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General Fund Revenue Slightly Above REC Estimate

On Monday, Fiscal Services Division released the general fund revenue numbers for the first 8 months of FY 2010. Net revenue through February was slightly above the REC estimate for FY 2010.

Net revenue was down \$292.4 million or -7.5 percent compared to FY 2009. A timing issue caused \$32 million of revenue to be shifted into March. When this is factored in, net revenue was -6.5 percent compared to FY 2010, which is above the REC estimate of -8.5 percent.

Through February, personal income tax revenue was down 4.4 percent, compared to the REC estimate of 3.6 percent. The numbers suggest that tax refunds will be up dramatically as taxpayers file taxes due on April 30.

Total sales and use tax revenue decreased less than the estimate, as well as the corporate income tax revenues. This is a good sign if the trend continues.

Sin taxes had a strong month as cigarette taxes (up 3.4 percent), tobacco taxes (up 23.3 percent) and liquor profits (up 40 percent) all showed strong gains.

It is hoped that the \$110 million cushion between current revenue and the estimate will be enough to offset a surge in tax refunds in April and May keeping the spending limitation number steady.

Iowans still do not know how much the Democrats plan to spend on general fund programs. Their budget will use money from the Cash Reserve Fund, remaining stimulus funds and underfunding Medicaid. Until we see the whole budget pie, we cannot approve pieces of the budget separately.

A Clunker of a Rebate Program

With great fanfare, the Office of Energy Independence (OEI) recently urged Iowans to consider upgrading their home appliances since the Federal government [is providing](#) the state with \$2.6 million in stimulus funds for rebates. On Monday morning, Iowans responded. And now, many of them have questions about what happened.

The federal government gave states funding to run rebate programs to encourage citizens to purchase energy efficient appliances for the home. In Iowa, the Office of Energy Independence was given the responsibility to administer the program. Iowans were eligible to get rebates of up to \$500 on new refrigerators, stoves, dishwashers, clothes washers and dryers, and furnaces.

OEI projected that the funding would last at least two weeks. The Office had contracted with an outside firm to set up a system whereby Iowans could apply for the rebate over the internet or the phone. OEI boasted that their contractor was more than capable with handling any volume of interest.

On Monday morning, many Iowans attempted to take advantage of the program and discovered a website that was down and jammed phone lines.

While it took six hours to hand out the money, it will take a lot longer to figure out why things went so quickly and so badly. After the program was closed, Iowans were still being encouraged to buy appliances, on the chance that someone who claimed a rebate would not file for it and there would be money left over.

Legislators have been swamped with complaints about the failure of OEI's contractor to handle the program. While the Office is now saying they are conducting an investigation of the situation, it is extremely unlikely that they will produce a report any time soon. But it is possible that legislators will force the officials in charge of the rebate program to explain what went wrong.

Green-Clean Mandate Passes

On Monday, the House passed House File 823 by a vote of 52-47. The bill requires state buildings and our public schools to use green-clean building products except for certain pest control and disinfectant cleaning processes. The bill was amended by floor action to include Regent Institutions and community colleges and includes a new provision to allow state and local educational facilities opt out of the 'green-clean' requirement if they do so by July 1, 2012 for a specified reason and they notify the Department of Education, the State Board of Regents, or the State Board of Community Colleges. That sounds like lots of hoops to just use common sense at the local level. Thereafter, only those entities which have opted out by this deadline can use non 'green-clean' products in their building. A majority of the school board must vote to approve the opt-out. HF 823 additionally provides that DAS is required to provide 'green-clean' information on its departmental internet site that can be accessed by the public, along with other web-links on this issue. The measure is now on the Senate calendar for further consideration.

Upcoming legislative forums with Senator Randy Feenstra and Rep. Dwayne Alons:

*Friday, March 12, 9:30 am Sheldon
Village NW Wansink Center*

*Friday, March 12, 12:00 noon
Sioux Center, Pizza Ranch*

*Saturday, March 13, 12:00 noon
Rock Valley Pizza Ranch*

*Saturday, March 20, 9:00 am
Sheldon, Iowa State Bank*

*Saturday, March 27, 8:00 am
Rock Rapids, Forster Comm. Bldg*