



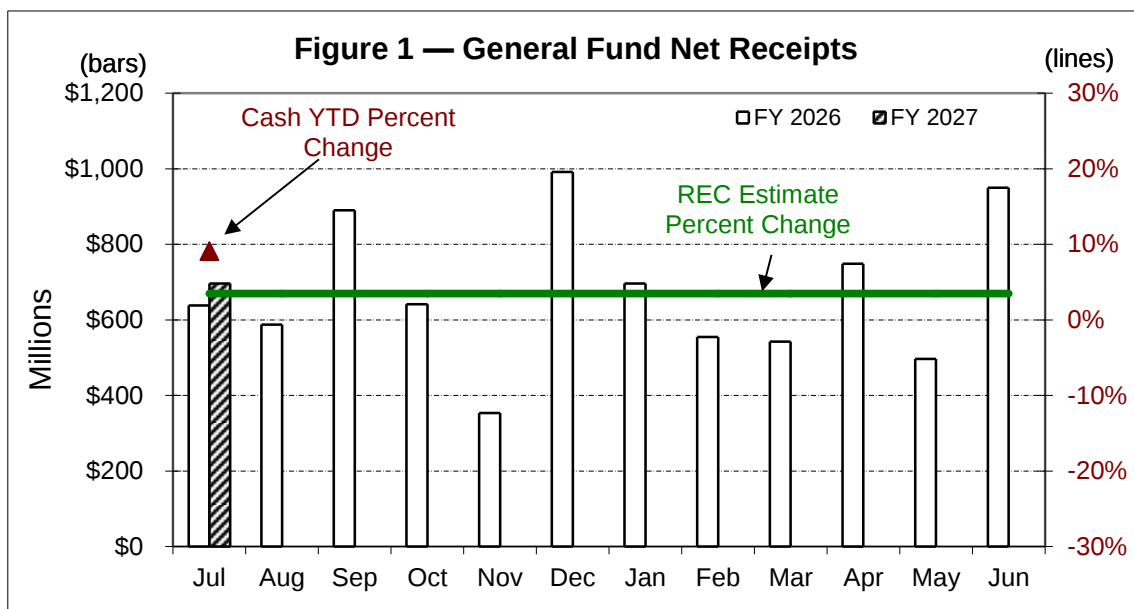
TO: Members of the Iowa Senate and
Members of the Iowa House of Representatives

FROM: Evan Johnson and Eric Richardson

DATE: August 3, 2026

Monthly General Fund Revenue Receipts Through July 31, 2026

The attached spreadsheet presents FY 2027 General Fund total net receipts with comparable figures for actual FY 2026 (not yet final). The figures can be compared to the FY 2027 estimate of \$8,293.0 million set by the Revenue Estimating Conference (REC) on March 12, 2026, adjusted for the enactment of revenue changes in [HF 960](#) (Communications Network Equipment Sales Tax Exemption Act), [HF 990](#) (Cannabidiol Dispensaries, Maximum Number of Licensees Act), [HF 2739](#) (Health Maintenance Organization Taxes, Supplemental Appropriations, and Transfers Act), [HF 2757](#) (Nuclear Electric Generation Facilities, Sales Tax Exemption Act), [HF 2783](#) (FY 2027 Education Appropriations Act), [HF 2799](#) (Economic Development, Tax Credit Programs and Load Forecasting Act), [SF 2168](#) (Reemployment Case Management and Unemployment Insurance Processing Act), [SF 2231](#) (Educational Programs, Eligibility of Sectarian Programs and Costs Act), [SF 2289](#) (Gambling, State Building Code, and Residential Care Facilities Act), and [SF 2492](#) (Corporate Income Tax, Section 951A Income Act). The FY 2027 estimate is a projected increase of \$278.5 million (3.5%) compared to FY 2026 actual receipts (excluding transfers). The next REC meeting has not been scheduled.



Overview of Current Situation

July 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 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.

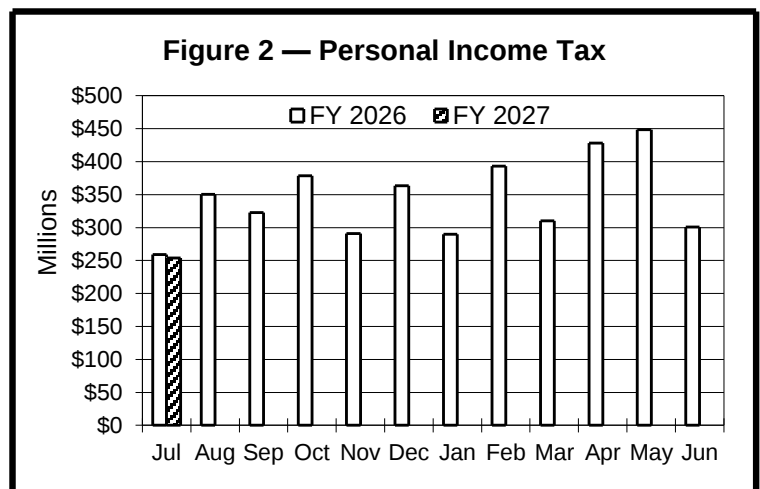
On January 1, 2023, 2022 Iowa Acts, [House File 2317](#) (2022 Income Tax Rate Reduction and Exemptions Act), and 2024 Iowa Acts, [Senate File 2442](#) (Individual Income Tax Rate Act), began reducing Iowa individual income tax rates and the number of tax brackets annually, beginning with tax year (TY) 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.

- The federal [One Big Beautiful Bill Act \(OBBBA\)](#) of 2025 was enacted on July 4, 2025. Due to Iowa's conformity with the federal definition of taxable revenue, the Act's initiatives related to individual and corporate income gross taxes and refunds are estimated to have a negative revenue impact on the General Fund beginning FY 2026 and lasting through FY 2031.
- Iowa Code section [453A.35A](#) details the [Health Care Trust Fund \(HCTF\)](#), which includes cigarette and tobacco tax revenues intended to be used for Medicaid. Beginning in FY 2025, cigarette and tobacco tax revenues have initially been deposited into the General Fund, which increases General Fund revenue before being transferred to the HCTF at a later date.

Without adjusting for the above items of impact, July 2026 net General Fund revenue was \$57.9 million (9.1%) above the July 2025 net revenue level.

Personal Income Tax receipts received in July 2026 were impacted by the suspense account revenue process and income tax law changes. Personal income tax receipts totaled \$254.0 million, a decrease of \$5.3 million (-2.0%) compared to July 2025.

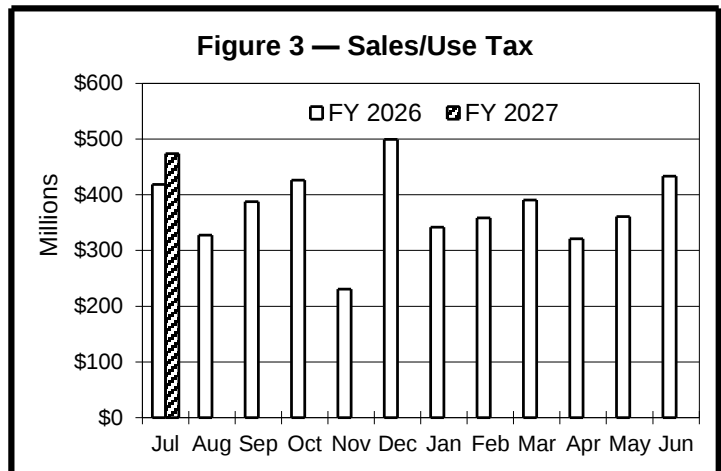
The FY 2027 REC personal income tax estimate of \$4.521 billion represents a projected increase of 9.3% compared to actual FY 2026. Through July 2026, personal income tax receipts decreased 2.0%. By subcategory, withholding payments increased \$9.7 million, estimated payments decreased \$2.0 million, and payments with returns



decreased \$13.0 million. **Figure 2** compares FY 2026 and FY 2027 monthly personal income tax receipts.

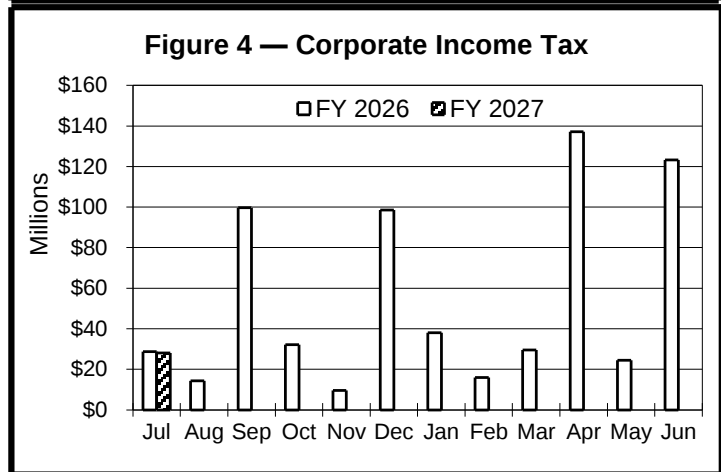
Sales/Use Tax receipts received in July 2026 were impacted by the suspense account revenue process. Sales/use tax receipts totaled \$473.9 million, an increase of \$55.2 million (13.2%) compared to July 2025.

The REC estimate for FY 2027 sales/use tax receipts is \$4.545 billion, a projected increase of 1.1% compared to actual FY 2026. Through July 2026, sales/use tax receipts increased 13.2%. **Figure 3** compares FY 2026 and FY 2027 monthly sales/use tax receipts.



Corporate Income Tax receipts received in July 2026 totaled \$28.1 million, a decrease of \$0.6 million (-2.1%) compared to July 2025.

The REC estimate for FY 2027 corporate income tax revenue is \$646.1 million, a projected decrease of 0.8% compared to actual FY 2026. Through July 2026, corporate income tax receipts decreased 2.1%. **Figure 4** compares FY 2026 and FY 2027 monthly corporate income tax receipts.



Other Tax receipts received in July 2026, including suspense account revenue transfers completed in July, reallocations of PTET revenue from miscellaneous tax, and any pending suspense account revenue transfers, totaled \$31.0 million, an increase of \$5.3 million compared to July 2025.

The REC estimate for FY 2027 other tax revenue is \$365.4 million, a projected decrease of \$103.7 million (-22.1%) compared to actual FY 2026. Through July 2026, other tax receipts increased 20.6%.

Other Receipts (nontax receipts) received in July 2026 totaled \$17.3 million, a decrease of \$11.3 million (-39.5%) compared to July 2025.

The REC estimate for FY 2027 other receipts revenue is \$392.0 million, a projected decrease of 5.3% compared to actual FY 2026. Through July 2026, other receipts decreased 39.5%.

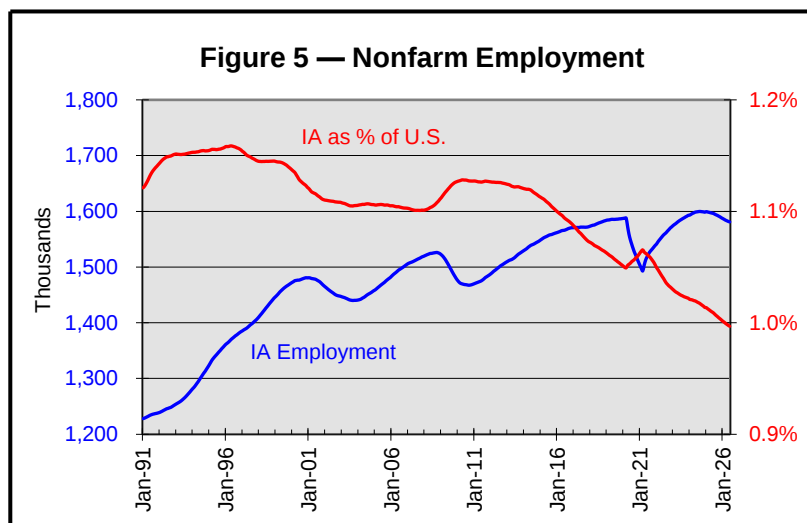
Tax Refunds issued in July 2026 totaled \$35.2 million, a decrease of \$15.3 million compared to July 2025. In addition to regular refunds, school infrastructure refunds totaled \$72.9 million, an increase of \$0.6 million compared to July 2025.

Status of the Economy

Iowa Nonfarm Employment was reported at 1,594,000 for the month of June 2026 (not seasonally adjusted), 9,600 (-0.6%) lower than June 2025.

Iowa's 12-month average nonfarm employment is presented as the blue line in **Figure 5**. Iowa's average nonfarm employment previously peaked in August 2024 at 1,600,000. This figure is 12,000 above the prerecession peak that occurred in February 2020. The current 12-month average reading is 1,581,300, resulting in an annual average Iowa nonfarm employment level that is 18,700 below the August 2024 peak.

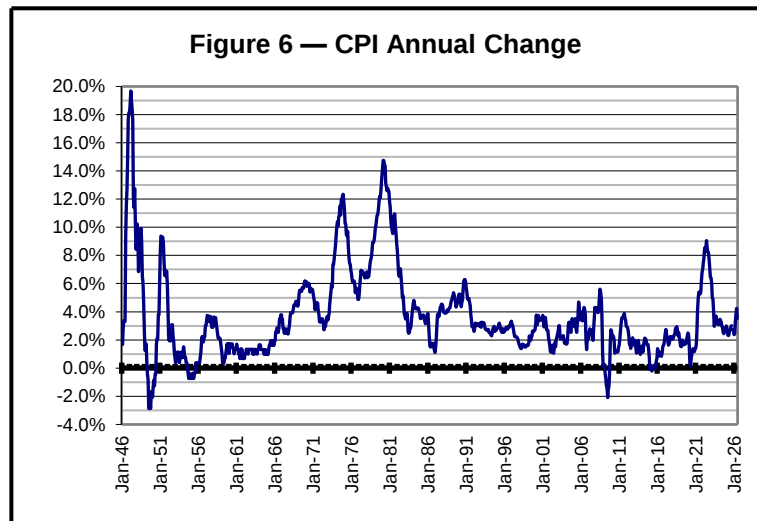
The red line in **Figure 5** presents Iowa nonfarm employment as a percentage of U.S. nonfarm employment. Iowa's share of U.S. nonfarm employment decreased from 1999 through 2002, decreased at a much slower pace from 2002 through 2007, and increased from January 2008 through June 2010. Since 2010, Iowa's 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 the last 63 months and is currently at its lowest level in the history of the indicator.



The **Consumer Price Index (CPI)** through June 2026 was 334.0 (1983/84=100). Consumer prices decreased in June 2026 (not seasonally adjusted), and the annual rate of inflation decreased to 3.5%.

Core CPI, an inflation measure excluding food and energy expenditures, increased by 0.01% in June 2026 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 15.7% 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](#).



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GENERAL FUND RECEIPTS					ESTIMATED GENERAL FUND RECEIPTS		
July 1 through July 31 (in millions of dollars)					(in millions of dollars)		
Dollars may not add due to rounding. Percentages calculated using rounded numbers.					FY 2026 Actual Compared to FY 2027 REC Estimate		
	FY 2026	FY 2027	Year-to-Date % Change	July % Change	FY 2026 Actual*	FY 2027 Adj. Estimate**	Projected % Change
Personal Income Tax	\$ 259.3	\$ 254.0	-2.0%	-2.0%	\$ 4,136.1	\$ 4,521.4	9.3%
Sales/Use Tax	418.7	473.9	13.2%	13.2%	4,496.1	4,545.3	1.1%
Corporate Income Tax	28.7	28.1	-2.1%	-2.1%	651.3	646.1	-0.8%
Inheritance Tax	2.3	1.3	-43.5%	-43.5%	11.0	3.9	-64.5%
Insurance Premium Tax	10.8	0.4	-96.3%	-96.3%	217.1	180.4	-16.9%
Beer/Liquor Tax	1.2	1.2	0.0%	0.0%	11.7	11.6	-0.9%
Franchise Tax	1.4	1.5	7.1%	7.1%	81.5	86.0	5.5%
Miscellaneous Tax	10.0	26.6	166.0%	166.0%	147.8	83.5	-43.5%
Total Gross Taxes	\$ 732.4	\$ 786.9	7.4%	7.4%	\$ 9,752.6	\$ 10,078.2	3.3%
Institutional Payments	\$ 0.8	\$ 0.6	-25.0%	-25.0%	\$ 12.4	\$ 11.9	-4.0%
Liquor Profits	11.9	5.3	-55.5%	-55.5%	132.0	125.0	-5.3%
Interest	7.9	3.6	-54.4%	-54.4%	81.8	80.0	-2.2%
Fees	2.8	2.5	-10.7%	-10.7%	27.3	25.1	-8.1%
Judicial Revenue	1.1	0.7	-36.4%	-36.4%	86.0	88.0	2.3%
Miscellaneous Receipts	4.1	4.6	12.2%	12.2%	74.5	62.0	-16.8%
Total Gross Receipts	\$ 760.9	\$ 804.2	5.7%	5.7%	\$ 10,166.5	\$ 10,470.2	3.0%
Accrued Revenue — Net					10.0	13.4	
Tax Refunds	-50.5	-35.2	-30.3%	-30.3%	-1,440.1	-1,452.9	0.9%
School Infrast. Refunds	-72.3	-72.9	0.8%	0.8%	-722.0	-737.7	2.2%
TOTAL NET RECEIPTS	\$ 638.0	\$ 696.1	9.1%	9.1%	\$ 8,014.5	\$ 8,293.0	3.5%
For the Year-to-Date section, refunds are presented on a cash year basis.							
For FY 2026 Actual and FY 2027 Estimate, refunds are presented on a fiscal year basis.							
*The FY 2026 Actual column is not final.							
**The FY 2027 Adjusted Estimate includes legislative changes.							
The amounts on this table exclude transfer revenue.							