

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

FROM: Jeff Robinson and Shawn Snyder

DATE: June 3, 2013

Monthly General Fund Receipts through May 31, 2013

The attached spreadsheet presents FY 2013 General Fund total net receipts with comparable figures for actual FY 2012. The figures can be compared to the FY 2013 estimate of \$6.526 billion set by the Revenue Estimating Conference (REC) on March 22, 2013. The FY 2013 estimate is an increase of \$323.8 million (5.2%) compared to actual FY 2012 total net receipts (excludes transfers). The next REC meeting has not been scheduled.

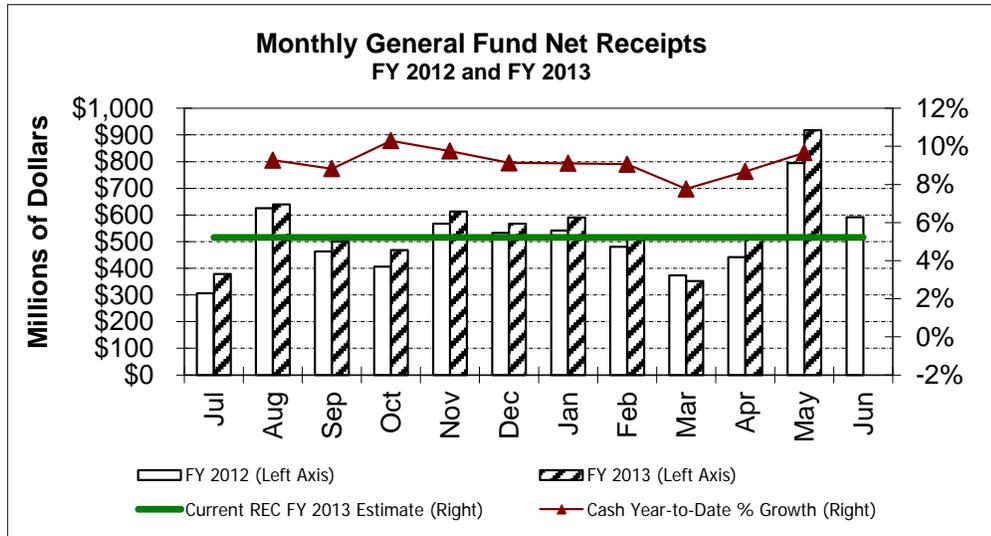
FY 2013 Monthly Estimate Comparison - Dollars in Millions						
Most Recent REC Projected Growth for the Year, Excluding Transfers = + 5.2%						
Year-to-Date Ending:	Year-to-Date FY 2012	Year-to-Date FY 2013	Dollar Change	% Change	Year-to-Date Change at REC Estimate for the Entire Year	Year-to-Date Above (Below) Estimated Change
July	\$305.9	\$378.2	\$72.3	23.6%	\$16.0	\$56.3
Aug	931.4	1,017.8	86.4	9.3%	48.6	37.8
Sept	1,394.2	1,517.2	123.0	8.8%	72.8	50.2
Oct	1,799.9	1,985.1	185.2	10.3%	94.0	91.2
Nov	2,366.8	2,597.7	230.9	9.8%	123.6	107.3
Dec	2,899.4	3,164.2	264.8	9.1%	151.4	113.4
Jan	3,440.7	3,754.4	313.7	9.1%	179.6	134.1
Feb	3,921.1	4,276.3	355.2	9.1%	204.7	150.5
Mar	4,294.9	4,628.3	333.4	7.8%	224.2	109.2
Apr	4,736.3	5,147.6	411.3	8.7%	247.3	164.0
May	5,530.8	6,065.5	534.7	9.7%	288.7	246.0
Jun	6,122.9					
Year end	6,202.4					

Overview of Current Situation

May 2013 net General Fund revenue was \$123.4 million (15.5%) above the May 2012 revenue level. Year-to-date net receipts are \$534.7 million (9.7 %) higher than FY 2012. Major sources of tax revenue and their contribution to the FY 2013 change include:

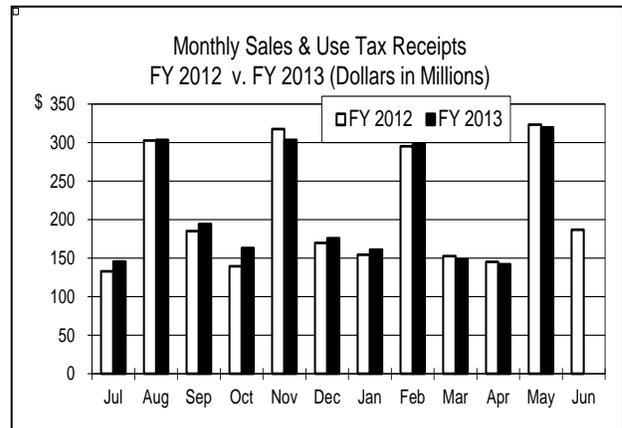
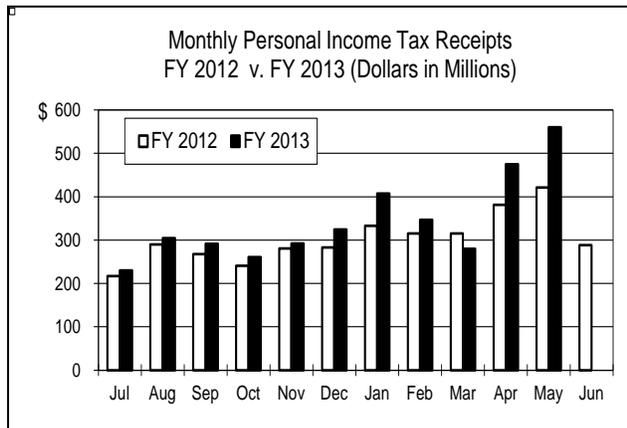
- Personal income tax (positive \$427.2 million, 12.8%)

- Sales/use tax (positive \$39.0 million, 1.7%)
- Corporate tax (positive \$45.2 million, 10.3%)
- Other taxes (positive \$33.2 million, 11.6%)
- Other receipts (negative \$29.4 million, -8.9%)
- Tax refunds not including school infrastructure refunds (positive \$22.5 million)
- School infrastructure sales/use tax refunds (negative \$3.3 million)



Personal Income Tax revenue received in May totaled \$560.3 million, an increase of \$139.2 million (33.1%) compared to May 2012. Payments with returns accounted for 86.7% of the total increase for the month.

The FY 2013 REC income tax estimate of \$3.957 billion represents a projected increase of 8.9% compared to actual FY 2012. Through May, personal income tax receipts have increased \$427.2 million (12.8%). By subcategory, withholding payments increased \$142.6 million (5.5%), estimate payments increased \$113.5 million (32.4%), and payments with returns increased \$171.1 million (42.7%). The following chart compares FY 2013 monthly income tax receipts from the three personal income tax subcategories with FY 2012.



Sales/Use Tax receipts received in May totaled \$319.8 million, a decrease of \$3.6 million (- 1.1%) compared to May 2012 and represents the third consecutive month with a decrease.

The REC estimate for FY 2013 sales/use tax receipts is \$2.583 billion, an increase of 3.1% compared to actual FY 2012. Year-to-date sales/use tax receipts total \$2,357.5 million, an increase of \$39.0 million (1.7%) compared to FY 2012. The preceding chart compares FY 2013 monthly sales/use tax receipts with FY 2012.

Corporate Tax receipts received in May totaled \$51.1 million, a decrease of \$10.8 million (-17.4%) compared to May 2012.

The REC estimate for FY 2013 corporate tax revenue is \$554.7 million, an increase of 6.5% compared to actual FY 2012. Through May, corporate tax receipts have increased \$45.2 million (10.3%).

Other tax receipts received in May totaled \$59.7 million, an increase of \$17.6 million (41.8%) compared to May 2012. Deposit timing issues positively impacted insurance premium tax amounts in the monthly comparison and accounted for 81.3% of the total increase. This issue will reverse in June.

The REC estimate for FY 2013 other tax revenue is \$375.8 million, an increase of 5.8% compared to actual FY 2012. Through May, other tax receipts have increased 11.6%.

Other receipts (non-tax receipts) received in May totaled \$31.8 million, an increase of \$4.3 million (15.6%) compared to May 2012.

The REC estimate for FY 2013 other receipts revenue is \$320.3 million, a decrease of 10.2% compared to actual FY 2012. Year-to-date other receipts have decreased 8.9% through May.

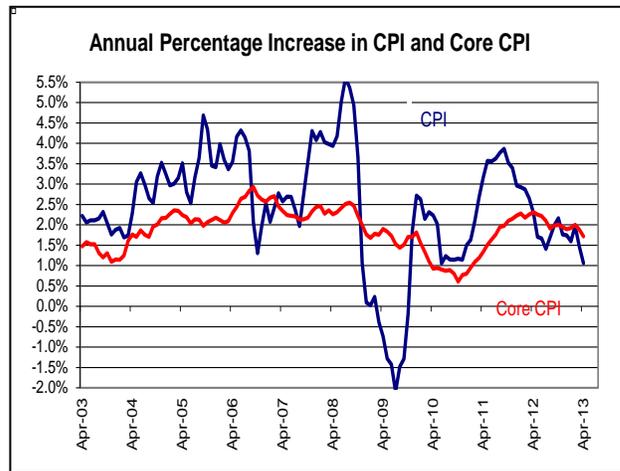
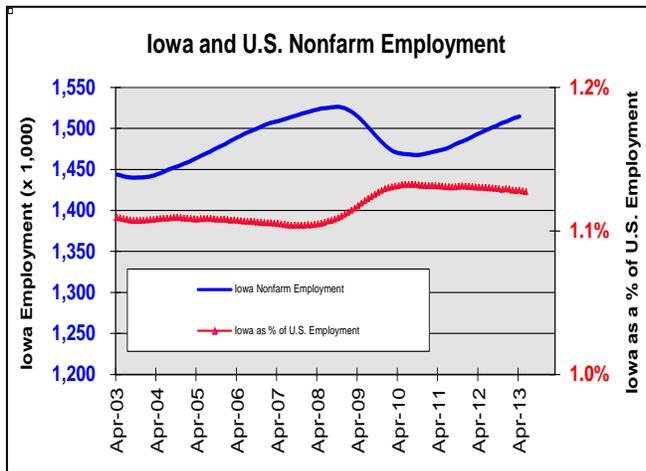
Tax Refunds issued in May totaled \$74.2 million, an increase of \$23.6 million (46.6%) compared to May 2012. School infrastructure refunds totaled \$30.8 million in May, an increase of \$0.1 million compared to May 2012.

Status of the Economy

Iowa nonfarm employment was reported at 1,525,000 for the month of April (not seasonally adjusted), 15,000 higher (1.0%) than April 2012.

Iowa's 12-month average employment is presented as the blue line on the following graph. Iowa's average nonfarm employment peaked in October 2008 at 1,526,400, and was 47,700 above the peak prior to the previous recession (January 2001). The current 12-month average reading is now 1,514,700, resulting in an annual average Iowa nonfarm employment level 11,700 below the October 2008 peak.

The employment chart also 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. Since that time, Iowa's percent of U.S. employment has declined as the percentage growth in U.S. employment has exceeded the percentage growth in Iowa employment.



The Consumer Price Index (CPI-U) through April 2013 was 232.531 (1983/84=100). Consumer prices decreased (0.1%) in April (not seasonally adjusted) while the annual rate of inflation decreased to 1.0% from the previous month's level of 1.5%.

Core CPI, an inflation measure excluding food and energy expenditures, increased in April and totaled 1.7% year-over-year. For the two components excluded from the core rate, energy prices are down 4.3% year-over-year and food prices are up 1.6%.

Information related to State General Fund receipts is available on the Fiscal Services Division's web site at: <http://www.legis.iowa.gov/receipts/daily.html>

GENERAL FUND RECEIPTS - FY 2012 vs. FY 2013 July 1 through May 31 (in millions of dollars) Dollars may not add due to rounding. Percentages calculated on rounded numbers.					ESTIMATED GENERAL FUND RECEIPTS (in millions of dollars) FY 12 Actual Compared to FY 13 REC Estimate		
	FY 2012	FY 2013	Year to Date % Change	May % Change	Actual FY 2012	Estimate FY 2013	Projected % Change
Personal Income Tax	\$ 3,346.1	\$ 3,773.3	12.8%	33.1%	\$ 3,634.3	\$ 3,957.0	8.9%
Sales/Use Tax	2,318.5	2,357.5	1.7%	-1.1%	2,505.3	2,583.3	3.1%
Corporate Income Tax	440.0	485.2	10.3%	-17.4%	520.7	554.7	6.5%
Inheritance Tax	69.5	79.6	14.5%	4.2%	77.6	92.4	19.1%
Insurance Premium Tax	70.1	87.7	25.1%	120.2%	101.4	106.1	4.6%
Cigarette Tax	82.2	83.9	2.1%	14.4%	103.2	96.2	-6.8%
Tobacco Tax	14.1	15.8	12.1%	3.3%	16.3	17.4	6.7%
Beer Tax	13.1	13.1	0.0%	-8.3%	14.2	14.6	2.8%
Franchise Tax	35.8	37.8	5.6%	24.2%	41.5	48.0	15.7%
Miscellaneous Tax	1.0	1.1	0.0%	0.0%	1.1	1.1	0.0%
Total Gross Taxes	\$ 6,390.3	\$ 6,935.1	8.5%	16.8%	\$ 7,015.6	\$ 7,470.8	6.5%
Institutional Payments	11.8	12.8	8.5%	-11.8%	13.0	14.5	11.5%
Liquor Profits	86.3	86.0	-0.3%	26.5%	94.6	94.6	0.0%
Interest	2.3	2.4	4.3%	50.0%	2.4	2.5	4.2%
Fees	27.3	27.1	-0.7%	-47.8%	29.1	26.9	-7.6%
Judicial Revenue	102.8	96.9	-5.7%	1.6%	113.8	110.0	-3.3%
Miscellaneous Receipts	35.2	37.1	5.4%	119.2%	37.7	31.8	-15.6%
Racing and Gaming Receipts	66.0	40.0	-39.4%	0.0%	66.0	40.0	-39.4%
TOTAL GROSS RECEIPTS	\$ 6,721.9	\$ 7,237.4	7.7%	16.8%	\$ 7,372.3	\$ 7,791.1	5.7%
Accrued Revenue-Net					61.3	19.8	
Tax Refunds *	-814.0	-791.5	-2.8%	46.6%	-820.6	-861.0	4.9%
School Infrast. Refunds *	-377.1	-380.4	0.9%	0.3%	-410.6	-423.7	3.2%
TOTAL NET RECEIPTS	\$ 5,530.8	\$ 6,065.5	9.7%	15.5%	\$ 6,202.4	\$ 6,526.2	5.2%

* For FY 2012 and FY 2013 Year-to-Date columns, refunds are presented on a cash basis. For FY 2012 Actual and FY 2013 Estimate, refunds are presented on a fiscal year basis.