



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

FROM: Jeff Robinson and Kent Ohms

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Monthly General Fund Receipts Through September 30, 2016

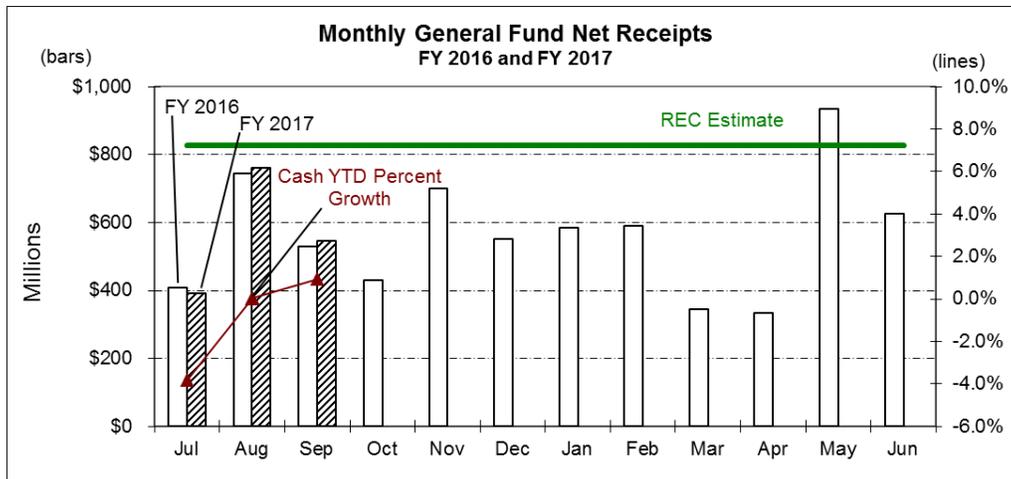
The attached spreadsheet presents FY 2017 General Fund total net receipts with comparable figures for actual FY 2016. The figures can be compared to the FY 2017 adjusted estimate of \$7.284 billion set by the Revenue Estimating Conference (REC) on March 16, 2016, and modified primarily by the enactment of [HF 2433](#) (IRC Update and Manufacturing Consumables Act) and other revenue adjustment Acts. The FY 2017 adjusted estimate is an increase of \$492.1 million (7.2%) compared to actual FY 2016 total net receipts (excludes transfers). The next REC meeting is scheduled for October 13, 2016.

Final FY 2016 Net Revenue

FY 2016 Monthly Estimate Comparison - Dollars in Millions						
Most Recent REC Adjusted Projected Growth for the Year, Excluding Transfers = 2.2%						
Year-to-Date Ending:	Year-to-Date FY 2015	Year-to-Date FY 2016	Dollar Change	% Change	Year-to-Date Change at REC Estimate for the Entire Year	Year-to-Date Above (Below) Estimated Change
July	\$ 406.6	\$ 407.6	\$ 1.0	0.2%	\$ 9.1	\$ -8.1
Aug	1,109.5	1,151.8	42.3	3.8%	24.8	17.5
Sept	1,665.4	1,680.7	15.3	0.9%	37.2	-21.9
Oct	2,108.9	2,111.5	2.6	0.1%	47.1	-44.5
Nov	2,719.9	2,812.2	92.3	3.4%	60.7	31.6
Dec	3,298.0	3,364.6	66.6	2.0%	73.6	-7.0
Jan	3,860.4	3,948.3	87.9	2.3%	86.2	1.7
Feb	4,406.6	4,538.7	132.1	3.0%	98.4	33.7
Mar	4,772.4	4,882.7	110.3	2.3%	106.5	3.8
Apr	5,185.8	5,217.8	32.0	0.6%	115.8	-83.8
May	6,060.4	6,151.3	90.9	1.5%	135.3	-44.4
Jun	6,670.2	6,776.7	106.5	1.6%	148.9	-42.4
Year end	6,692.1	6,791.7	99.6	1.5%	149.4	-49.8
Adjustment for Transfers						23.0
Year-end net receipts, including transfers						-\$26.8

Note: The FY 2016 March REC estimate has been adjusted for post-REC Legislative adjustments.

Net General Fund revenue for FY 2016, excluding transfers, totaled \$6.792 billion, an increase of \$99.6 million (1.5%) compared to FY 2015. The total for FY 2016 net amount was \$49.8 million below the March 2016 REC estimate. Adjusting for transfers that were \$23.0 million above projections, net General Fund revenue including transfers was \$26.8 million below the FY 2016 estimate.



Overview of Current Situation

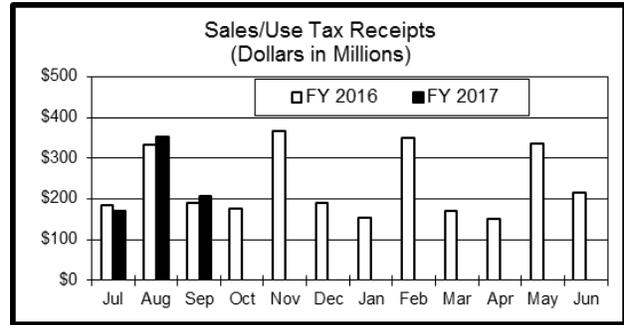
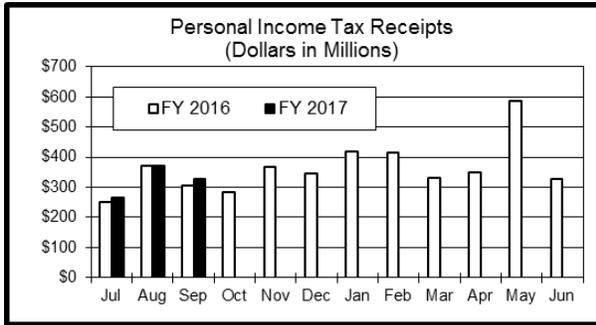
September 2016 net General Fund revenue was \$15.4 million (2.9%) above the September 2015 revenue level. Cash fiscal year-to-date net receipts are \$16.1 million (1.0%) higher than FY 2016.

Major sources of revenue and their contributions to the FY 2017 year-to-date revenue change include:

- Personal income tax (positive \$36.1 million, 3.9%)
- Sales/use tax (positive \$22.6 million, 3.2%)
- Corporate tax (negative \$12.3 million, -11.7%)
- Other taxes (positive \$1.3 million, 1.5%)
- Other receipts (negative \$1.3 million, -2.2%)
- Tax refunds not including school infrastructure refunds (negative \$30.7 million)
- School infrastructure sales/use tax refunds (positive \$0.2 million)

Personal Income Tax revenue received in September 2016 totaled \$325.9 million, an increase of \$20.0 million (6.5%) compared to September 2015.

The FY 2017 REC income tax adjusted estimate of \$4.754 billion represents a projected increase of 9.2% compared to actual FY 2016. Through September 2016, personal income tax receipts have increased \$36.1 million (3.9%). By subcategory, withholding payments increased \$32.5 million (4.0%), estimate payments increased \$3.7 million (3.7%), and payments with returns decreased \$0.1 million (-0.3%). The following chart compares FY 2016 and FY 2017 monthly income tax receipts from the three personal income tax subcategories.



Sales/Use Tax receipts received in September 2016 totaled \$206.2 million, an increase of \$16.4 million (8.6%) compared to September 2015.

The REC adjusted estimate for FY 2017 sales/use tax receipts is \$2.866 billion, a projected increase of 2.0% compared to actual FY 2016. Through September 2016, sales/use tax receipts increased \$22.6 million (3.2%). The preceding chart compares FY 2016 and FY 2017 monthly sales/use tax receipts.

Corporate Income Tax receipts received in September 2016 totaled \$67.1 million, a decrease of \$5.8 million (-8.0%) compared to September 2015.

The REC adjusted estimate for FY 2017 corporate tax revenue is \$520.1 million, a projected decrease of 0.1% compared to actual FY 2016. Through September 2016, corporate income tax receipts decreased \$12.3 million (-11.7%).

Other Tax Receipts received in September 2016 totaled \$18.2 million, an increase of \$5.2 million (40.0%) compared to September 2015.

The REC estimate for FY 2017 other tax revenue is \$272.7 million, a projected decrease of 2.3% compared to actual FY 2016. Through September 2016, other tax receipts increased \$1.3 million (1.5%).

Other Receipts (nontax receipts) received in September 2016 totaled \$21.5 million, an increase of \$2.7 million (14.4%) compared to September 2015.

The REC estimate for FY 2017 other receipts revenue is \$294.0 million, a projected decrease of 1.0% compared to actual FY 2016. Through September 2016, other receipts decreased \$1.3 million (-2.2%).

Tax Refunds issued in September 2016 totaled \$54.3 million, an increase of \$29.4 million compared to September 2015. In addition to regular refunds, school infrastructure refunds totaled \$40.1 million, a decrease of \$6.3 million compared to September 2015.

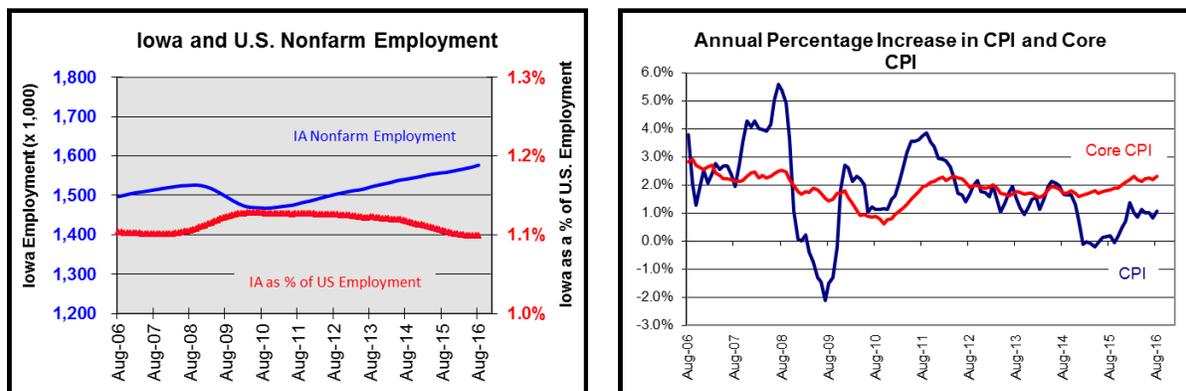
Status of the Economy

Iowa nonfarm employment was reported at 1,582,200 for the month of August 2016 (not seasonally adjusted), 27,700 (1.8%) higher than August 2015.

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 1,576,800, resulting in an annual average Iowa nonfarm employment level that is 50,400 above 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. 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 since June 2010. Iowa's percent of U.S. employment is currently at its lowest level since January 1989.



The Consumer Price Index (CPI-U) through August 2016 was 240.9 (1983/84=100). Consumer prices decreased 0.2% in July (not seasonally adjusted) and the annual rate of inflation increased to 0.8%, an increase of 0.1% from July.

Core CPI, an inflation measure excluding food and energy expenditures, increased 0.2% in August and totaled 2.3% year-over-year. The annual core inflation rate has exceeded 2.0% for 10 consecutive months. The core inflation rate had not been consistently above 2.0% since July 2012, now matching that 10-month time period. For the two components excluded from the core rate, energy prices are down 9.2% year-over-year, while food prices are up 0.1%.

Further information can be found on the Fiscal Services Division website related to [State General Fund Daily Receipts](#) and other [Iowa Economic Trends](#).

GENERAL FUND RECEIPTS - FY 2017 vs. FY 2016 July 1 through September 30 (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 2016 Actual Compared to FY 2017 REC Estimate		
	FY 2016	FY 2017	Year-to-Date % Change	September % Change	Actual FY 2016	Estimate FY 2017	Projected % Change
Personal Income Tax	\$ 929.4	\$ 965.5	3.9%	6.5%	\$ 4,355.4	\$ 4,754.0	9.2%
Sales/Use Tax	706.1	728.7	3.2%	8.6%	2,810.7	2,866.0	2.0%
Corporate Income Tax	105.0	92.7	-11.7%	-8.0%	520.5	520.1	-0.1%
Inheritance Tax	22.4	20.4	-8.9%	17.2%	91.8	101.9	11.0%
Insurance Premium Tax	52.3	53.1	1.5%	0.0%	119.7	106.7	-10.9%
Cigarette/Tobacco Tax	0.0	0.0	0.0%	0.0%	0.0	0.0	N.A.
Beer/Liquor Tax	4.1	4.1	0.0%	7.7%	14.1	14.5	2.8%
Franchise Tax	9.0	11.5	27.8%	70.7%	52.0	48.2	-7.3%
Miscellaneous Tax	0.1	0.1	0.0%	0.0%	1.5	1.4	-6.7%
Total Gross Taxes	\$ 1,828.4	\$ 1,876.1	2.6%	6.2%	\$ 7,965.7	\$ 8,412.8	5.6%
Institutional Payments	4.0	2.9	-27.5%	-9.1%	12.1	5.8	-52.1%
Liquor Profits	27.4	27.2	-0.7%	4.3%	112.3	104.3	-7.1%
Interest	0.8	0.4	-50.0%	-50.0%	4.1	4.4	7.3%
Fees	6.5	5.6	-13.8%	-5.0%	28.0	26.4	-5.7%
Judicial Revenue	14.1	12.7	-9.9%	45.5%	97.7	112.9	15.6%
Miscellaneous Receipts	7.1	9.8	38.0%	33.3%	42.7	40.2	-5.9%
Racing and Gaming Receipts	0.0	0.0	0.0%	0.0%	0.0	0.0	N.A.
TOTAL GROSS RECEIPTS	\$ 1,888.2	\$ 1,934.7	2.5%	6.4%	\$ 8,262.6	\$ 8,706.8	5.4%
Accrued Revenue-Net					14.2	24.7	
Tax Refunds *	-82.8	-113.5	37.1%	118.1%	-1,018.3	-975.0	-4.3%
School Infrast. Refunds *	-124.7	-124.5	-0.2%	-13.6%	-466.8	-472.7	1.3%
TOTAL NET RECEIPTS	\$ 1,680.7	\$ 1,696.8	1.0%	2.9%	\$ 6,791.7	\$ 7,283.8	7.2%
* For the Year-to-Date columns, refunds are presented on a cash basis. For FY 2016 Actual and FY 2017 Estimate, refunds are presented on a fiscal year basis. The FY 2016 Actual column is final.							