



# Iowa General Assembly

## 2006 Committee Briefings

Legislative Services Agency – Legal Services Division

<http://www.legis.state.ia.us/asp/Committees/REC.aspx?id=156>

### REVENUE ESTIMATING CONFERENCE

**Meeting Dates:** [December 12, 2006](#) || [October 16, 2006](#)

**Purpose.** *This compilation of briefings on legislative interim committee meetings and other meetings and topics of interest to the Iowa General Assembly, written by the Legal Services Division staff of the nonpartisan Legislative Services Agency, describes committee activities or topics. The briefings were originally distributed in the Iowa Legislative Interim Calendar and Briefing. Official minutes, reports, and other detailed information concerning the committee or topic addressed by a briefing can be obtained from the committee's Internet page listed above, from the Iowa General Assembly's Internet page at <http://www.legis.state.ia.us>, or from the agency connected with the meeting or topic described.*

### REVENUE ESTIMATING CONFERENCE

December 12, 2006

**Chairperson:** Mr. Dennis Prouty

**Background.** The Revenue Estimating Conference (REC) is a statutorily created body consisting of the Director of the Legislative Services Agency (LSA) and the Governor, or their designees, and a third member agreed to by the other two. In addition to Mr. Dennis Prouty, the other members are Mr. Mike Ralston, Association of Business and Industry, and Mr. David Underwood of Mason City. The REC is required to provide an estimate of State General Fund revenues. In addition, an estimate must be provided for FY 2007-2008 by December 15, 2006. This estimate is required by statute to be used by the Governor in presenting his budget for FY 2007-2008 and by the General Assembly in its budget process, and is used as a basis for calculating the State General Fund Expenditure Limitation.

**FY 2006-2007.** The REC reviewed its previous estimate made October 16, 2006, for FY 2006-2007. After the discussion, specifically in regard to the change in the personal income tax which comprises more than half of State General Fund revenues, of the estimates submitted by LSA Fiscal Services Division and the Department of Management (DOM), it was unanimously agreed to adjust the previous estimate. The adjustment was to increase by about \$27.2 million the projection for net State General Fund receipts for FY 2006-2007. This adjustment results in total estimated net receipts of \$5,567.4 million, an increase of about \$184.9 million over the FY 2005-2006 amount or 3.4 percent.

**FY 2007-2008.** Again considering the estimates submitted by LSA and DOM, REC produced an estimate for FY 2007-2008, which exceeded its October 16, 2006, estimate by \$12.5 million. The resulting net State General Fund receipts estimate for FY 2007-2008 equals \$5,751.6 million or a 3.3 percent increase over its latest FY 2006-2007 estimate. This increase amounts to \$369.1 million more revenue for the next fiscal year.

Members commented about concerns that REC projections may be too low, suggesting that a conservative estimate provides a margin of safety in the budgeting process and that a later projected increase can be accommodated much more readily than a decrease.

**Gambling Revenues.** The REC agreed to estimated gambling revenues that would be deposited into other funds for FY 2006-2007 and FY 2007-2008 as \$210.4 million for both fiscal years.

LSA Monitor: John Pollak, Legal Services Division, (515) 281-3818

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### REVENUE ESTIMATING CONFERENCE

October 16, 2006

**Chairperson:** Mr. Dennis Prouty

**Background.** The Revenue Estimating Conference (REC) is a statutorily created body consisting of the Director of LSA

and the Governor, or their designees, and a third member agreed to by the other two. In addition to Mr. Prouty, the other members are Mr. Mike Ralston, Governor's designee, and Mr. David Underwood of Mason City. The REC is required to provide an estimate of State General Fund revenues. In addition, an estimate must be provided for FY 2007-2008 by December 15, 2006. This estimate is required by statute to be used by the Governor in presenting his budget for FY 2007-2008 and by the General Assembly in its budget process and is used as a basis for calculating the State General Fund Expenditure Limitation. For budgeting purposes, the next REC meeting will be held in early December 2006.

**FY 2006-2007.** The REC considered its previous estimate made March 24, 2006, for FY 2006-2007. After taking into consideration the estimate in comparison to the actual FY 2005-2006 revenues, REC then compared the new estimates submitted by LSA and the Department of Management (DOM). It was unanimously agreed to adjust the previous estimate to total \$5,540.2 million. This equals an increase of \$157.5 million over the FY 2005-2006 actual receipts. This is an estimated increase of 2.9 percent.

**FY 2007-2008.** Again considering the estimates submitted by LSA and DOM, REC produced its first estimate for FY 2007-2008 in relation to its approved FY 2006-2007 estimate. This estimate was agreed to at \$5,739.1 million, a 3.6 percent increase from its FY 2006-2007 estimate. This would amount to almost \$200 million more State General Fund Revenues.

**Gambling Revenues.** The REC agreed to estimated gambling revenues that would be deposited into other funds for FY 2006-2007 and FY 2007-2008 as \$207.6 million and \$210.4 million, respectively.

*LSA Monitor:* Mike Goedert, Legal Services, (515) 281-3922

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