

FISCAL UPDATE Article

Fiscal Services Division

October 14, 2020



Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

REVENUE ESTIMATING CONFERENCE — OCTOBER 2020

Revenue Estimate. The Revenue Estimating Conference (REC) met on October 13, 2020, and increased the estimated FY 2021 net General Fund receipts by \$74.2 million compared to the FY 2021 adjusted May estimate.

Fiscal Year 2021. The October REC estimate for FY 2021 net General Fund receipts, including transfers, totals \$7.912 billion, a decrease of \$18.9 million (0.2%) compared to actual FY 2020. The estimated changes include increases of 10.3% in gross personal income tax, 2.8% in gross sales/use tax, and 15.4% in gross corporate income tax receipts. The following table provides additional detail for the FY 2021 revenue projection.

FY 2021 Revenue Estimating Conference Projection

Dollars in Millions

	<u>Actual FY 2020</u>	<u>Adj. May FY 2021 Estimate</u>	<u>October FY 2021 Estimate</u>	<u>Change Compared to May</u>	<u>Change Compared to FY 2020 Actual</u>	
Personal Income Tax	\$ 4,652.0	\$ 5,133.6	\$ 5,133.1	\$ -0.5	\$ 481.1	10.3%
Sales/Use Tax	3,176.1	3,170.3	3,264.5	94.2	88.4	2.8%
Corporate Tax	648.7	721.1	748.4	27.3	99.7	15.4%
Other Taxes	327.6	345.9	327.5	-18.4	-0.1	0.0%
Total Taxes	<u>\$ 8,804.4</u>	<u>\$ 9,370.9</u>	<u>\$ 9,473.5</u>	<u>\$ 102.6</u>	<u>\$ 669.1</u>	<u>7.6%</u>
Other Receipts	331.7	336.3	304.8	-31.5	-26.9	-8.1%
Gross Tax and Receipts	<u>\$ 9,136.1</u>	<u>\$ 9,707.2</u>	<u>\$ 9,778.3</u>	<u>\$ 71.1</u>	<u>\$ 642.2</u>	<u>7.0%</u>
Accruals (Net)	307.7	-350.9	-324.2	26.7	-631.9	
Refund (Accrual Basis)	-1,120.3	-1,104.0	-1,117.0	-13.0	3.3	-0.3%
School Infrast. Refunds (Accrual)	-507.6	-519.8	-531.8	-12.0	-24.2	4.8%
Total Net Receipts	<u>\$ 7,815.9</u>	<u>\$ 7,732.5</u>	<u>\$ 7,805.3</u>	<u>\$ 72.8</u>	<u>\$ -10.6</u>	<u>-0.1%</u>
Transfers (Accrual Basis)	\$ 114.7	\$ 105.0	\$ 106.4	\$ 1.4	\$ -8.3	-7.2%
Net Receipts Plus Transfers	<u>\$ 7,930.6</u>	<u>\$ 7,837.5</u>	<u>\$ 7,911.7</u>	<u>\$ 74.2</u>	<u>\$ -18.9</u>	<u>-0.2%</u>

Fiscal Year 2022. The REC established an estimate of \$8.231 billion for FY 2022. This is an increase of \$319.1 million (4.0%) compared to the revised FY 2021 estimate. The estimated changes include a decrease of 2.8% in gross personal income tax, an increase of 3.4% in gross sales/use tax, and a decrease of 4.3% in gross corporate income tax receipts. The following table provides additional detail for the FY 2022 revenue projection.

FY 2022 Revenue Estimating Conference Projection

Dollars in Millions

	Actual FY 2020	October FY 2021 Estimate	October FY 2022 Estimate	Change Compared to FY 2021 Estimate	
Personal Income Tax	\$ 4,652.0	\$ 5,133.1	\$ 4,991.3	\$ -141.8	-2.8%
Sales/Use Tax	3,176.1	3,264.5	3,375.5	111.0	3.4%
Corporate Tax	648.7	748.4	716.4	-32.0	-4.3%
Other Taxes	327.6	327.5	329.0	1.5	0.5%
Total Taxes	\$ 8,804.4	\$ 9,473.5	\$ 9,412.2	\$ -61.3	-0.6%
Other Receipts	331.7	304.8	312.0	7.2	2.4%
Gross Tax and Receipts	\$ 9,136.1	\$ 9,778.3	\$ 9,724.2	\$ -54.1	-0.6%
Accruals (Net)	307.7	-324.2	29.0	353.2	
Refund (Accrual Basis)	-1,120.3	-1,117.0	-1,081.0	36.0	-3.2%
School Infrast. Refunds (Accrual)	-507.6	-531.8	-550.4	-18.6	3.5%
Total Net Receipts	\$ 7,815.9	\$ 7,805.3	\$ 8,121.8	\$ 316.5	4.1%
Transfers (Accrual Basis)	\$ 114.7	\$ 106.4	\$ 109.0	\$ 2.6	2.4%
Net Receipts Plus Transfers	\$ 7,930.6	\$ 7,911.7	\$ 8,230.8	\$ 319.1	4.0%

Next Meeting. The next REC meeting will be held in December 2020. A detailed spreadsheet of the REC estimates is available on the Legislative Services Agency [website](#).

LSA Staff Contact: Lora Vargason (515.725.2249) lora.vargason@legis.iowa.gov
 Jeff W. Robinson (515.281.4614) jeff.robinson@legis.iowa.gov