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MEMORANDUM

TO: Members of the Iowa Senate and
 Members of the Iowa House of Representatives
 FROM: Dennis C. Prouty
 DATE: May 3, 2004

Monthly General Fund Receipts through April 30, 2004

The attached spreadsheet presents total FY 2004 monthly General Fund receipts, with comparable figures for actual FY 2003. The figures can be compared to the FY 2004 estimate of \$5.139 billion set by the Revenue Estimating Conference (REC) on March 19, 2004. The FY 2004 estimate is an increase of \$92.5 million (1.8%) compared to actual FY 2003 gross cash receipts (excluding transfers). A date for the next Revenue Estimating Conference has not been set.

DIVISIONS

LEGAL SERVICES
 RICHARD L. JOHNSON

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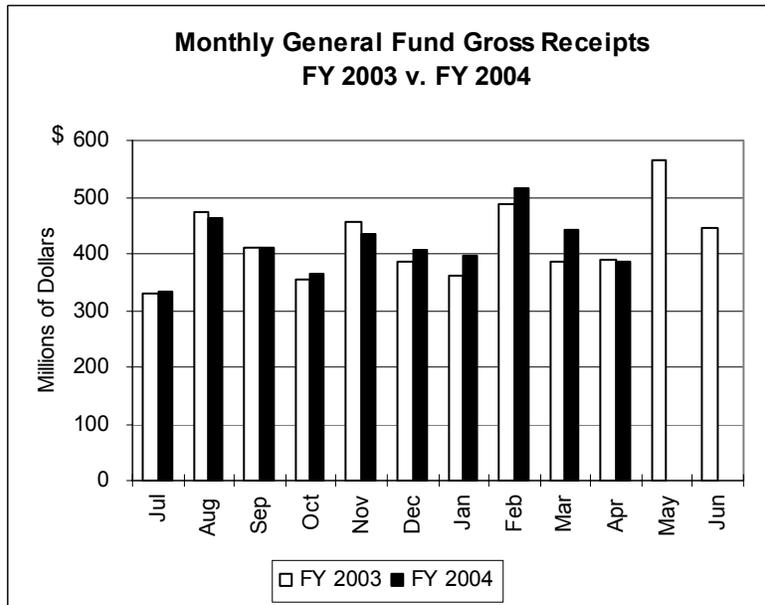
FISCAL SERVICES
 HOLLY M. LYONS

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COMPUTER SERVICES
 GLEN P. DICKINSON

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ADMINISTRATIVE SERVICES
 TIMOTHY C. FALLER



FY 2004 Compared to FY 2003

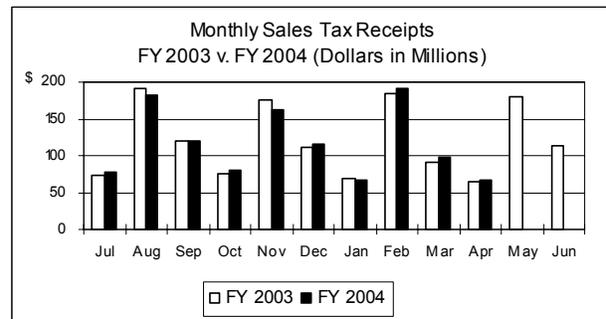
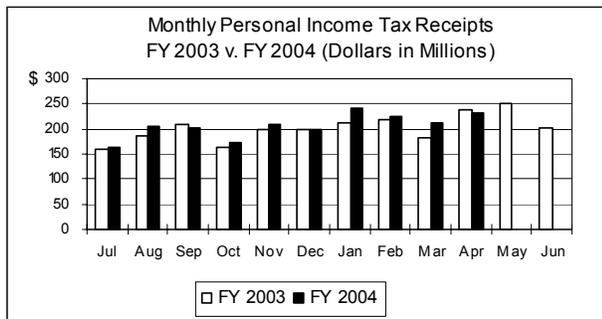
Year-to-date FY 2004 total gross revenues (excluding transfers) increased \$114.0 million (2.8%) compared to the same time period of FY 2003. Major revenue sources contributing to the change include:

- Personal income tax (positive \$96.4 million)
- Sales & use tax (positive \$16.7 million)
- Corporate tax payments (negative \$8.8 million)
- Other taxes (negative \$6.4 million)
- Other receipts (positive \$16.1 million)

A portion of the projected revenue growth in FY 2004 is due to changes to unclaimed property regulations. The new revenue from this source is not expected until May or June 2004. Therefore, FY 2004 comparisons to the REC estimate will appear lower than is actually the case until the additional unclaimed property proceeds are deposited to the General Fund. Fiscal year 2004 transfers from the Unclaimed Property Fund to the General Fund are projected to be \$37.8 million. Through April 30, \$10.0 million has been transferred.

Personal income tax revenues received in April totaled \$230.0 million, a decrease of \$7.7 million (-3.2%) compared to April 2003.

The FY 2004 REC income tax estimate of \$2.534 billion represents a projected increase of 4.8% compared to actual FY 2003. The year-to-date change in personal income tax receipts is 4.9%. Withholding tax payments are up 5.8% while estimated income tax payments have increased 2.9%. Payments with returns are down 5.6% for the year, but are subject to significant day-to-day variance from April 1 through mid-May due to tax filing season. The following Chart compares FY 2004 monthly personal income tax receipts from the three personal income tax sub-categories with FY 2003.



Sales tax receipts received in April totaled \$67.7 million, an increase of \$4.2 million (6.6%) compared to April 2003.

The REC estimate for FY 2004 sales tax receipts is \$1.437 billion, a decrease of 0.9% compared to actual FY 2003. The year-to-date growth in sales tax receipts is positive 0.4%. The preceding Chart compares FY 2004 monthly sales tax receipts with FY 2003.

Use tax receipts received in April totaled \$21.5 million, a decrease of \$0.3 million (- 1.4%) compared to April 2003.

The REC estimate for FY 2004 use tax receipts is \$266.9 million, an increase of 5.0% compared to the FY 2003 level. The year-to-date growth in use tax receipts is positive 5.8%.

Corporate tax receipts received in April totaled \$21.8 million, a \$1.9 million increase (9.7%) compared to April 2003. The REC estimate for FY 2004 corporate tax receipts is \$194.3 million, which represents a decrease of 18.0% compared to actual FY 2003. The year-to-date growth in corporate tax receipts is negative 4.9%.

Other tax receipts received in April totaled \$21.7 million, a \$1.5 million (- 6.6%) decrease compared to April 2003. Insurance, and franchise (banking) tax receipts were down for the month, while beer tax receipts were up.

The REC estimate for FY 2004 receipts from other taxes is \$363.6 million, which represents a decrease of 3.3% compared to actual FY 2003. The year-to-date growth in other taxes is negative 2.5%.

Other receipts (non-tax receipts) received in April totaled \$22.4 million, a \$1.8 million (- 7.5%) decrease compared to April 2003. Fees and liquor transfers were up, while interest and miscellaneous receipts were down for the month.

The REC estimate for FY 2004 other receipts is \$343.1 million, which represents an increase of 10.1% compared to actual FY 2003. The year-to-date growth in other receipts is 6.0%. The increase was due to the transfer of Area Education Agency (AEA) balances to the General Fund in December. Much of the remaining projected revenue increase (unclaimed property) in other receipts is not expected until late FY 2004.

Tax Refunds have increased \$100.0 million (20.2%) fiscal year-to-date. For the full fiscal year, the REC projects tax refunds will increase \$78.2 million (12.1%). A significant reduction in the backlog of tax refunds from previous years has contributed to the year-to-date increase.

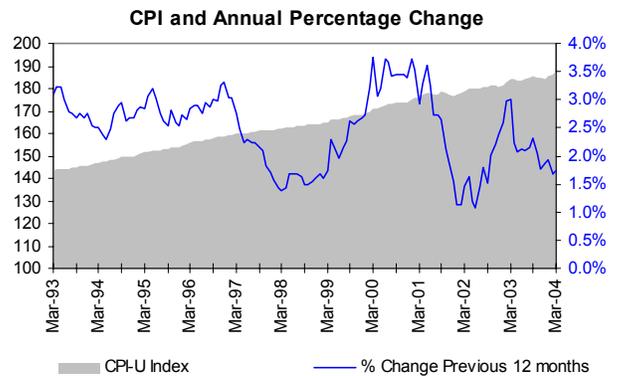
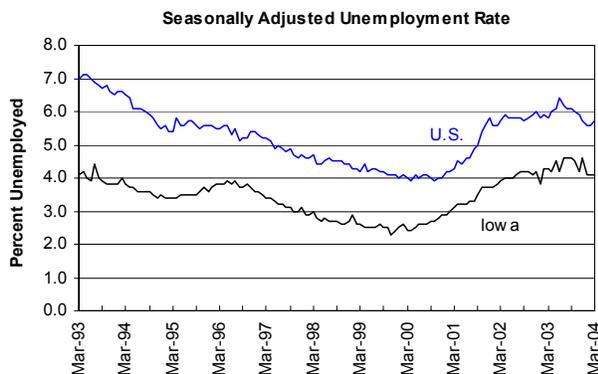
Status of the Economy

The March seasonally adjusted Iowa civilian unemployment rate was 4.1%, unchanged from the February 2004 level and 0.2% lower than the level one year ago. Iowa's total adjusted March 2004 employment registered at 1,558,000, up 1,100 from last year's level.

The number of unemployed persons in Iowa was reported at 66,100 in March, a decrease of 4,300 compared to March 2003.

The U.S. unemployment rate for March 2004 was 5.7%, 1.6 percentage points above the Iowa rate. The U.S. rate one year ago was 5.8%.

Consumer prices increased 0.6% during the month of March (not seasonally adjusted). The Consumer Price Index (CPI-U) through March 2004 was 187.4 (1983/84=100), 1.7% higher than one year ago. The following charts illustrate Consumer Price Index and U.S./Iowa unemployment comparisons through March.



Information related to State General Fund receipts is available on the Fiscal Services Division's web site at: <http://staffweb.legis.state.ia.us/lfb/revdebt.htm>.

GENERAL FUND RECEIPTS - FY 2003 vs. FY 2004 July 1 through April 30, in millions of dollars Dollars may not add due to rounding					ESTIMATED GENERAL FUND RECEIPTS in millions of dollars FY 03 Actual Compared to FY 04 REC Estimate		
	FY 2003	FY 2004	Year to Date % CHANGE	April % CHANGE	Actual FY 2003	Estimate FY 2004	Projected % CHANGE
Personal Income Tax	\$ 1,964.5	\$ 2,060.9	4.9%	-3.2%	\$ 2,417.6	\$ 2,534.0	4.8%
Sales Tax	1,156.8	1,161.4	0.4%	6.6%	1,450.3	1,437.3	-0.9%
Use Tax	208.8	220.9	5.8%	-1.4%	254.2	266.9	5.0%
Corporate Income Tax	178.8	170.0	-4.9%	9.7%	237.0	194.3	-18.0%
Inheritance Tax	73.4	65.8	-10.4%	7.6%	88.1	76.7	-12.9%
Insurance Premium Tax	67.9	67.1	-1.2%	-85.0%	142.2	136.6	-3.9%
Cigarette Tax	71.8	71.1	-1.0%	-4.5%	88.1	86.3	-2.0%
Tobacco Tax	6.0	6.7	11.7%	48.8%	7.4	7.9	6.8%
Beer Tax	11.4	11.5	0.9%	8.2%	13.9	14.0	0.7%
Franchise Tax	27.4	28.7	4.7%	-18.1%	35.3	40.6	15.0%
Miscellaneous Tax	1.7	2.3	35.3%	263.0%	1.1	1.5	36.4%
Total Special Taxes	\$ 3,768.5	\$ 3,866.4	2.6%	-0.9%	\$ 4,735.2	\$ 4,796.1	1.3%
Institutional Payments	14.2	10.7	-24.6%	103.1%	16.2	14.7	-9.3%
Liquor Transfers - Profits	33.0	37.5	13.6%	28.6%	40.0	45.0	12.5%
Liquor Transfers - 7% Revenues	7.5	7.5	0.0%	0.0%	9.0	9.0	0.0%
Interest	16.7	6.4	-61.7%	-56.9%	18.1	10.0	-44.8%
Fees	58.3	67.9	16.5%	31.0%	72.1	66.5	-7.8%
Judicial Revenue	43.0	44.9	4.4%	-3.4%	54.7	57.3	4.8%
Miscellaneous Receipts	35.7	49.6	38.9%	-60.5%	41.4	80.6	94.7%
Racing and Gaming Receipts	60.0	60.0	0.0%	0.0%	60.0	60.0	0.0%
TOTAL GROSS RECEIPTS	\$ 4,036.9	\$ 4,150.9	2.8%	-1.3%	\$ 5,046.7	\$ 5,139.2	1.8%