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Sent: Friday, March 20, 2009 1:30 PM
To: Scott
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Sliding Revenue

The Revenue Estimating Conference (REC) met today to estimate state revenues for the current fiscal year (FY2009) and next year (FY2010). The state's fiscal year runs from July 1st through June 30th.

The REC is a three person committee of experts who estimate state tax revenues. The Governor and Legislature are bound by law to use the REC's estimate to build the budget. The REC is comprised of the Governor's designee, the Director of the non-partisan Legislative Fiscal Bureau, and a third person agreed upon by the other two members. It meets three times a year, once each in the fall, winter, and spring.

By law, if the REC lowers its revenue estimate at the spring meeting (which is what happened today), the governor has 14 days to re-submit his budget to ensure it complies with the 99 percent expenditure limitation law.

In December, the REC estimate for fiscal year 2009 was determined to be \$5.991 billion. Today it lowered that number by \$130 million. This means state revenue for this year is 2.6% less than FY2008.

For FY2010, the estimate was reduced by an additional \$270 million from the December estimate; this includes the \$130 million reduction for FY2009. This means

revenue for FY2010 is expected to be 2.8% less in FY2010 than in FY2009.

That means several things:

The current budget continues to be out of balance. The expected ending balance was going to be \$30 million so we must cut at least \$100 million from the current year's spending. The legislature must deal with this ASAP.

House Republicans offered enough suggestions last month to deal with approximately ½ of that problem but regrettably these were voted down. I still don't understand why.

The Legislature must not raise taxes on Iowans. The last thing we need right now is to fix excessive spending habits on the back of Iowans.

We all need to keep in mind that this state does not have a revenue problem, we have a spending problem. When the General Assembly left town last April, the majority party had already passed commitments that left us \$563 million in the hole.

Additionally, the Legislature needs to stop wasting time on department bills, government commissions, and renaming agencies. There are 80,000+ Iowans out of work right now. Iowans needs this legislature to do a 180 degree turn and start focusing on economic growth, job opportunities, and encouraging employers to invest in our workforce.

Republicans believe Iowans are ready to work and deserve a Legislature that focuses on their priorities not the priorities of bureaucrats. See House Republican Freshman plan at <http://iowahouserepublicans.com/house-republicans-announce-grow-plan> .

House Republicans will continue their efforts to plow through budgets, line-by-line, to find savings and suggest pork-cutting measures. We will continue to push for saving taxpayer dollars that are being spent on unnecessary items such as growing the state vehicle fleet and bloated office supply budgets for government departments.

House Republicans will continue to offer suggestions that encourage growth of our state. It has never been more important to have a business climate that encourages investment in our state and in our workforce.

My expectation is the Democrats will now begin serious discussions on the state's budget. I am hopeful that they will live up to their word and invite Republicans to the decision making table, which they have yet to do. I am also hopeful that they will live up to their word and do a line-by-line review of the budget. We have repeatedly asked when this is going to begin and regrettably have been summarily rebuffed.

Rest assured, Republicans will not be supportive of budgets that increase the burden on Iowa taxpayers.

We will keep pushing forward and offering worthwhile ideas to help save the state money, lessen the taxpayer's burden, and put Iowans back to work.

Don't forget to visit the House Republicans' homepage for new updates. www.iowahouserepublicans.com

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