

# FISCAL UPDATE Article

Fiscal Services Division

October 13, 2023



Ground Floor, State Capitol Building

Des Moines, Iowa 50319

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## REVENUE ESTIMATING CONFERENCE — OCTOBER 2023

**Revenue Estimate.** The Revenue Estimating Conference (REC) met on October 12, 2023, and increased the estimated FY 2024 net General Fund receipts by \$109.8 million compared to the FY 2024 adjusted March estimate.

**Fiscal Year 2024.** The October REC estimate for FY 2024 net General Fund receipts, including transfers, totals \$9.753 billion, a decrease of \$92.5 million (-0.9%) compared to actual FY 2023. The estimated changes include a decrease of 5.2% in gross personal income tax, an increase of 6.6% in gross sales/use tax, and a decrease of 8.3% in gross corporate income tax receipts. The following table provides additional detail for the FY 2024 revenue projection.

### FY 2024 Revenue Estimating Conference Projection

Dollars in Millions

	<u>Actual FY 2023</u>	<u>Adj. March FY 2024 Estimate</u>	<u>October FY 2024 Estimate</u>	<u>Change Compared to March</u>	<u>Change Compared to FY 2023 Actual</u>	
Personal Income Tax	\$ 5,599.3	\$ 5,136.2	\$ 5,307.5	\$ 171.3	\$ -291.8	-5.2%
Sales/Use Tax	3,937.1	3,924.7	4,197.5	272.8	260.4	6.6%
Corporate Tax	984.1	893.1	902.8	9.7	-81.3	-8.3%
Other Taxes	563.8	409.5	359.5	-50.0	-204.3	-36.2%
Total Taxes	<u>\$ 11,084.3</u>	<u>\$ 10,363.5</u>	<u>\$ 10,767.3</u>	<u>\$ 403.8</u>	<u>\$ -317.0</u>	<u>-2.9%</u>
Other Receipts	428.8	424.8	423.6	-1.2	-5.2	-1.2%
Gross Tax and Receipts	<u>\$ 11,513.1</u>	<u>\$ 10,788.3</u>	<u>\$ 11,190.9</u>	<u>\$ 402.6</u>	<u>\$ -322.2</u>	<u>-2.8%</u>
Accruals (Net)	146.6	223.3	132.0	-91.3	-14.6	
Refund (Accrual Basis)	-1,230.3	-842.2	-1,035.1	-192.9	195.2	-15.9%
School Infrast. Refunds (Accrual)	-708.1	-655.8	-682.3	-26.5	25.8	-3.6%
Total Net Receipts	<u>\$ 9,721.3</u>	<u>\$ 9,513.6</u>	<u>\$ 9,605.5</u>	<u>\$ 91.9</u>	<u>\$ -115.8</u>	<u>-1.2%</u>
Transfers (Accrual Basis)	\$ 124.0	\$ 129.4	\$ 147.3	\$ 17.9	\$ 23.3	18.8%
<b>Net Receipts Plus Transfers</b>	<u><b>\$ 9,845.3</b></u>	<u><b>\$ 9,643.0</b></u>	<u><b>\$ 9,752.8</b></u>	<u><b>\$ 109.8</b></u>	<u><b>\$ -92.5</b></u>	<u><b>-0.9%</b></u>

**Fiscal Year 2025.** The REC established an estimate of \$9.576 billion for FY 2025. This is a decrease of \$176.5 million (-1.8%) compared to the revised FY 2024 estimate. The estimated changes include a decrease of 2.3% in gross personal income tax, an increase of 5.5% in gross sales/use tax, and a decrease of 16.2% in gross corporate income tax receipts. The following table provides additional detail for the FY 2025 revenue projection.

## FY 2025 Revenue Estimating Conference Projection

Dollars in Millions

	Actual FY 2023	October FY 2024 Estimate	October FY 2025 Estimate	Change Compared to FY 2024 Estimate	
Personal Income Tax	\$ 5,599.3	\$ 5,307.5	\$ 5,185.3	\$ -122.2	-2.3%
Sales/Use Tax	3,937.1	4,197.5	4,429.2	231.7	5.5%
Corporate Tax	984.1	902.8	756.4	-146.4	-16.2%
Other Taxes	563.8	359.5	552.1	192.6	53.6%
<b>Total Taxes</b>	<b>\$ 11,084.3</b>	<b>\$ 10,767.3</b>	<b>\$ 10,923.0</b>	<b>\$ 155.7</b>	<b>1.4%</b>
Other Receipts	428.8	423.6	430.5	6.9	1.6%
<b>Gross Tax and Receipts</b>	<b>\$ 11,513.1</b>	<b>\$ 11,190.9</b>	<b>\$ 11,353.5</b>	<b>\$ 162.6</b>	<b>1.5%</b>
Accruals (Net)	146.6	132.0	-152.8	-284.8	
Refund (Accrual Basis)	-1,230.3	-1,035.1	-1,042.6	-7.5	0.7%
School Infrast. Refunds (Accrual)	-708.1	-682.3	-715.1	-32.8	4.8%
<b>Total Net Receipts</b>	<b>\$ 9,721.3</b>	<b>\$ 9,605.5</b>	<b>\$ 9,443.0</b>	<b>\$ -162.5</b>	<b>-1.7%</b>
Transfers (Accrual Basis)	\$ 124.0	\$ 147.3	\$ 133.3	\$ -14.0	-9.5%
<b>Net Receipts Plus Transfers</b>	<b>\$ 9,845.3</b>	<b>\$ 9,752.8</b>	<b>\$ 9,576.3</b>	<b>\$ -176.5</b>	<b>-1.8%</b>

**Next Meeting.** The next REC meeting will be held in December 2023. A detailed spreadsheet of the REC estimates is available on the Legislative Services Agency [website](#).

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