

FISCAL UPDATE

December 16, 2003

Legislative Services Agency

(515)-281-5279 FAX 281-8451

<http://staffweb.legis.state.ia.us/lfb>

DECEMBER REVENUE ESTIMATING CONFERENCE

REC Meeting

The Revenue Estimating Conference (REC) met on December 8, and decreased the FY 2004 estimated net General Fund receipts \$14.9 million and increased the FY 2005 estimated net General Fund receipts \$63.2 million.

FY 2004 Estimate



The FY 2004 REC estimate for net General Fund receipts is now \$4,482.6 million, a decrease of \$0.9 million compared to actual FY 2003. The revised estimate is \$14.9 million below the October REC projection. Major changes compared to the October estimate include:

- A \$38.2 million increase in income tax receipts. The projected income tax revenue increase for FY 2004 is now \$109.6 million. Income tax revenues increased \$42.5 million through December 5.
- A \$42.0 million decrease in corporate tax receipts. The projected corporate tax revenue decrease for FY 2004 is now \$56.9 million. Corporate tax revenue decreased \$26.8 million through December 5.
- A \$16.0 million increase in estimated tax refunds. The projected increase in FY 2004 tax refunds is now \$72.7 million. Tax refunds increased \$49.6 million (cash basis) through December 5.

IN THIS ISSUE:

December REC Meeting, pg. 1
FY 2005 DOT Budget Request, pg. 4
Public Defender Reallocates Funds, pg. 5
FY 2004 Medicaid Estimates, pg. 6
Preferred Drug List Update, pg. 6
College Student Aid Commission, pg. 7
Lottery Revenue/Expenditures, pg. 8

Council on Human Services Meeting, pg. 9
MH/DD Commission Meeting, pg. 11
Iowa Water Summit Held, pg. 12
Soil Conservation Committee Mtg., pg. 13
Nat'l OWI Incentive Funding, pg. 14
Issue Review: Community College MIS, pg. 14

FY 2004 Revenue Estimating Conference Projection

(Dollars in Millions)

	Actual FY 2003	October FY 2004 Estimate	December FY 2004 Estimate	Estimate Increase (Decrease)
Income Tax	\$2,417.6	\$2,489.0	\$2,527.2	\$38.2
Sales/Use Tax	1,704.5	1,704.5	1,703.3	-1.2
Corporate Tax	237.0	222.1	180.1	-42.0
Insurance Tax	142.2	130.0	130.0	0.0
Other Taxes	233.9	219.2	225.2	6.0
Total Taxes	\$4,735.2	\$4,764.8	\$4,765.8	\$1.0
Other Receipts	\$311.5	\$343.1	\$341.2	\$-1.9
Transfers	129.0	88.0	88.0	0.0
Accruals (Net)	-44.9	21.6	23.6	2.0
Refunds	-647.3	-720.0	-736.0	-16.0
Other Receipts & Adjustments	\$-251.7	\$-267.3	\$-283.2	\$-15.9
Net General Fund Receipts	<u>\$4,483.5</u>	<u>\$4,497.5</u>	<u>\$4,482.6</u>	<u>\$-14.9</u>

FY 2005



The FY 2005 REC estimate for net General Fund receipts is now \$4,550.3 million, an increase of \$67.7 million compared to the REC December estimate for FY 2004. The revised estimate is \$63.2 million higher than the October REC projection. Major changes compared to the October estimate include:

- A \$64.3 million increase due to the reinstatement of Iowa's 5.0% sales tax on residential utility bills, which would have become effective July 1, 2004. The reinstatement was the result of a Governor's line-item veto in HF 683 (2003 Grow Iowa Values Fund Appropriations Act). The Governor's veto message stated it was not the Governor's intent to eliminate the utility tax phase-out and recommended that the 2004 General Assembly reenact the phase-out language.
- A \$39.7 million increase in projected personal income tax receipts.
- A \$22.3 million decrease in projected corporate tax receipts.
- A \$7.8 million increase in estimated tax refunds

FY 2005 Revenue Estimating Conference Projection

(Dollars in Millions)

	Estimate FY 2004	October FY 2005 Estimate	December FY 2005 Estimate	Estimate Increase (Decrease)
Income Tax	\$2,527.2	\$2,580.3	\$2,620.0	\$39.7
Sales/Use Tax	1,703.3	1,711.9	1,767.4	55.5
Corporate Tax	180.1	207.4	185.1	-22.3
Insurance Tax	130.0	112.3	106.5	-5.8
Other Taxes	225.2	214.2	220.1	5.9
Total Taxes	\$4,765.8	\$4,826.1	\$4,899.1	\$73.0
Other Receipts	\$341.2	\$292.8	\$290.8	\$-2.0
Transfers	88.0	67.2	67.2	0.0
Accruals (Net)	23.6	5.4	5.4	0.0
Refunds	-736.0	-704.4	-712.2	-7.8
Other Receipts & Adjustments	\$-283.2	\$-339.0	\$-348.8	\$-9.8
Net General Fund Receipts	<u>\$4,482.6</u>	<u>\$4,487.1</u>	<u>\$4,550.3</u>	<u>\$63.2</u>

Summary Table

The following table provides a summary of actual revenues for FY 2002 and FY 2003 and the REC estimates for FY 2004 and FY 2005. A more detailed spreadsheet of the FY 2004 and FY 2005 estimates is available on the Legislative Services Agency (LSA) web site at:
<http://staffweb.legis.state.ia.us/lfb/qre/qre.htm>.

Revenue Estimating Conference Projection

(Dollars in Millions)

	Actual FY 2002	Actual FY 2003	Estimate FY 2004	Estimate FY 2005
Income Tax	\$2,372.1	\$2,417.6	\$2,527.2	\$2,620.0
Sales/Use Tax	1,691.5	1,704.5	1,703.3	1,767.4
Corporate Tax	221.2	237.0	180.1	185.1
Insurance Tax	135.4	142.2	130.0	106.5
Other Taxes	241.7	233.9	225.2	220.1
Total Taxes	\$4,661.9	\$4,735.2	\$4,765.8	\$4,899.1
Other Receipts	\$345.6	\$311.5	\$341.2	\$290.8
Transfers	305.8	129.0	88.0	67.2
Accruals (Net)	30.6	-44.9	23.6	5.4
Refunds	-663.1	-647.3	-736.0	-712.2
Other Receipts & Adjustments	\$18.9	\$-251.7	\$-283.2	\$-348.8
Net General Fund Receipts	<u>\$4,680.8</u>	<u>\$4,483.5</u>	<u>\$4,482.6</u>	<u>\$4,550.3</u>
Year-over-year Incr./Decr.	<u>\$33.8</u>	<u>\$-197.3</u>	<u>\$-0.9</u>	<u>\$67.7</u>