



Tim McDermott, Director

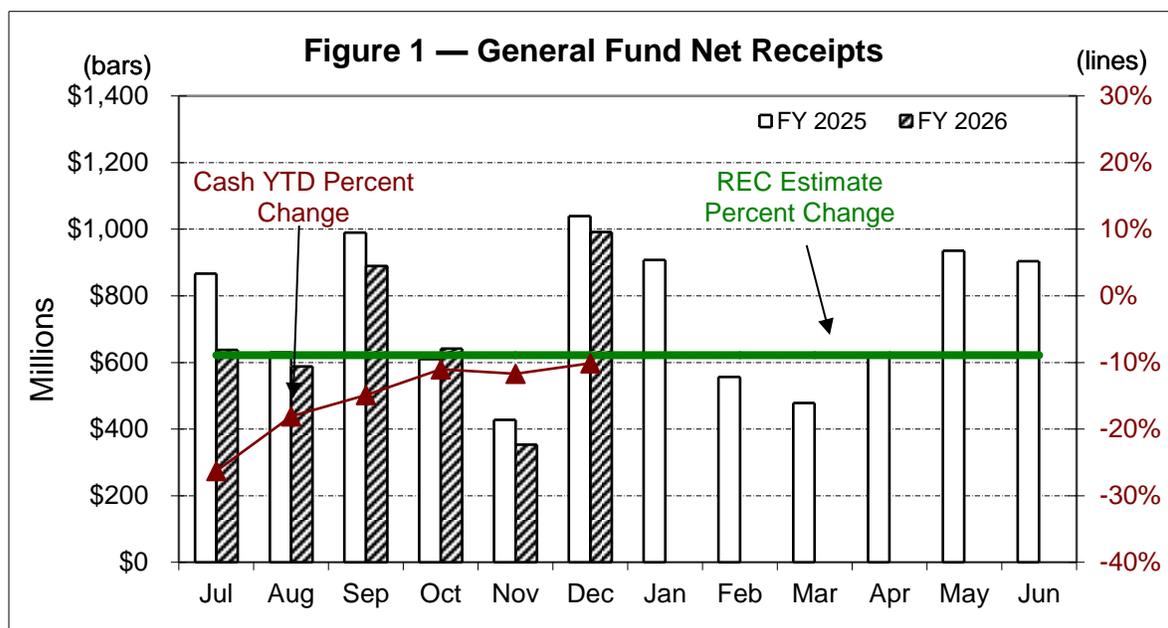
TO: Members of the Iowa Senate and
Members of the Iowa House of Representatives

FROM: Evan Johnson and Eric Richardson

DATE: January 2, 2026

Monthly General Fund Revenue Receipts Through December 31, 2025

The attached spreadsheet presents FY 2026 General Fund total net receipts with comparable figures for actual FY 2025. The figures can be compared to the FY 2026 estimate of \$8.037 billion set by the Revenue Estimating Conference (REC) on December 11, 2025. The FY 2026 estimate is a projected decrease of \$788.7 million (-8.9%) compared to FY 2025 actual receipts (excluding transfers). The next REC meeting has not been scheduled.



Overview of Current Situation

December 2025 net General Fund revenue, as reported in the State Accounting System, includes the following items of impact:

- The Department of Revenue instituted a new revenue deposit process that began November 15, 2021. In addition to deposits for personal income tax and sales/use tax revenue, the suspense account has also received deposits of motor fuel tax, which are not to be included in State General Fund revenues. At a future date, the Department of Revenue transfers deposits for motor fuel tax from the deposit suspense account and thereby removes those

deposits from State General Fund revenue. At a future date, the Department of Revenue transfers deposits of personal income tax and sales/use tax revenue categories to properly reflect the source of the revenue. This affects year-to-date and month-to-month comparisons.

- On January 1, 2023, 2022 Iowa Acts, [House File 2317](#) (2022 Income Tax Rate Reduction and Exemptions Act), and 2024 Iowa Acts, [Senate File 2442](#) (Individual Income Tax Rate Act), began reducing Iowa individual income tax rates and the number of tax brackets annually, beginning with tax year (TY) 2023, until a single tax bracket/rate of 3.8% was established in TY 2025. Additionally, all retirement income is exempt from the State individual income tax effective January 1, 2023. These changes affect month-to-month and year-to-date comparisons for income tax.
- On November 30, 2023, the Department of Revenue created a new revenue classification for the [Pass-Through Entity Tax \(PTET\)](#), which was enacted in 2023 Iowa Acts, [House File 352](#) (Pass-Through Business Entity Tax and Deduction Act). The PTET creates a voluntary election for a partnership or S corporation to be subject to Iowa income tax at the entity level and was applied retroactively to tax years beginning on or after January 1, 2022. For reporting purposes on this memo, the PTET shows up under miscellaneous tax. Refunds for the PTET began in March 2024. During the refund process, the PTET is eligible for a tax credit. After a tax credit is processed, a reallocation of the original PTET revenue from miscellaneous tax to the appropriate tax type (generally individual income tax) takes place.
- November’s monthly due date for tax filings in both 2024 and 2025 fell on a weekend, pushing receipts to December. Therefore, General Fund monthly amounts in December may appear higher than other months.

Without adjusting for the above items of impact, December 2025 net General Fund revenue was \$48.6 million (-4.7%) below the December 2024 net revenue level.

Fiscal Year Growth

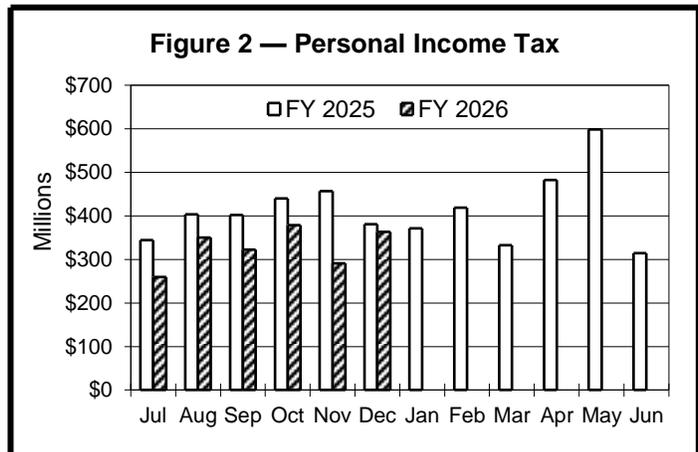
The following table converts year-to-date receipts from a cash year basis to a fiscal year basis.

Net General Fund Receipts Through December 31, 2025					
Fiscal Year-to-Date, Gross Receipts Net of Refunds. Dollars in Millions.					
	FY 2025	FY 2026	\$ Difference	% Dif	
Net Individual Income	\$ 1,801.1	\$ 1,527.7	\$ -273.4	-15.2%	
Net Sales/Use	1,334.7	1,416.4	81.7	6.1%	
Net Corporate	303.7	205.4	-98.3	-32.4%	
Net Franchise	35.2	28.4	-6.8	-19.3%	
Net Inheritance	9.6	3.5	-6.1	-63.5%	
Net Insurance & Other Taxes	169.6	176.1	6.5	3.8%	
Other Revenue	203.6	186.3	-17.3	-8.5%	
Net Revenue	\$ 3,857.5	\$ 3,543.8	\$ -313.7	-8.1%	

Revenue Categories

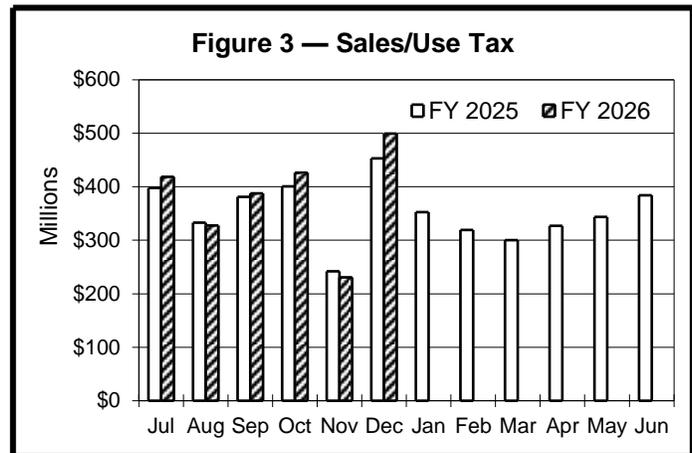
Personal Income Tax receipts received in December 2025 were impacted by the suspense account revenue process and income tax law changes. Personal income tax receipts totaled \$363.6 million, a decrease of \$17.0 million (-4.5%) compared to December 2024.

The FY 2026 REC personal income tax estimate of \$4.380 billion represents a projected decrease of 11.5% compared to actual FY 2025. Through December 2025, personal income tax receipts decreased 19.1%. By subcategory, withholding payments decreased \$408.2 million, estimated payments increased \$49.0 million, and payments with returns decreased \$103.7 million. **Figure 2** compares FY 2025 and FY 2026 monthly personal income tax receipts.



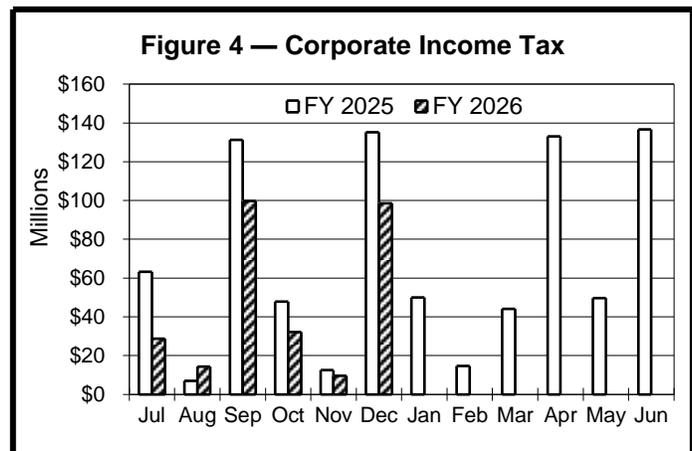
Sales/Use Tax receipts received in December 2025 were impacted by the suspense account revenue process. Sales/use tax receipts totaled \$499.3 million, an increase of \$46.2 million (10.2%) compared to December 2024.

The REC estimate for FY 2026 sales/use tax receipts is \$4.402 billion, a projected increase of 3.9% compared to actual FY 2025. Through December 2025, sales/use tax receipts increased 3.7%. **Figure 3** compares FY 2025 and FY 2026 monthly sales/use tax receipts.



Corporate Income Tax receipts received in December 2025 totaled \$98.5 million, a decrease of \$36.7 million (-27.1%) compared to December 2024.

The REC estimate for FY 2026 corporate income tax revenue is \$723.0 million, a projected decrease of 12.4% compared to actual FY 2025. Through December 2025, corporate income tax receipts decreased 28.7%. **Figure 4** compares FY 2025 and FY 2026 monthly corporate income tax receipts.



Other Tax receipts received in December 2025, including suspense account revenue transfers completed in December, reallocations of PTET revenue from miscellaneous tax, and any pending suspense account revenue transfers, totaled \$93.9 million, a decrease of \$84.7 million compared to December 2024.

The REC estimate for FY 2026 other tax revenue is \$383.2 million, a projected decrease of \$320.2 million (-45.5%) compared to actual FY 2025. Through December 2025, other tax receipts decreased 60.3%.

Other Receipts (nontax receipts) received in December 2025 totaled \$56.1 million, an increase of \$1.4 million (2.6%) compared to December 2024.

The REC estimate for FY 2026 other receipts revenue is \$399.9 million, a projected decrease of 17.7% compared to actual FY 2025. Through December 2025, other receipts decreased 7.9%.

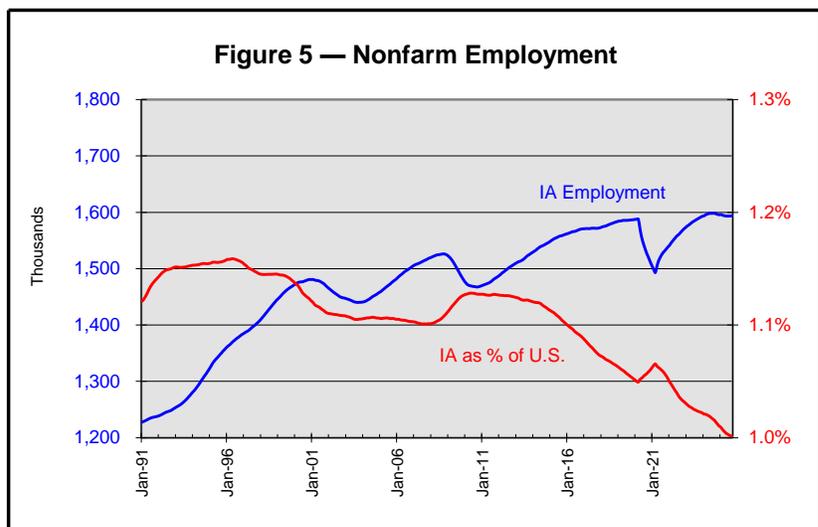
Tax Refunds issued in December 2025 totaled \$55.5 million, a decrease of \$56.4 million compared to December 2024. In addition to regular refunds, school infrastructure refunds totaled \$64.4 million, an increase of \$14.2 million compared to December 2024.

Status of the Economy

NOTE: Due to the federal government shutdown that ended on November 12, 2025, the October and November 2025 Iowa nonfarm employment data has not yet been published by the U.S. Bureau of Labor Statistics (BLS). Consumer Price Index (CPI) data from the BLS for October 2025 will not be published.

Iowa Nonfarm Employment was reported at 1,601,600 for the month of September 2025 (not seasonally adjusted), 5,900 (0.4%) higher than September 2024.

Iowa's 12-month average nonfarm employment is presented as the blue line in **Figure 5**. Iowa's average nonfarm employment previously peaked in February 2020 at 1,588,000. This figure is 61,700 above the previous prerecession peak that occurred in October 2008. The current 12-month average reading is 1,594,100, resulting in an annual average Iowa nonfarm employment level that is 6,000 above the February 2020 peak.



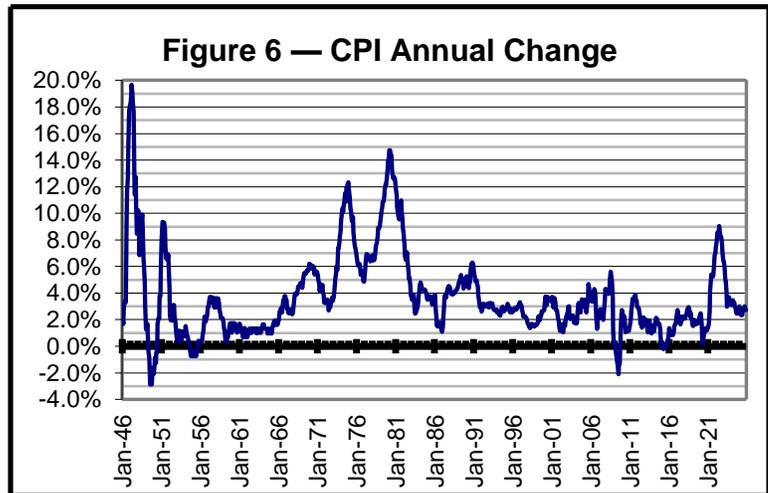
The red line in **Figure 5** presents Iowa nonfarm employment as a percentage of U.S. nonfarm employment. Iowa's share of U.S. nonfarm employment decreased from 1999 through 2002, decreased at a much slower pace from 2002 through 2007, and increased from January 2008

through June 2010. Since 2010, Iowa's percentage of U.S. employment has declined as the percentage growth in U.S. employment has exceeded the percentage growth in Iowa employment. Iowa's percentage of U.S. employment has decreased for the last 54 months and is currently at its lowest level in the history of the indicator.

The **Consumer Price Index** through November 2025 was 324.1 (1983/84=100). Consumer prices decreased in November 2025 compared to September 2025 (not seasonally adjusted), and the annual rate of inflation decreased to 2.7%.

Core CPI, an inflation measure excluding food and energy expenditures, decreased by 0.1% in November 2025 compared to September 2025 and increased 2.6% year over year. The core inflation rate was last below 2.0%

year over year in March 2021. For the two components excluded from the core inflation rate, energy prices increased 4.2% and food prices increased 2.6% 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](#).

GENERAL FUND RECEIPTS					ESTIMATED GENERAL FUND RECEIPTS		
July 1 through December 31 (in millions of dollars)					(in millions of dollars)		
Dollars may not add due to rounding. Percentages calculated using rounded numbers.					FY 2025 Actual Compared to FY 2026 REC Estimate		
	FY 2025	FY 2026	Year-to-Date % Change	December % Change	FY 2025 Actual	FY 2026 Estimate	Projected % Change
Personal Income Tax	\$ 2,428.6	\$ 1,965.6	-19.1%	-4.5%	\$ 4,947.5	\$ 4,380.0	-11.5%
Sales/Use Tax	2,208.0	2,290.3	3.7%	10.2%	4,234.9	4,402.0	3.9%
Corporate Income Tax	397.0	282.9	-28.7%	-27.1%	825.1	723.0	-12.4%
Inheritance Tax	25.7	8.5	-66.9%	-91.3%	44.4	16.2	-63.5%
Insurance Premium Tax	79.2	92.3	16.5%	100.0%	202.4	186.2	-8.0%
Beer/Liquor Tax	6.6	6.4	-3.0%	0.0%	12.2	12.4	1.6%
Franchise Tax	60.4	32.4	-46.4%	-9.5%	114.9	96.4	-16.1%
Miscellaneous Tax	73.1	-42.3	-157.9%	-52.2%	329.5	72.0	-78.1%
Total Gross Taxes	\$ 5,278.6	\$ 4,636.0	-12.2%	-8.0%	\$ 10,711.0	\$ 9,888.2	-7.7%
Institutional Payments	\$ 6.7	\$ 6.8	1.5%	58.3%	\$ 13.3	\$ 9.6	-27.8%
Liquor Profits	70.4	67.6	-4.0%	4.3%	139.9	125.0	-10.7%
Interest	69.9	51.7	-26.0%	-35.2%	125.7	100.0	-20.4%
Fees	11.3	13.8	22.1%	57.1%	27.8	24.1	-13.3%
Judicial Revenue	30.4	29.0	-4.6%	66.7%	89.3	88.0	-1.5%
Miscellaneous Receipts	48.9	49.9	2.0%	-3.4%	90.0	53.2	-40.9%
Total Gross Receipts	\$ 5,516.3	\$ 4,854.7	-12.0%	-7.6%	\$ 11,196.9	\$ 10,288.1	-8.1%
Accrued Revenue — Net					-196.1	15.4	
Tax Refunds	-607.3	-382.1	-37.1%	-50.4%	-1,481.1	-1,559.9	5.3%
School Infrast. Refunds	-344.4	-370.1	7.5%	28.3%	-694.1	-706.6	1.8%
TOTAL NET RECEIPTS	\$ 4,564.6	\$ 4,102.6	-10.1%	-4.7%	\$ 8,825.7	\$ 8,037.0	-8.9%

For the Year-to-Date section, refunds are presented on a cash year basis.
For FY 2025 Actual and FY 2026 Estimate, refunds are presented on a fiscal year basis.
The FY 2025 Actual column is final as of November 18, 2025.
The amounts on this table exclude transfer revenue.