

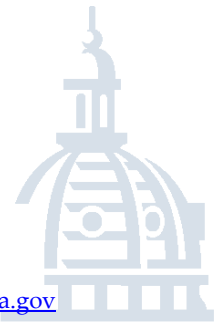


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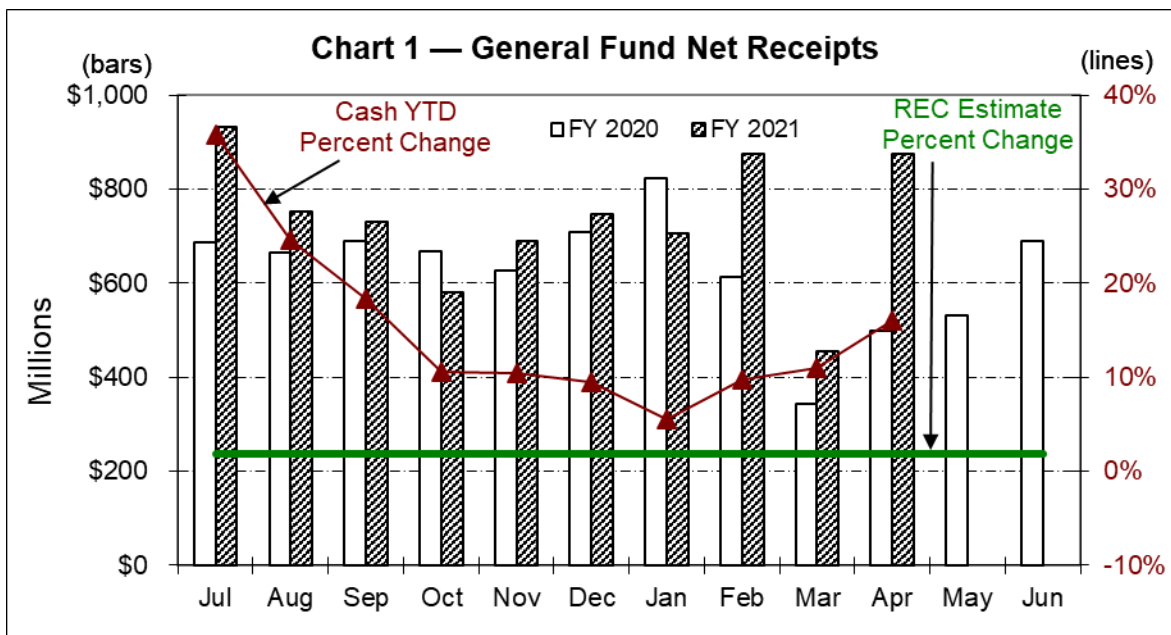
TO: Members of the Iowa Senate and  
Members of the Iowa House of Representatives

FROM: Lora Vargason and Jeff Robinson

DATE: May 3, 2021

**Monthly General Fund Revenue Receipts Through April 30, 2021**

The attached spreadsheet presents FY 2021 General Fund total net receipts with comparable figures for actual FY 2020. The figures can be compared to the FY 2021 estimate of \$7.958 billion set by the Revenue Estimating Conference (REC) on March 19, 2021. The FY 2021 estimate is an increase of \$142.0 million (1.8%) compared to FY 2020 actual receipts (excluding transfers). The next REC meeting has not been scheduled.



**Overview of Current Situation**

April 2021 net General Fund revenue was \$374.6 million (75.0%) above the April 2020 revenue level. Cash year-to-date receipts are \$1.018 billion (16.1%) higher than FY 2020. Major sources of revenue and their contributions to the FY 2021 year-to-date revenue change include:

- Personal income tax (positive \$463.0 million, 11.9%).
- Sales/use tax (positive \$213.6 million, 8.0%).
- Corporate tax (positive \$259.2 million, 49.0%).

- Other taxes (positive \$13.8 million, 5.8%).
- Other receipts (negative \$3.6 million, -1.3%).
- Tax refunds not including school infrastructure refunds (positive \$81.0 million).
- School infrastructure sales/use tax refunds (negative \$9.1 million).

### Fiscal Year Growth

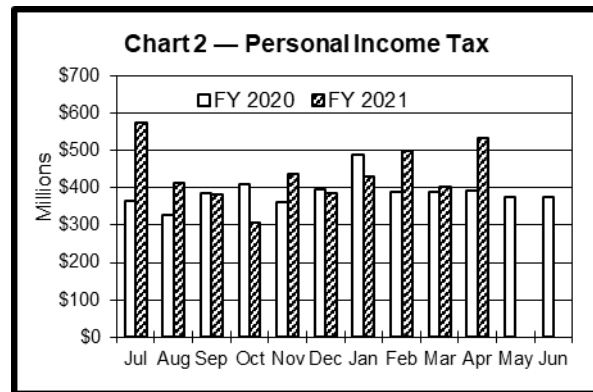
**Table 1** converts year-to-date receipts from a cash year basis to a fiscal year basis.

	FY 2020	FY 2021	\$ Difference	% Dif
Net Individual Income	\$ 2,916.5	\$ 3,241.4	\$ 324.9	11.1%
Net Sales/Use	1,991.8	2,201.5	209.7	10.5%
Net Corporate	386.7	597.2	210.5	54.4%
Net Franchise	43.0	29.3	-13.7	-31.9%
Net Inheritance	50.5	64.2	13.7	27.1%
Net Insurance & Other Taxes	103.0	105.6	2.6	2.5%
Other Revenue	250.8	251.9	1.1	0.4%
<b>Net Revenue</b>	<b>\$ 5,742.3</b>	<b>\$ 6,491.1</b>	<b>\$ 748.8</b>	<b>13.0%</b>

### Revenue Categories

**Personal Income Tax** receipts received in April 2021 totaled \$533.1 million, an increase of \$141.4 million (36.1%) compared to April 2020.

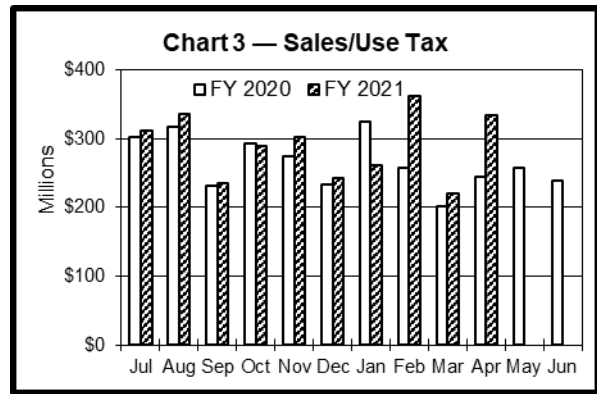
The FY 2021 REC personal income tax estimate of \$5.265 billion represents a projected increase of 13.2% compared to actual FY 2020. Through April 2021, personal income tax receipts increased 11.9%. By subcategory, withholding payments increased \$103.3 million, estimate payments increased \$55.7 million, and payments with returns increased \$304.0 million.



**Chart 2** compares FY 2020 and FY 2021 monthly personal income tax receipts. The large increases in July and August of FY 2021 can be attributed to the delayed tax year 2019 tax filing deadlines.

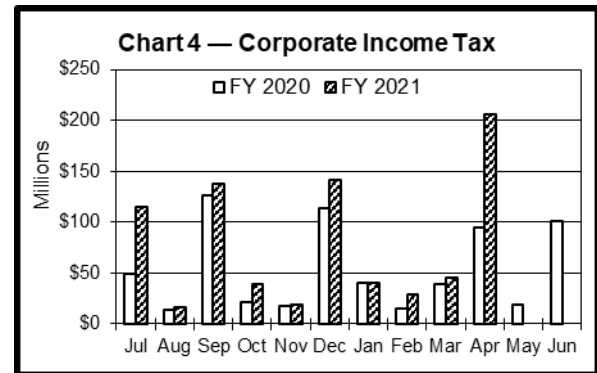
**Sales/Use Tax** receipts received in April 2021 totaled \$334.3 million, an increase of \$89.3 million (36.4%) compared to April 2020.

The REC estimate for FY 2021 sales/use tax receipts is \$3.293 billion, a projected increase of 3.7% compared to actual FY 2020. Through April 2021, sales/use tax receipts increased 8.0%. **Chart 3** compares FY 2020 and FY 2021 monthly sales/use tax receipts.



**Corporate Income Tax** receipts received in April 2021 totaled \$206.0 million, an increase of \$111.9 million (118.9%) compared to April 2020.

The REC estimate for FY 2021 corporate income tax revenue is \$834.4 million, a projected increase of 28.6% compared to actual FY 2020. Through April 2021, corporate income tax receipts increased 49.0%. **Chart 4** compares FY 2020 and FY 2021 monthly corporate income tax receipts.



**Other Tax** receipts received in April 2021 totaled \$31.2 million, an increase of \$13.4 million (75.3%) compared to April 2020.

The REC estimate for FY 2021 other tax revenue is \$326.4 million, a decrease of \$1.2 million (0.4%) compared to actual FY 2020. Through April 2021, other tax receipts increased 5.8%.

**Other Receipts** (nontax receipts) received in April 2021 totaled \$39.8 million, an increase of \$13.5 million (51.3%) compared to April 2020.

The REC estimate for FY 2021 other receipts revenue is \$301.6 million, a projected decrease of 9.1% compared to actual FY 2020. Through April 2021, other receipts decreased 1.3%.

**Tax Refunds** issued in April 2021 totaled \$228.0 million, a decrease of \$6.6 million compared to April 2020. In addition to regular refunds, school infrastructure refunds totaled \$42.5 million, an increase of \$1.5 million compared to April 2020.

## Status of the Economy

### Iowa Nonfarm Employment

was reported at 1,507,000 for the month of March 2021 (not seasonally adjusted), 59,800 (-3.8%) lower than March 2020.

Iowa's 12-month average nonfarm employment is presented as the blue line on **Chart 5**. Iowa's average nonfarm employment peaked in November 2019 at 1,586,900. This figure is 60,600 above the prerecession peak that occurred in October 2008.

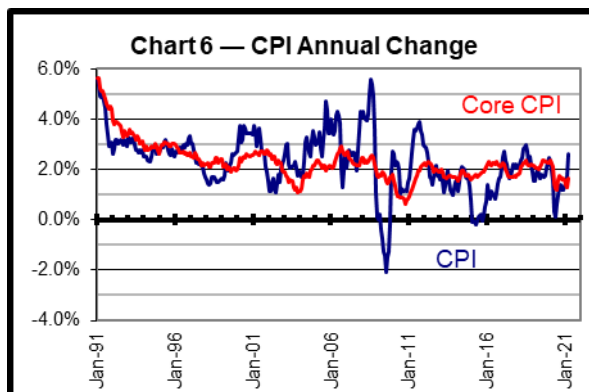
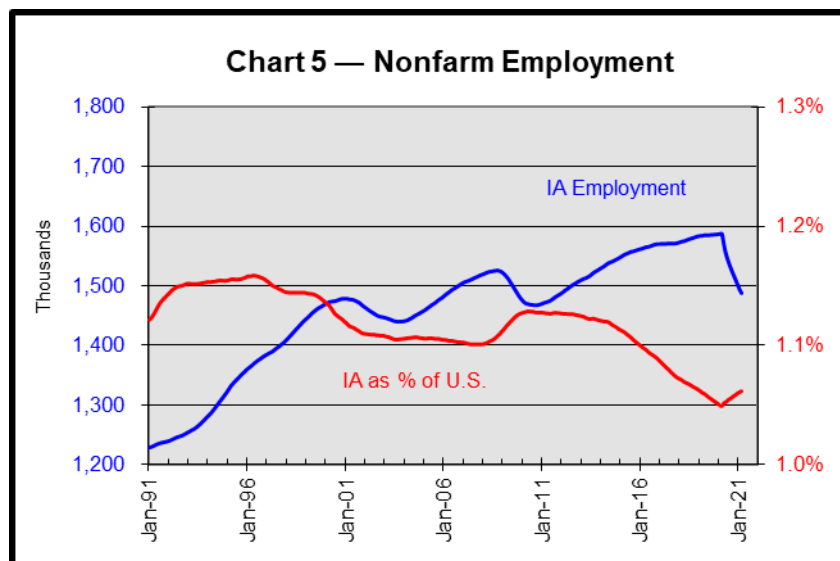
The current 12-month average reading is 1,488,000, resulting in an annual average Iowa nonfarm employment level that is 98,800 below the November 2019 peak.

The red line on **Chart 5** presents Iowa nonfarm employment as a percent of U.S. nonfarm employment. Iowa's share of U.S. nonfarm employment decreased noticeably from 1999 through 2002, decreased at a much slower pace from 2002 through 2007, and increased from January 2008 through June 2010. Iowa's percentage of U.S. employment is declining as the percentage growth in U.S. employment has exceeded the percentage growth in Iowa employment since June 2010. Iowa's percentage of U.S. employment has increased slightly from its lowest level (March 2020) as U.S. employment fell more in the wake of the COVID-19 pandemic response.

The **Consumer Price Index (CPI)** through March 2021 was 264.9 (1983/84=100). Consumer prices increased 0.7% in March 2021 (not seasonally adjusted), and the annual rate of inflation increased to 2.6%.

Core CPI, an inflation measure excluding food and energy expenditures, increased 0.4% in March 2021 and increased 1.6% year-over-year. This is the 12th consecutive month in which the core inflation rate was below 2.0% year-over-year. For the two components excluded from the core inflation rate, energy prices are up 13.2% and food prices are up 3.4% year-over-year.

Further information can be found on the Fiscal Services Division webpages related to [State General Fund Daily Receipts](#) and other [Iowa Economic Trends](#).



<b>GENERAL FUND RECEIPTS</b>					<b>ESTIMATED GENERAL FUND RECEIPTS</b>		
July 1 through April 30 (in millions of dollars)					(in millions of dollars)		
Dollars may not add due to rounding. Percentages calculated using rounded numbers.					FY 2020 Actual Compared to FY 2021 REC Estimate		
	FY 2020	FY 2021	Year-to-Date % Change	April % Change	FY 2020 Actual*	FY 2021 Estimate	Projected % Change
Personal Income Tax	\$ 3,900.7	\$ 4,363.7	11.9%	36.1%	\$ 4,652.0	\$ 5,265.4	13.2%
Sales/Use Tax	2,680.5	2,894.1	8.0%	36.4%	3,176.1	3,293.1	3.7%
Corporate Income Tax	528.7	787.9	49.0%	118.9%	648.7	834.4	28.6%
Inheritance Tax	68.4	78.3	14.5%	51.5%	81.5	88.0	8.0%
Insurance Premium Tax	88.9	85.6	-3.7%	20.0%	143.5	140.3	-2.2%
Beer/Liquor Tax	9.3	15.2	63.4%	0.0%	9.8	11.5	17.3%
Franchise Tax	52.7	54.9	4.2%	50.0%	67.9	63.8	-6.0%
Miscellaneous Tax	19.8	18.9	-4.5%	1,000.0%	24.9	22.8	-8.4%
<b>Total Gross Taxes</b>	<b>\$ 7,349.0</b>	<b>\$ 8,298.7</b>	<b>12.9%</b>	<b>47.5%</b>	<b>\$ 8,804.4</b>	<b>\$ 9,719.3</b>	<b>10.4%</b>
Institutional Payments	\$ 10.4	\$ 5.9	-43.3%	14.3%	\$ 12.6	\$ 9.3	-26.2%
Liquor Profits	109.1	119.8	9.8%	-0.9%	131.9	141.1	7.0%
Interest	13.1	2.2	-83.2%	-83.3%	15.1	2.5	-83.4%
Fees	26.6	27.2	2.3%	32.0%	28.4	25.6	-9.9%
Judicial Revenue	72.4	65.0	-10.2%	8.4%	90.4	63.4	-29.9%
Miscellaneous Receipts	47.0	54.9	16.8%	541.7%	53.3	59.7	12.0%
<b>Total Gross Receipts</b>	<b>\$ 7,627.7</b>	<b>\$ 8,573.6</b>	<b>12.4%</b>	<b>47.7%</b>	<b>\$ 9,136.1</b>	<b>\$ 10,020.9</b>	<b>9.7%</b>
Accrued Revenue — Net					307.7	-299.2	
Tax Refunds *	-882.4	-801.4	-9.2%	-2.8%	-1,120.3	-1,232.3	10.0%
School Infrast. Refunds *	-420.6	-429.7	2.2%	3.7%	-507.6	-531.5	4.7%
<b>TOTAL NET RECEIPTS</b>	<b>\$ 6,324.7</b>	<b>\$ 7,342.4</b>	<b>16.1%</b>	<b>75.0%</b>	<b>\$ 7,815.9</b>	<b>\$ 7,957.9</b>	<b>1.8%</b>

\* For the Year-to-Date section, refunds are presented on a cash year basis.  
For FY 2020 Actual and FY 2021 Estimate, refunds are presented on a fiscal year basis.  
The FY 2020 Actual column is final.