receipts for FY 2018. This is an increase of \$301.7 million (4.1%) compared to the revised FY 2017 estimate.

**Next Meeting.** The next REC meeting has not been scheduled but will likely occur in October 2016. A detailed [spreadsheet](#) of the REC estimates is available on the Legislative Services Agency (LSA) website.

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