



Tim McDermott, Director

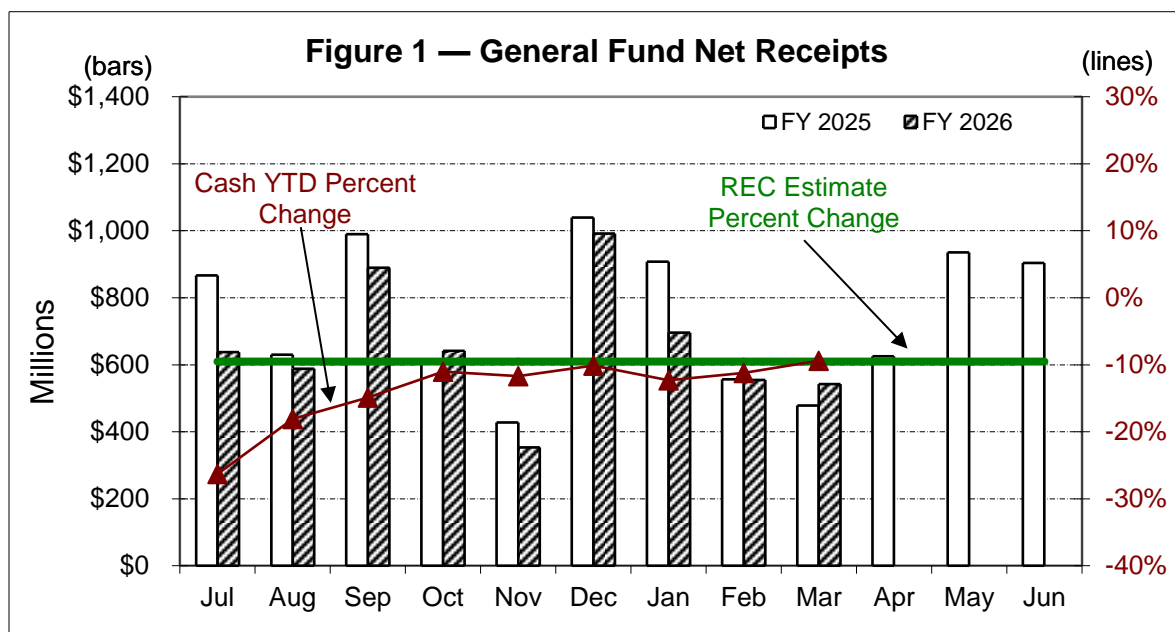
TO: Members of the Iowa Senate and  
Members of the Iowa House of Representatives

FROM: Evan Johnson and Eric Richardson

DATE: April 2, 2026

### Monthly General Fund Revenue Receipts Through March 31, 2026

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 \$7,988.4 billion set by the Revenue Estimating Conference (REC) on March 12, 2026. The FY 2026 estimate is a projected decrease of \$837.3 million (-9.5%) compared to FY 2025 actual receipts (excluding transfers). The next REC meeting has not been scheduled.



### Overview of Current Situation

March 2026 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.
- February's monthly due date for tax filings in 2026 fell on a weekend, pushing receipts to March. Therefore, General Fund monthly amounts in March may appear higher than in other months.

Without adjusting for the above items of impact, March 2026 net General Fund revenue was \$64.2 million (13.4%) above the March 2025 net revenue level.

### Fiscal Year Growth

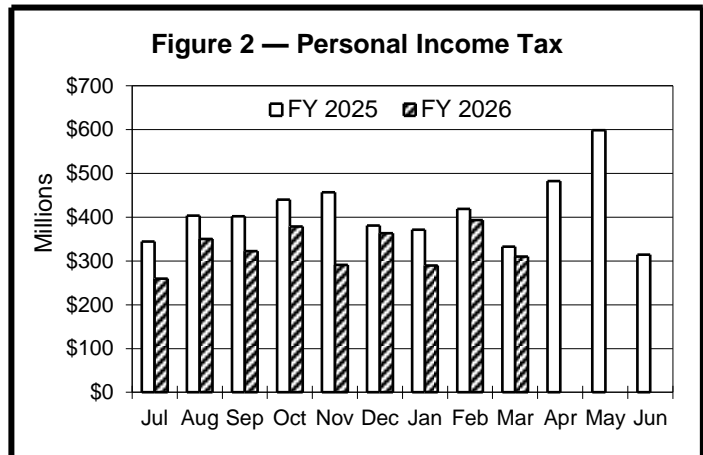
The following table converts year-to-date receipts from a cash year basis to a fiscal year basis.

<b>Net General Fund Receipts Through March 31, 2026</b>					
Fiscal Year-to-Date, Gross Receipts Net of Refunds. Dollars in Millions.					
	FY 2025	FY 2026	\$ Difference	% Dif	
Net Individual Income	\$ 2,584.3	\$ 2,193.7	\$ -390.6	-15.1%	
Net Sales/Use	2,109.9	2,305.5	195.6	9.3%	
Net Corporate	375.1	228.4	-146.7	-39.1%	
Net Franchise	50.9	33.6	-17.3	-34.0%	
Net Inheritance	16.8	4.0	-12.8	-76.2%	
Net Insurance & Other Taxes	331.1	291.5	-39.6	-12.0%	
Other Revenue	331.7	280.3	-51.4	-15.5%	
Net Revenue	\$ 5,799.8	\$ 5,337.0	\$ -462.8	-8.0%	

## Revenue Categories

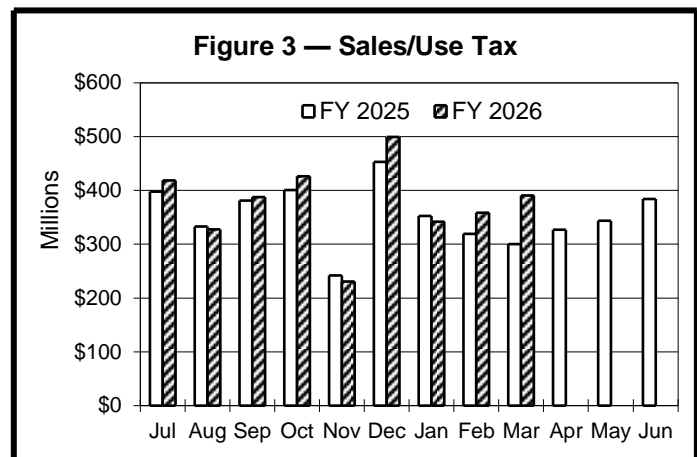
**Personal Income Tax** receipts received in March 2026 were impacted by the suspense account revenue process and income tax law changes. Personal income tax receipts totaled \$310.1 million, a decrease of \$22.4 million (-6.7%) compared to March 2025.

The FY 2026 REC personal income tax estimate of \$4.308 billion represents a projected decrease of 12.9% compared to actual FY 2025. Through March 2026, personal income tax receipts decreased 16.7%. By subcategory, withholding payments decreased \$485.1 million, estimated payments decreased \$14.2 million, and payments with returns decreased \$93.3 million. **Figure 2** compares FY 2025 and FY 2026 monthly personal income tax receipts.



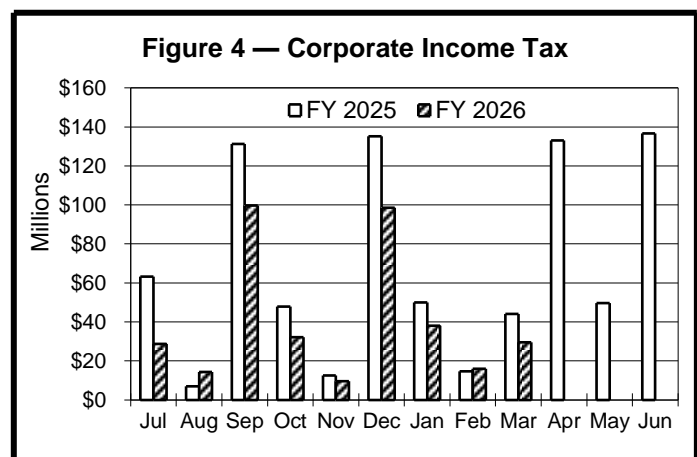
**Sales/Use Tax** receipts received in March 2026 were impacted by the suspense account revenue process. Sales/use tax receipts totaled \$390.7 million, an increase of \$90.7 million (30.2%) compared to March 2025.

The REC estimate for FY 2026 sales/use tax receipts is \$4.403 billion, a projected increase of 4.0% compared to actual FY 2025. Through March 2026, sales/use tax receipts increased 6.3%. **Figure 3** compares FY 2025 and FY 2026 monthly sales/use tax receipts.



**Corporate Income Tax** receipts received in March 2026 totaled \$29.6 million, a decrease of \$14.5 million (-32.9%) compared to March 2025.

The REC estimate for FY 2026 corporate income tax revenue is \$636.2 million, a projected decrease of 22.9% compared to actual FY 2025. Through March 2026, corporate income tax receipts decreased 27.5%. **Figure 4** compares FY 2025 and FY 2026 monthly corporate income tax receipts.



**Other Tax** receipts received in March 2026, including suspense account revenue transfers completed in March, reallocations of PTET revenue from miscellaneous tax, and any pending suspense account revenue transfers, totaled \$82.6 million, an increase of \$50.7 million compared to March 2025.

The REC estimate for FY 2026 other tax revenue is \$390.0 million, a projected decrease of \$313.4 million (-44.6%) compared to actual FY 2025. Through March 2026, other tax receipts decreased 46.9%.

**Other Receipts** (nontax receipts) received in March 2026 totaled \$28.4 million, a decrease of \$22.5 million (-44.2%) compared to March 2025.

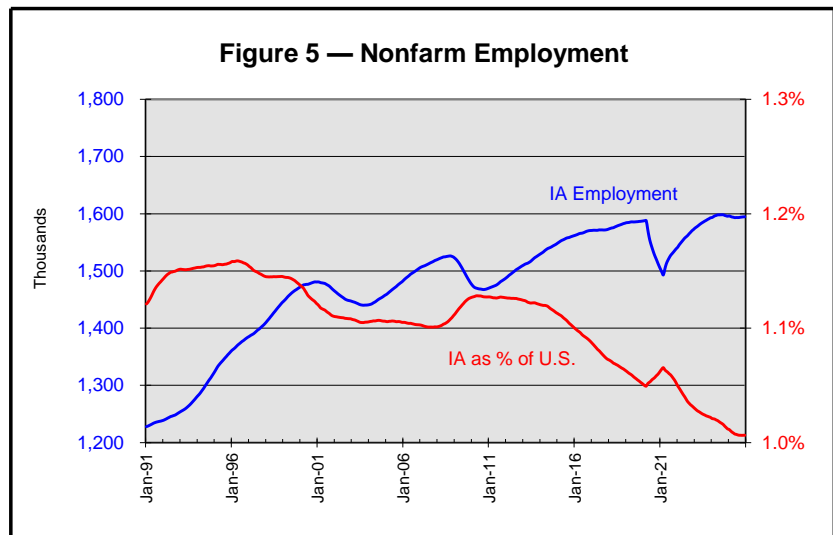
The REC estimate for FY 2026 other receipts revenue is \$404.0 million, a projected decrease of 16.9% compared to actual FY 2025. Through March 2026, other receipts decreased 14.5%.

**Tax Refunds** issued in March 2026 totaled \$245.7 million, an increase of \$18.1 million compared to March 2025. In addition to regular refunds, school infrastructure refunds totaled \$53.6 million, a decrease of \$0.2 million compared to March 2025.

### Status of the Economy

**Iowa Nonfarm Employment** was reported at 1,600,200 for the month of December 2025 (not seasonally adjusted), 1,200 (0.1%) higher than December 2024.

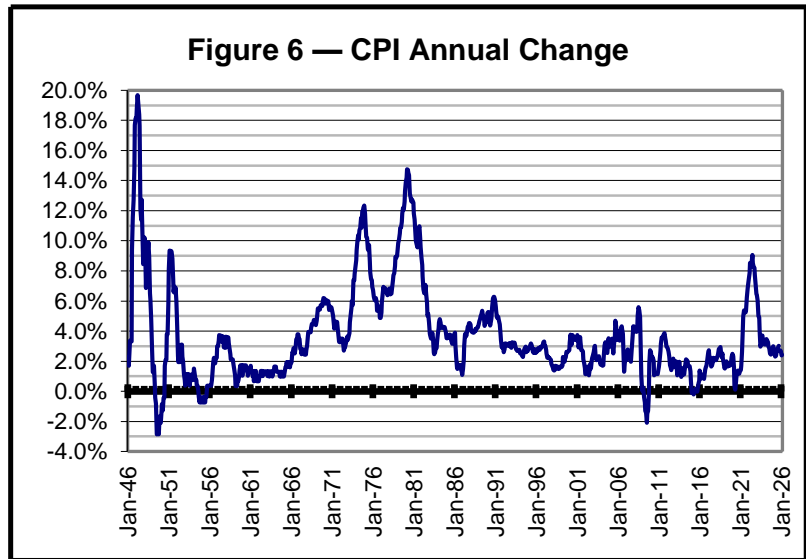
Iowa's 12-month average nonfarm employment is presented as the blue line in **Figure 5**. Iowa's average nonfarm employment previously peaked in February 2020 at 1,588,000. This figure is 61,700 above the previous prerecession peak that occurred in October 2008. The current 12-month average reading is 1,594,800, resulting in an annual average Iowa nonfarm employment level that is 6,800 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 55 of the last 57 months.

The **Consumer Price Index (CPI)** through February 2026 was 326.8 (1983/84=100). Consumer prices increased in February 2026 (not seasonally adjusted), and the annual rate of inflation increased to 2.4%.

Core CPI, an inflation measure excluding food and energy expenditures, increased by 0.4% in February 2026 and increased 2.5% 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 0.5% and food prices increased 3.0% 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 March 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		
	<u>FY 2025</u>	<u>FY 2026</u>	<u>Year-to-Date % Change</u>	<u>March % Change</u>	<u>FY 2025 Actual</u>	<u>FY 2026 Estimate</u>	<u>Projected % Change</u>
Personal Income Tax	\$ 3,551.5	\$ 2,959.0	-16.7%	-6.7%	\$ 4,947.5	\$ 4,307.5	-12.9%
Sales/Use Tax	3,179.9	3,381.2	6.3%	30.2%	4,234.9	4,402.8	4.0%
Corporate Income Tax	505.8	366.5	-27.5%	-32.9%	825.1	636.2	-22.9%
Inheritance Tax	33.7	9.6	-71.5%	-85.7%	44.4	14.9	-66.4%
Insurance Premium Tax	114.8	123.5	7.6%	186.9%	202.4	194.7	-3.8%
Beer/Liquor Tax	9.1	8.8	-3.3%	0.0%	12.2	11.8	-3.3%
Franchise Tax	77.3	44.6	-42.3%	3.3%	114.9	89.1	-22.5%
Miscellaneous Tax	208.1	48.7	-76.6%	333.7%	329.5	79.5	-75.9%
<b>Total Gross Taxes</b>	<b>\$ 7,680.1</b>	<b>\$ 6,942.0</b>	<b>-9.6%</b>	<b>14.8%</b>	<b>\$ 10,711.0</b>	<b>\$ 9,736.5</b>	<b>-9.1%</b>
Institutional Payments	\$ 10.2	\$ 10.3	1.0%	-38.5%	\$ 13.3	\$ 11.9	-10.5%
Liquor Profits	104.0	99.0	-4.8%	-8.3%	139.9	125.0	-10.7%
Interest	99.9	67.0	-32.9%	-57.0%	125.7	90.0	-28.4%
Fees	20.8	21.0	1.0%	-19.2%	27.8	24.9	-10.4%
Judicial Revenue	56.9	54.9	-3.5%	7.5%	89.3	88.0	-1.5%
Miscellaneous Receipts	73.9	60.5	-18.1%	-86.8%	90.0	64.2	-28.7%
<b>Total Gross Receipts</b>	<b>\$ 8,045.8</b>	<b>\$ 7,254.7</b>	<b>-9.8%</b>	<b>10.8%</b>	<b>\$ 11,196.9</b>	<b>\$ 10,140.5</b>	<b>-9.4%</b>
Accrued Revenue — Net					-196.1	10.0	
Tax Refunds	-1,017.5	-805.1	-20.9%	8.0%	-1,481.1	-1,440.1	-2.8%
School Infrast. Refunds	-521.4	-553.9	6.2%	-0.4%	-694.1	-722.0	4.0%
<b>TOTAL NET RECEIPTS</b>	<b>\$ 6,506.9</b>	<b>\$ 5,895.7</b>	<b>-9.4%</b>	<b>13.4%</b>	<b>\$ 8,825.7</b>	<b>\$ 7,988.4</b>	<b>-9.5%</b>

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.