

FISCAL UPDATE Article

Fiscal Services Division

March 9, 2018



Ground Floor, State Capitol Building

Des Moines, Iowa 50319

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REVENUE ESTIMATING CONFERENCE — MARCH 2018

Revenue Estimate. The Revenue Estimating Conference (REC) met on March 9, 2018, and increased the estimated FY 2018 General Fund receipts by \$33.3 million (0.5%) compared to the December estimate. Compared to the General Fund balance sheet, this is an increase of \$4.9 million, which takes into account federal tax policy changes made in the federal [Tax Cuts and Jobs Act](#) and the federal [Bipartisan Budget Act of 2018](#).

Fiscal Year 2018. The March REC estimate for FY 2018 net General Fund receipts, including transfers, totals \$7.271 billion, an increase of \$30.8 million (0.4%) compared to actual FY 2017. The estimated changes include increases of 6.0% in gross income tax, 4.5% in gross sales/use tax, and 2.7% in gross corporate tax receipts. The following table provides additional detail for the FY 2018 revenue projection.

FY 2018 Revenue Estimating Conference Projection						
Dollars in Millions						
	Actual FY 2017	December FY 2018 Estimate	March FY 2018 Estimate	Change to December Estimate	Change to Actual FY 2017	Percentage Change to Actual FY 2017
Income Tax	\$4,469.0	\$4,655.7	\$4,737.0	\$81.3	\$268.0	6.0%
Sales/Use Tax	2,812.3	2,917.9	2,938.5	20.6	126.2	4.5%
Corporate Tax	549.7	592.8	564.8	-28.0	15.1	2.7%
Insurance Tax	114.8	107.9	117.3	9.4	2.5	2.2%
Other Taxes	155.3	155.1	153.2	-1.9	-2.1	-1.4%
Total Taxes	\$8,101.1	\$8,429.4	\$8,510.8	\$81.4	\$409.7	5.1%
Other Receipts	310.1	293.6	308.7	15.1	-1.4	-0.5%
Gross Tax & Other Receipts	\$8,411.2	\$8,723.0	\$8,819.5	\$96.5	\$408.3	4.9%
Accruals (Net)	73.5	-13.3	-2.7	10.6	-76.2	-103.7%
Refund (Accrual Basis)	-1,059.8	-1,108.5	-1,177.4	-68.9	-117.6	11.1%
Schl. Infr. Refunds (Accrual)	-460.4	-473.0	-479.3	-6.3	-18.9	4.1%
Total Net Receipts	\$6,964.5	\$7,128.2	\$7,160.1	\$31.9	\$195.6	2.8%
Transfers (Accrual Basis)	275.5	109.3	110.7	1.4	-164.8	-59.8%
Net Receipts Plus Transfers	<u>\$7,240.0</u>	<u>\$7,237.5</u>	<u>\$7,270.8</u>	<u>\$33.3</u>	<u>\$30.8</u>	<u>0.4%</u>

Fiscal Year 2019. The REC established an estimate of \$7.734 billion for FY 2019. This is an increase of \$463.0 million (6.4%) compared to the FY 2018 estimate. Compared to the General Fund balance sheet, this is an increase of \$18.5 million, which takes into account the federal tax policy changes previously referenced. The estimated changes include increases of 5.2% in gross income tax, 3.4% in gross sales/use tax, and 14.9% in gross corporate tax receipts. The following table provides additional detail for the FY 2019 revenue projection.

FY 2019 Revenue Estimating Conference Projection						
Dollars in Millions						
	<u>Estimate FY 2018</u>	<u>December FY 2019 Estimate</u>	<u>March FY 2019 Estimate</u>	<u>Change to December Estimate</u>	<u>Change to Estimated FY 2018</u>	<u>Percentage Change to Estimated FY 2018</u>
Income Tax	\$4,737.0	\$4,865.9	\$4,985.4	\$119.5	\$248.4	5.2%
Sales/Use Tax	2,938.5	3,018.4	3,039.3	20.9	100.8	3.4%
Corporate Tax	564.8	599.4	649.0	49.6	84.2	14.9%
Insurance Tax	117.3	107.1	119.6	12.5	2.3	2.0%
Other Taxes	<u>153.2</u>	<u>158.5</u>	<u>151.9</u>	<u>-6.6</u>	<u>-1.3</u>	<u>-0.8%</u>
Total Taxes	\$8,510.8	\$8,749.3	\$8,945.2	\$195.9	\$434.4	5.1%
Other Receipts	308.7	294.6	301.6	7.0	-7.1	-2.3%
Gross Tax & Other Receipts	\$8,819.5	\$9,043.9	\$9,246.8	\$202.9	\$427.3	4.8%
Accruals (Net)	-2.7	8.6	28.9	20.3	31.6	-1170.4%
Refund (Accrual Basis)	-1,177.4	-1,143.1	-1,157.2	-14.1	20.2	-1.7%
Schl. Infrs. Refunds (Accrual)	-479.3	-493.7	-497.0	-3.3	-17.7	3.7%
Total Net Receipts	\$7,160.1	\$7,415.7	\$7,621.5	\$205.8	\$461.4	6.4%
Transfers (Accrual Basis)	110.7	111.3	112.3	1.0	1.6	1.4%
Net Receipts Plus Transfers	<u>\$7,270.8</u>	<u>\$7,527.0</u>	<u>\$7,733.8</u>	<u>\$206.8</u>	<u>\$463.0</u>	<u>6.4%</u>

Fiscal Year 2020. The REC also established an estimate of \$8.035 billion in General Fund receipts for FY 2020. This is an increase of \$301.6 million (3.9%) compared to the FY 2019 estimate.

Next Meeting. The next REC meeting has not been scheduled but will likely occur in October 2018. A detailed spreadsheet of the REC estimates is available on the Legislative Services Agency (LSA) [website](#).

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