

REVENUE ESTIMATING CONFERENCE

December 12, 2014

Attachment C

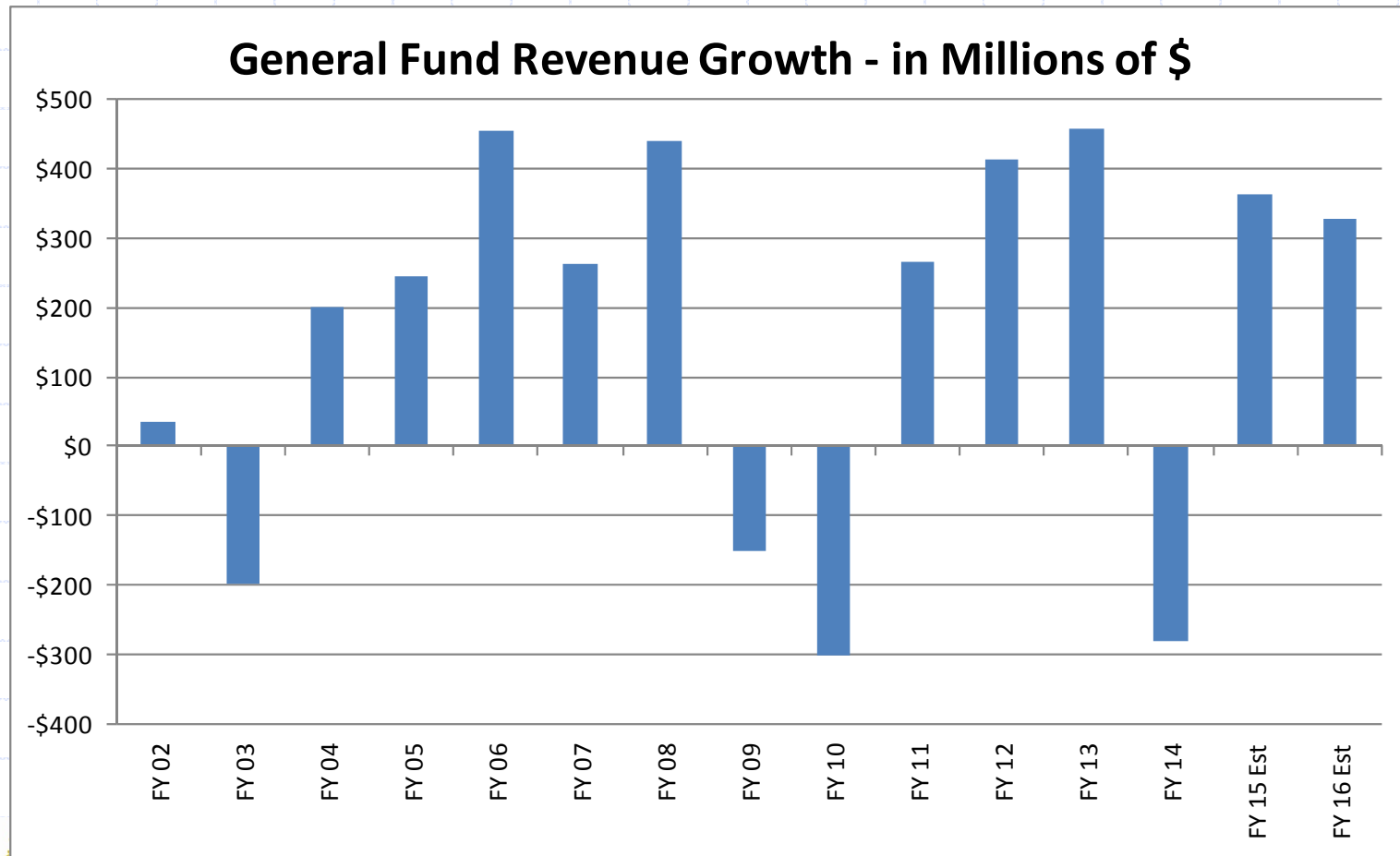
	FY 13	FY 14	% Change FY 13 vs. FY 14	REC FY 15 Estimate 9-Oct-14	% Change FY 15 Est. vs. FY 14 Actual	REC FY 16 Estimate 9-Oct-14	% Change FY 16 Est. vs. FY 15 Estimate	REC FY 15 Estimate 12-Dec-14	% Change FY 15 Est. vs. FY 14 Actual	REC FY 16 Estimate 12-Dec-14	% Change FY 16 Est. vs. FY 15 Estimate
Tax Receipts											
Personal Income Tax	\$4,083.9	\$3,974.9	-2.7%	\$4,208.1	5.9%	\$4,430.4	5.3%	\$4,202.1	5.7%	\$4,437.1	5.6%
Sales/Use Tax	2,547.6	2,642.3	3.7%	2,747.6	4.0%	2,869.9	4.5%	2,757.4	4.4%	2,876.6	4.3%
Corporate Income Tax	555.3	549.6	-1.0%	557.8	1.5%	603.7	8.2%	570.7	3.8%	609.9	6.9%
Inheritance Tax	86.8	91.0	4.8%	99.2	9.0%	108.1	9.0%	91.0	0.0%	96.5	6.0%
Insurance Premium Tax	104.9	105.6	0.7%	104.8	-0.8%	104.7	-0.1%	104.8	-0.8%	102.6	-2.1%
Cigarette Tax	102.7	0.0	-100.0%	0.0		0.0		0.0		0.0	
Tobacco Tax	18.7	1.4	-92.5%	0.0	-100.0%	0.0		0.0	-100.0%	0.0	
Beer Tax	14.5	14.1	-2.8%	14.1	0.0%	14.5	2.8%	14.1	0.0%	14.5	2.8%
Franchise Tax	42.9	42.9	0.0%	40.5	-5.6%	37.8	-6.7%	37.6	-12.4%	35.0	-6.9%
Miscellaneous Tax	1.1	1.2	9.1%	1.2	0.0%	1.2	0.0%	1.2	0.0%	1.2	0.0%
Total Tax Receipts	\$7,558.4	\$7,423.0	-1.8%	\$7,773.3	4.7%	\$8,170.3	5.1%	\$7,778.9	4.8%	\$8,173.4	5.1%
Other Receipts											
Institutional Payments	\$14.3	\$12.8	-10.5%	\$11.0	-14.1%	\$11.0	0.0%	\$10.9	-14.8%	\$10.9	0.0%
Liquor Profits	96.1	96.6	0.5%	97.7	1.1%	98.7	1.0%	97.7	1.1%	98.7	1.0%
Interest	2.6	3.4	30.8%	3.4	0.0%	3.4	0.0%	3.4	0.0%	3.4	0.0%
Fees	29.1	28.8	-1.0%	26.5	-8.0%	27.0	1.9%	28.1	-2.4%	27.8	-1.1%
Judicial Revenue	108.0	104.0	-3.7%	104.0	0.0%	104.0	0.0%	100.0	-3.8%	100.0	0.0%
Miscellaneous Receipts	39.9	43.4	8.8%	38.4	-11.5%	38.8	1.0%	39.4	-9.2%	39.4	0.0%
Racing and Gaming	40.0	0.0	-100.0%	0.0		0.0		0.0		0.0	
Total Other Receipts	\$330.0	\$289.0	-12.4%	\$281.0	-2.8%	\$282.9	0.7%	\$279.5	-3.3%	\$280.2	0.3%
Gross Tax & Other Receipts	\$7,888.4	\$7,712.0	-2.2%	\$8,054.3	4.4%	\$8,453.2	5.0%	\$8,058.4	4.5%	\$8,453.6	4.9%
Accruals (Net)	\$13.1	\$-16.2		\$44.7		\$27.0		\$26.4		\$27.3	
Refund (Accrual Basis)	\$-830.5	\$-955.3	15.0%	\$-926.0	-3.1%	\$-936.0	1.1%	\$-903.6	-5.4%	\$-916.6	1.4%
School Infras. Refunds (Accrual)	-\$419.2	-\$440.4	5.1%	-\$451.9	2.6%	-\$470.9	4.2%	-\$451.2	2.5%	-\$472.3	4.7%
Total Net Receipts	\$6,651.8	\$6,300.1	-5.3%	\$6,721.1	6.7%	\$7,073.3	5.2%	\$6,730.0	6.8%	\$7,092.0	5.4%
Transfers (Accrual Basis) **											
Lottery	\$82.8	\$72.2	-12.8%	\$75.7	4.8%	\$79.0	4.4%	\$73.2	1.4%	\$76.4	4.4%
Taxpayer Trust Fund Transf.		\$84.6		\$27.3		\$0.0		\$27.7		\$0.0	
Other Transfers	34.2	32.1	-6.1%	26.2	-18.4%	26.2	0.0%	26.2	-18.4%	26.2	0.0%
Net Receipts Plus Transfers	\$6,768.8	\$6,489.0	-4.1%	\$6,850.3	5.6%	\$7,178.5	4.8%	\$6,857.1	5.7%	\$7,194.6	4.9%
Estimated Gambling Revenues											
Deposited To Other Funds	\$240.6	\$272.9	13.4%	\$274.6	0.6%	\$274.6	0.0%	\$274.6	0.6%	\$279.8	1.9%
Interest Earned on Reserve Funds	\$2.2	\$1.8	-18.2%	\$1.8	0.0%	\$1.8	0.0%	\$1.8	0.0%	\$1.8	0.0%

There were no law change adjustments to the October REC estimates

Current REC Estimate – December 2014

- ◆ Projected FY 2015 Revenue Growth = \$368 million (5.7%) (6.8% excluding transfers)
- ◆ Projected FY 2016 Revenue Growth = \$338 million (4.9%) (5.4% excluding transfers)
- ◆ Both estimates include transfer revenue

The current REC estimates for FY 2015 and FY 2016 call for good growth, but not record growth



General Fund revenue year-to-date is up 4.8%.
 The full FY 2015 REC estimate for the comparable items is 6.8%

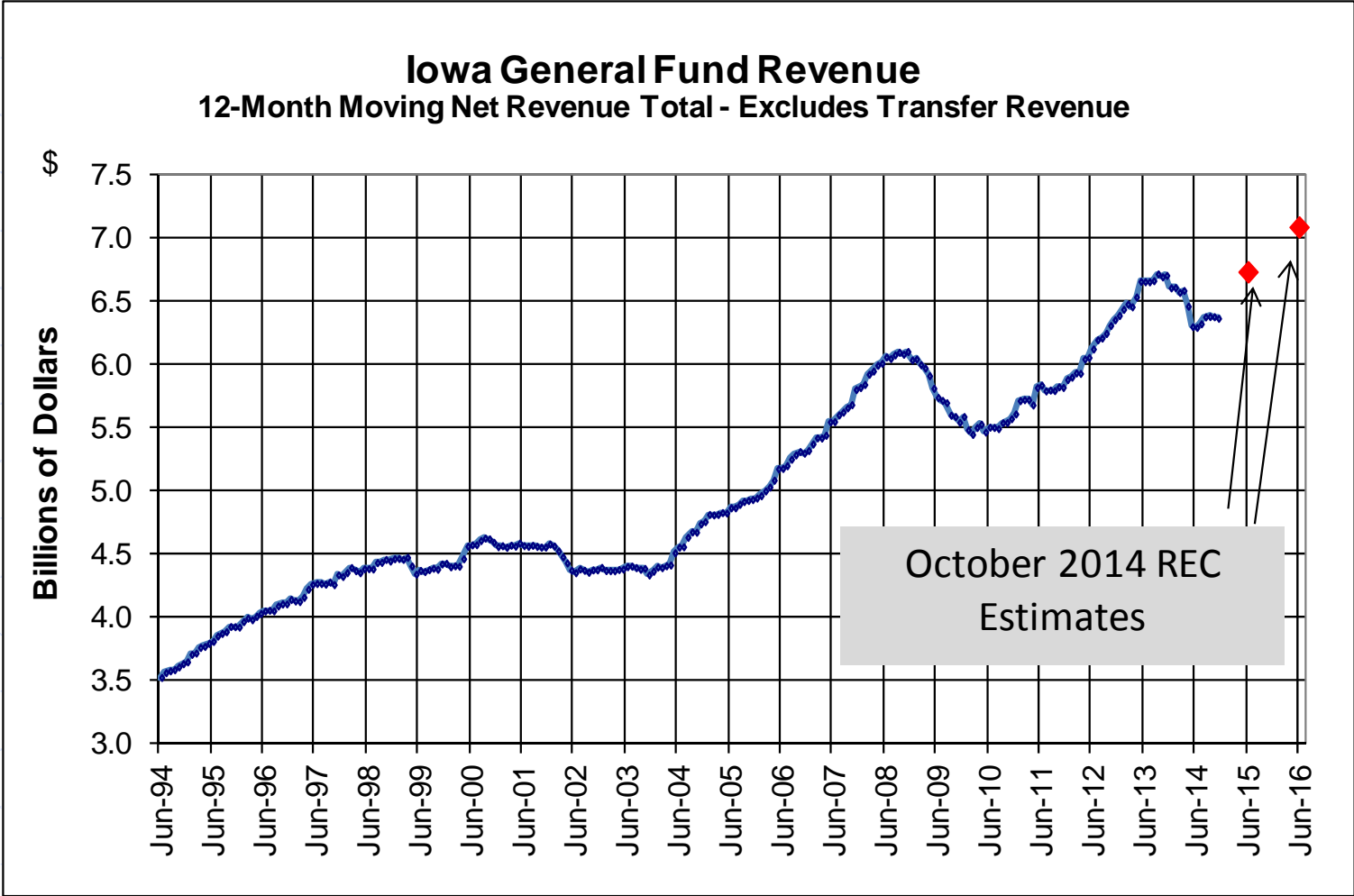
FY 2015 Compared to FY 2014 Through December 9th Revenue and Refunds on a Cash Basis

Dollars in Millions, Excludes Transfer Revenue

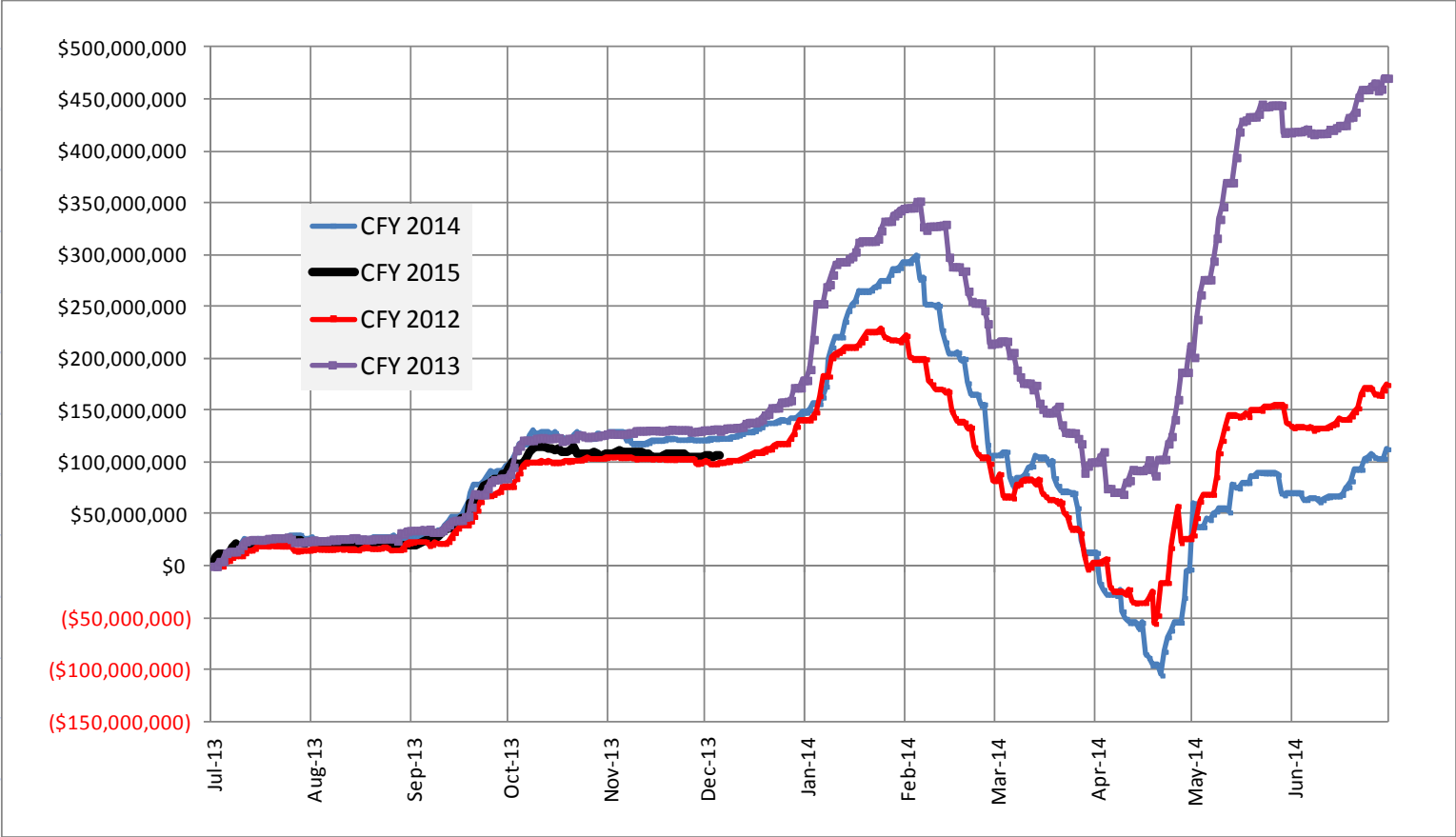
	Thru Dec 9 Actual FY 2014	Thru Dec 9 Actual FY 2015	\$ Increase (Decrease)	% Increase (Decrease)
Income Tax	\$1,469.1	\$1,535.1	\$66.0	4.5%
Sales/Use Tax	1,169.7	1,237.4	67.7	5.8%
Corporate Tax	202.1	187.7	-14.4	-7.1%
Inheritance Tax	45.6	41.7	-3.9	-8.6%
Insurance Tax	48.9	52.2	3.3	6.7%
Other Taxes	24.5	19.4	-5.1	-20.8%
Other Receipts	119.0	112.0	-7.0	-5.9%
School Infrastructure	-212.5	-204.4	8.1	-3.8%
Refunds	-166.4	-150.9	15.5	-9.3%
Net General Fund Receipts	\$2,700.0	\$2,830.2	\$130.2	4.8%

FY 2015 December REC, Excluding Transfer Revenue **6.8%**

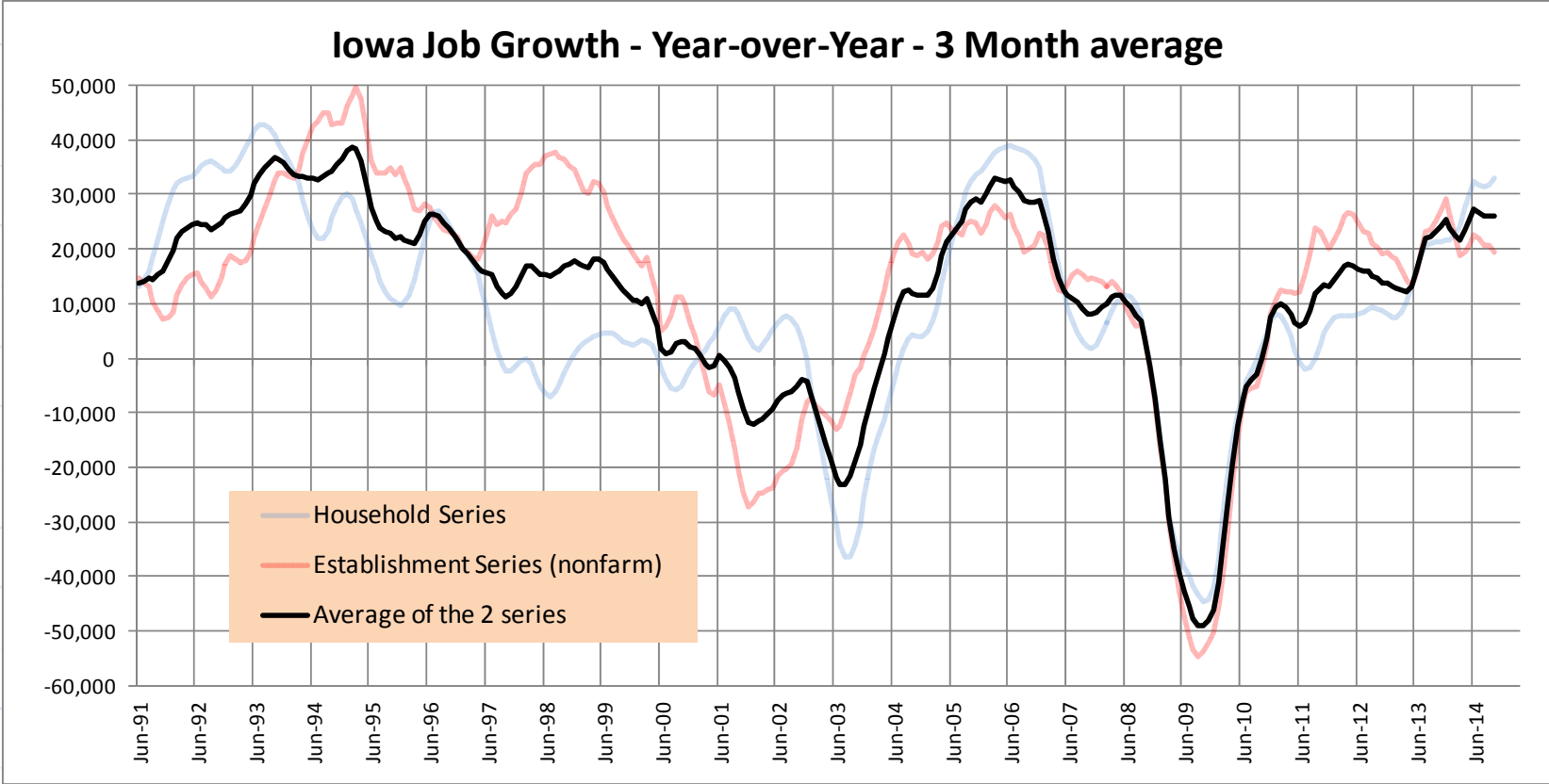
This graph provides a long-term revenue growth picture, with the current REC estimates in red on the right



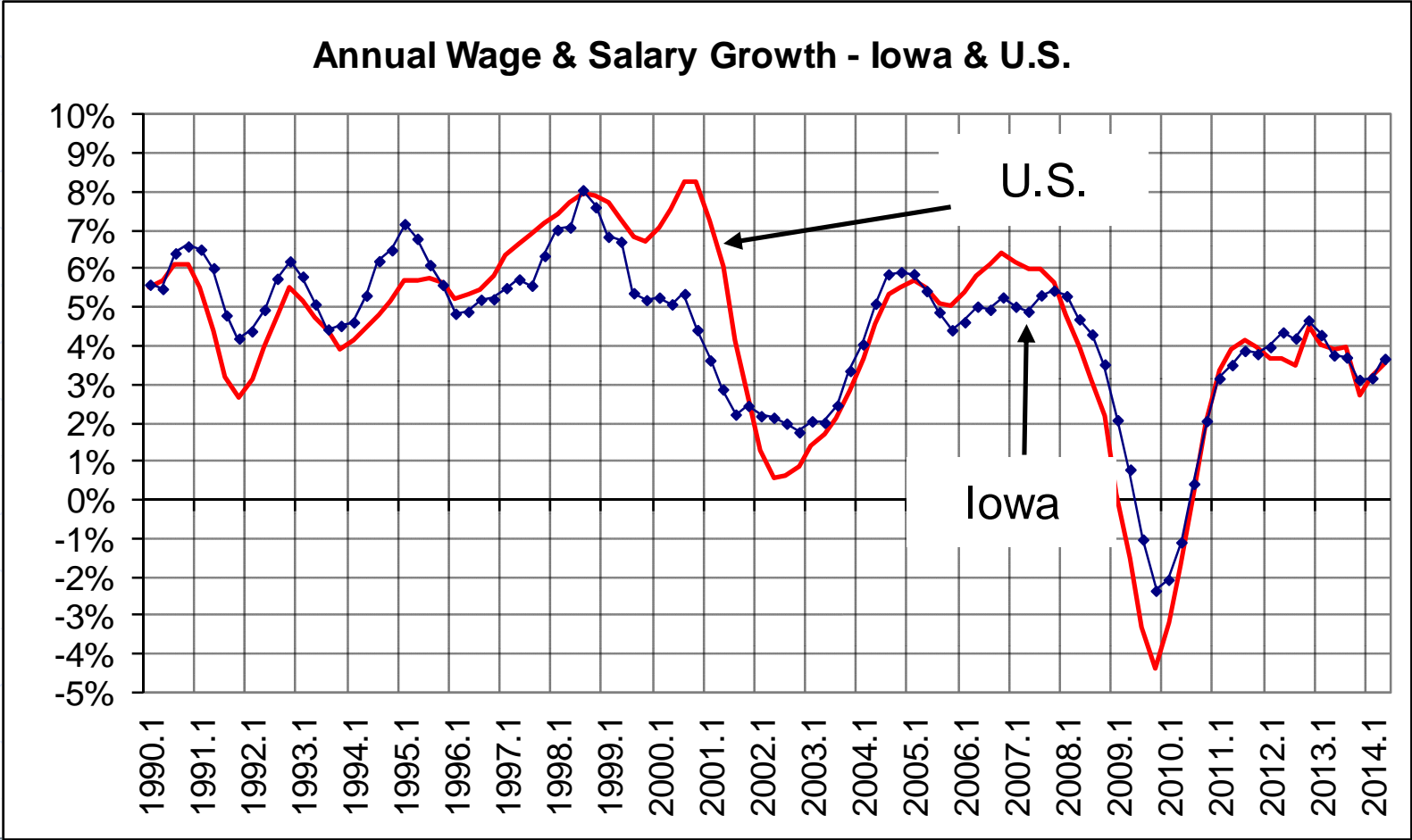
Individual income tax revenue, net of tax refunds, and excluding withholding tax receipts



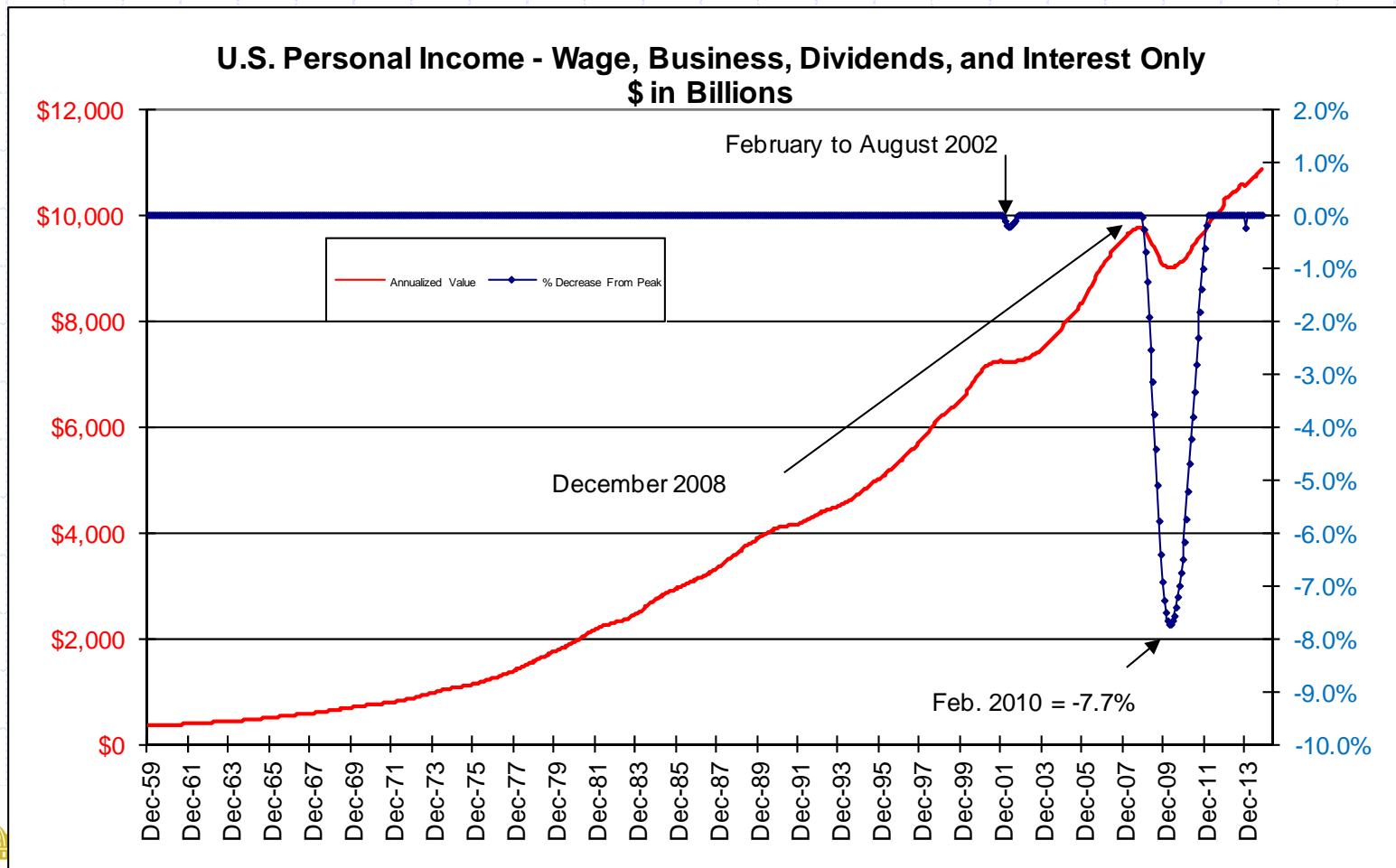
Iowa employment growth is currently quite good by average historical standards, but not as good as previous economic peaks



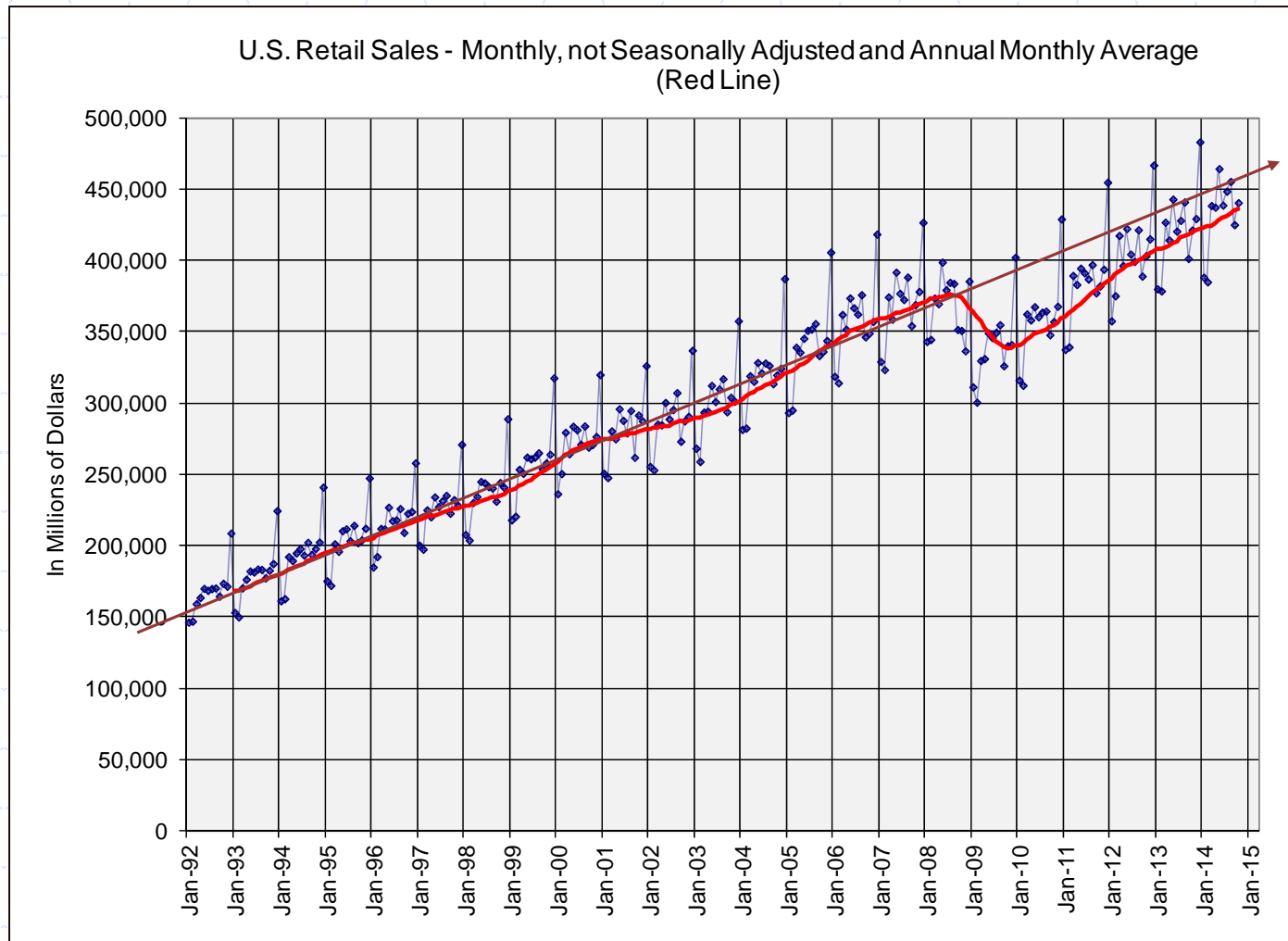
Wage and Salary income growth tells a similar story



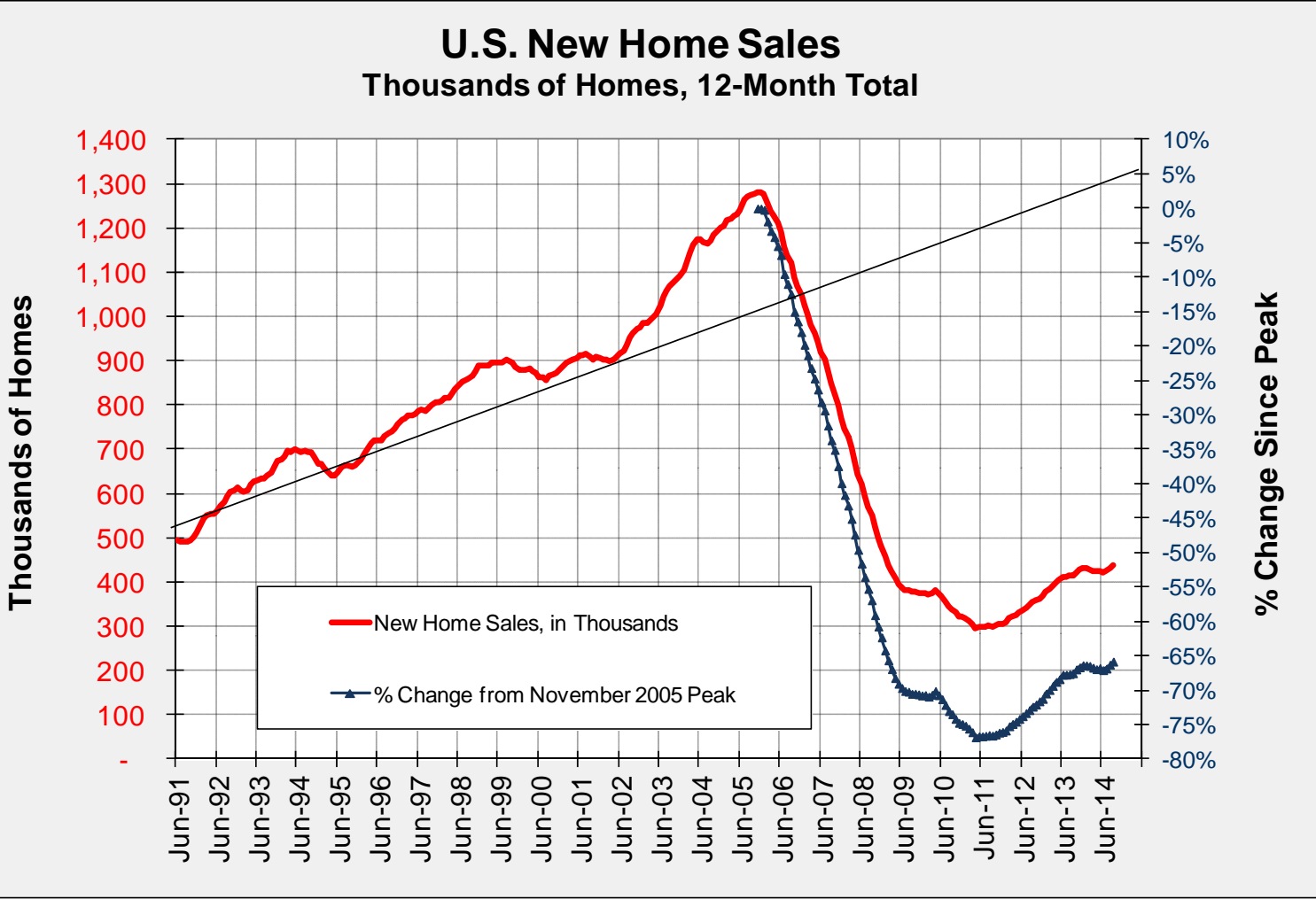
Turning to the overall economy - As part of the last recession, those income items usually subject to income tax decreased 7.7% from the pre-recession peak and did not exceed that peak for three years



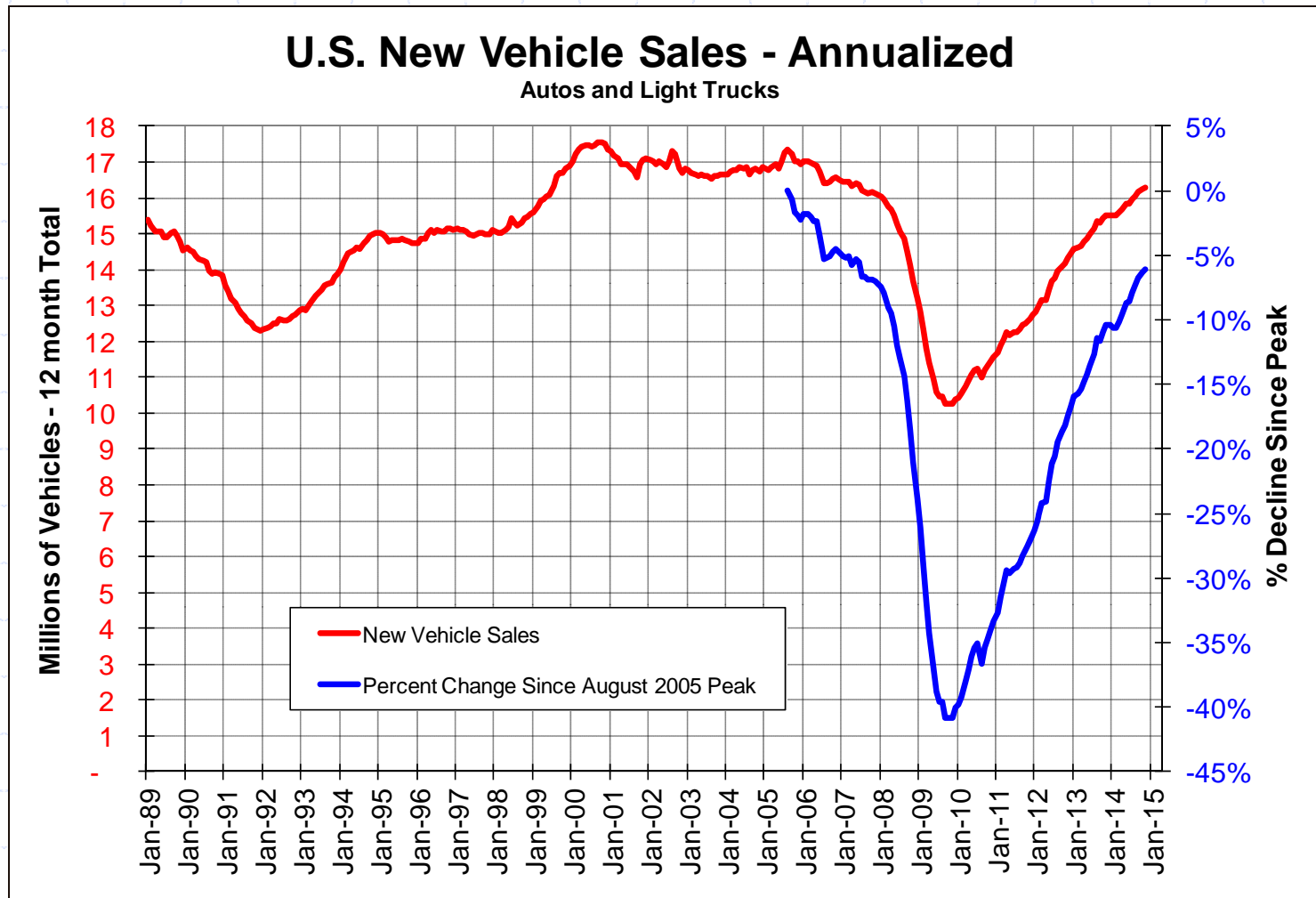
U.S. retail sales took a significant hit during the last recession, but sales have been trending higher the past few years



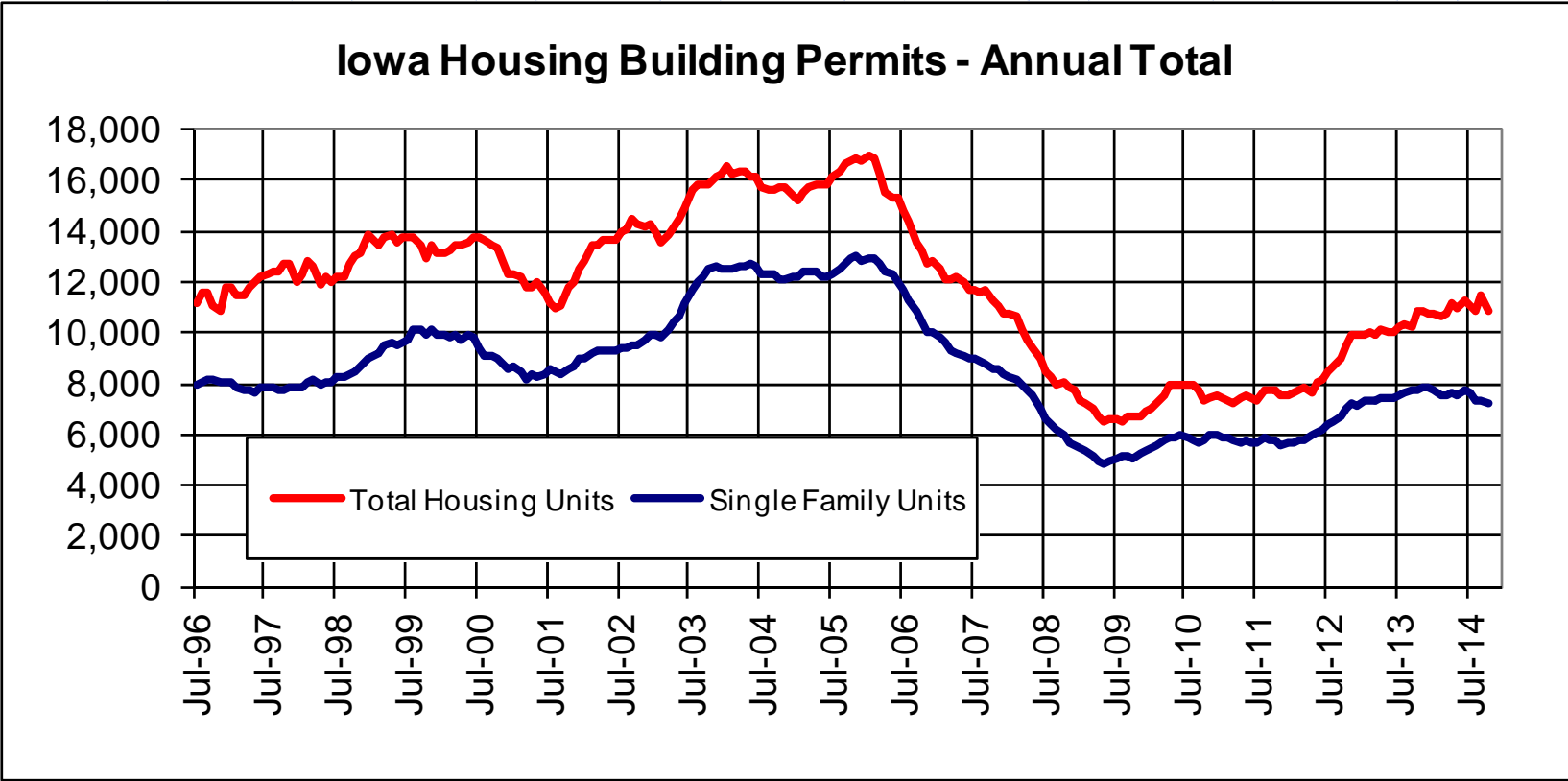
U.S. new home sales have rebounded since the 2011 bottom, but things are far from good.



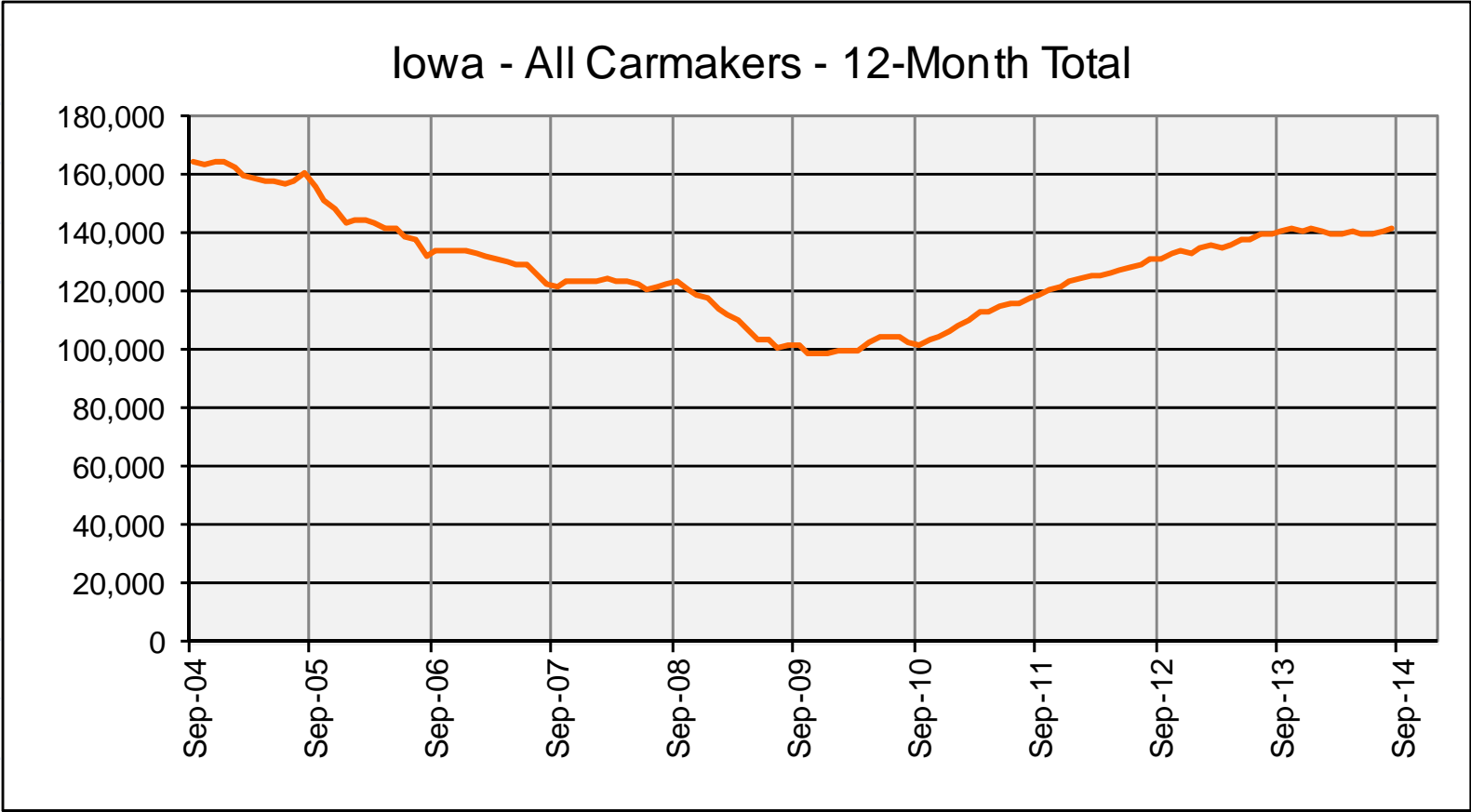
U.S. new car sales followed a similar recession path as housing, but the rebound has been much better



Iowa residential building permits remain well below the pre-recession peak and the statistic has not improved much lately

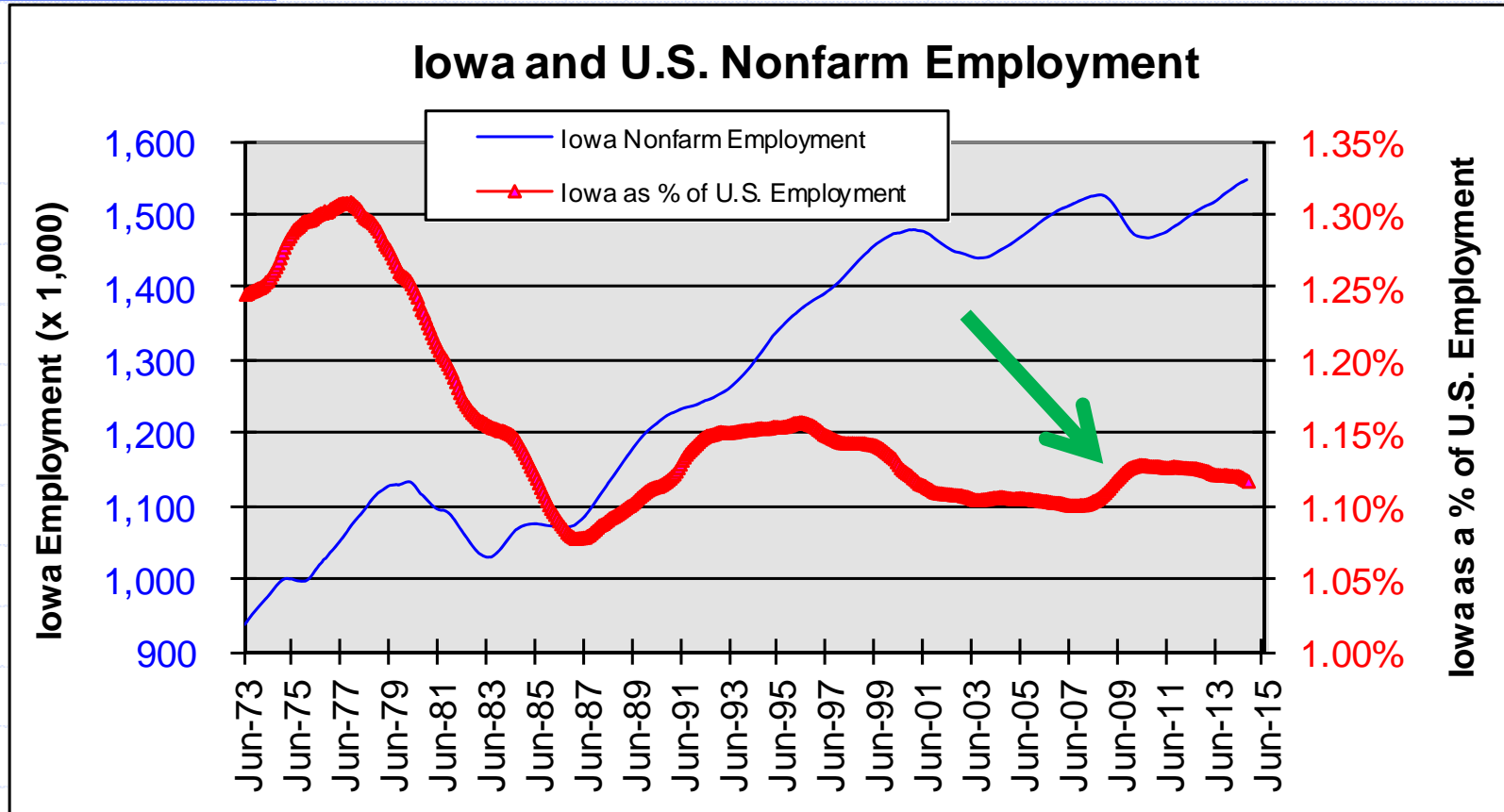


Iowa new car registrations have leveled off below the previous peak



Iowa vs. U.S. Non-farm Employment

Iowa gained U.S. employment "market share" for only about two years, and that was due to employment declining less than the rest of the country during the recession era



Links

◆ Daily Receipts

- ◆ <https://www.legis.iowa.gov/publications/fiscal/dailyReceipts>

◆ General Fund Monthly Memo

- ◆ <https://www.legis.iowa.gov/publications/fiscal/monthlyRevenueMemo>

◆ Monthly Total Tax Memo

- ◆ <https://www.legis.iowa.gov/publications/fiscal/monthlyTotalTaxMemo>

◆ General Fund REC Revenue Estimates

- ◆ <https://www.legis.iowa.gov/publications/fiscal/quarterlyRevenueEstimate>