

**Mikels, Jace [LEGIS]**

---

**From:** Harris, Amy <amy.harris@iowa.gov>  
**Sent:** Wednesday, January 17, 2018 4:27 PM  
**To:** Mikels, Jace [LEGIS]  
**Cc:** Reilly, Tim [IDR]  
**Subject:** Re: FW: Des Moines Register: Memo could provide possible roadmap to Iowa tax reform

Jace,

Thanks for your patience as we work through the fiscal impacts of federal reform. We have shared some preliminary data with Jeff but continue to pull together estimates to include in a formal letter discussing the fiscal impacts for the REC.

The concept you mentioned is not something that the Department plans to include in our regular fiscal estimates and is not considered something that adds to revenues. In this case, we were trying to put long-term revenue growth forecasts into context by comparing the change in estimated general fund net receipts after the proposed reform (using REC and 3.6% growth) to any revenues estimated under current law compared to a minimal revenue baseline matching population and inflation growth.

Sincerely,

Amy

---

**Amy Rehder Harris, PhD | Chief Economist and Division Administrator | Research and Analysis | Iowa Department of Revenue**

<https://tax.iowa.gov> | (515) 281-0196 | [Click here](#) to tell us about our customer service.

This message and accompanying documents are covered by the Electronic Communications Privacy Act, 18 U.S.C. Ch. 119 Sections 2510-2521 et seq., and contains information intended for the specified individual(s) only. If you are not the intended recipient, you are hereby notified that you have received this document in error. Any review, dissemination, copying, or the taking of any action based on the contents of this information is strictly prohibited. If you have received this communication in error, please notify the sender immediately by e-mail, and delete the original message. Please be advised this is an informal opinion and is only applicable to the factual situation referenced and to the statutes in existence at the time of issuance. The Department could take a contrary position in the future to that stated in this e-mail. Any oral or written opinion by Department personnel not pursuant to a Petition for Declaratory Order under 701 IAC 7.24 is not binding upon the Department.

On Wed, Jan 17, 2018 at 1:13 PM, Mikels, Jace [LEGIS] <[Jace.Mikels@legis.iowa.gov](mailto:Jace.Mikels@legis.iowa.gov)> wrote:

Checking in again.

Jace Mikels

Research Analyst

Iowa Senate Democratic Research Staff

(515) 281-5072

[Jace.Mikels@legis.state.ia.us](mailto:Jace.Mikels@legis.state.ia.us)

---

**From:** Mikels, Jace [LEGIS]

**Sent:** Tuesday, January 9, 2018 8:58 AM

**To:** Reilly, Tim [IDR]

**Subject:** RE: FW: Des Moines Register: Memo could provide possible roadmap to Iowa tax reform

Tim –

Just following up on this. Also, is there additional information on the calculations that were used for the estimate provided on Friday? I thought Holly Lyons had asked for the background documentation so LSA could review it for REC purposes.

Jace Mikels

Research Analyst

Iowa Senate Democratic Research Staff

(515) 281-5072

[Jace.Mikels@legis.state.ia.us](mailto:Jace.Mikels@legis.state.ia.us)

---

**From:** Reilly, Timothy [mailto:[tim.reilly@iowa.gov](mailto:tim.reilly@iowa.gov)]

**Sent:** Thursday, January 4, 2018 1:51 PM

**To:** Mikels, Jace [LEGIS]

**Subject:** Re: FW: Des Moines Register: Memo could provide possible roadmap to Iowa tax reform

Jace,

I'm sorry I haven't gotten back to you on this yet. I haven't been able to get ahold of Amy for even 2 minutes since early this week, as she and our director prepare to present at tomorrow's REC meeting. I'll keep trying to get an answer for you on this.

Thanks,

Tim

On Tue, Jan 2, 2018 at 9:18 AM, Mikels, Jace [LEGIS] <[Jace.Mikels@legis.iowa.gov](mailto:Jace.Mikels@legis.iowa.gov)> wrote:

Tim –

I wanted to follow up on this email since I have not heard back from Amy yet. I would like to know why “estimated excess growth” was included on the balance sheet when it doesn’t seem to be anything that would add to revenues? Is this item going to be included as a standard practice when Revenue prepares estimates in the future?

Jace Mikels

Research Analyst

Iowa Senate Democratic Research Staff

(515) 281-5072

[Jace.Mikels@legis.state.ia.us](mailto:Jace.Mikels@legis.state.ia.us)

---

**From:** Mikels, Jace [LEGIS]  
**Sent:** Wednesday, December 20, 2017 8:06 AM  
**To:** Harris, Amy [IDR]  
**Cc:** Reilly, Tim [IDR]  
**Subject:** RE: FW: Des Moines Register: Memo could provide possible roadmap to Iowa tax reform

Amy,

That explanation makes sense to me, but is there any historical data to back up including something that "would need to happen" to the balance sheet as something that will happen? The way the table comes across to me is that the estimated excess growth looks like it balances out a portion of the lost revenues from the tax policy changes. That seems counterintuitive to me because it would seem that estimated excess growth is being added on top of the forecast net receipts. Based on your explanation the estimated excess growth is more of a forecast of the need for a growth in expenditures, not what the state will be receiving in revenues.

Jace Mikels

Research Analyst

Iowa Senate Democratic Research Staff

(515) 281-5072

[Jace.Mikels@legis.state.ia.us](mailto:Jace.Mikels@legis.state.ia.us)

**From:** Harris, Amy [<mailto:amy.harris@iowa.gov>]

**Sent:** Wednesday, December 20, 2017 7:17 AM

**To:** Mikels, Jace [LEGIS]

**Cc:** Reilly, Tim [IDR]

**Subject:** Re: FW: Des Moines Register: Memo could provide possible roadmap to Iowa tax reform

Jace,

That is a new concept that my team put forward this summer based on the idea that tax revenues must grow at the rate of population growth and inflation each year in order to maintain the current level of State services (very simplified economists' budgeting concept). Based on REMI forecasts of Iowa population and Moody's Analytics consensus forecast of inflation, then revenues would need to grow by an average of 2.65% each fiscal year over the forecast window to keep up with population and inflation. The "estimated excess growth" amount simply reflects the estimated difference in the forecast of net receipts (assuming cumulative 3.6% growth in FY 2020 and later after REC forecasted growth in FY 2018 and FY 2019) over the baseline cumulative 2.65% growth.

Please let me know if you have any additional questions.

Sincerely,

Amy

---

**Amy Rehder Harris, PhD | Chief Economist and Division Administrator | Research and Analysis | Iowa Department of Revenue**

<https://tax.iowa.gov> (515) 281-0196 | [Click here](#) to tell us about our customer service.

This message and accompanying documents are covered by the Electronic Communications Privacy Act, 18 U.S.C. Ch. 119 Sections 2510-2521 et seq., and contains information intended for the specified individual(s) only. If you are not the intended recipient, you are hereby notified that you have received this document in error. Any review, dissemination, copying, or the taking of any action based on the contents of this information is strictly prohibited. If you have received this communication in error, please notify the sender immediately by e-mail, and delete the original message. Please be advised this is an informal opinion and is only applicable to the factual situation referenced and to the statutes in existence at the time of issuance. The Department could take a contrary position in the future to that stated in this e-mail. Any oral or written opinion by Department personnel not pursuant to a Petition for Declaratory Order under 701 IAC 7.24 is not binding upon the Department.

On Tue, Dec 19, 2017 at 1:56 PM, Mikels, Jace [LEGIS] <[Jace.Mikels@legis.iowa.gov](mailto:Jace.Mikels@legis.iowa.gov)> wrote:

Amy -

I was looking through the memo in this story that was shared online last week. On the final page (Table 24) there is a line described as "estimated excess growth". I've never seen a line like this on any other report Revenue has put together. Can you tell me what this line reflects and what this estimate is based on?

Thanks.

Jace Mikels  
Research Analyst  
Iowa Senate Democratic Research Staff  
(515) 281-5072  
[Jace.Mikels@legis.state.ia.us](mailto:Jace.Mikels@legis.state.ia.us)

Subject: Des Moines Register: Memo could provide possible roadmap to Iowa tax reform

From Des Moines Register:

Memo could provide possible roadmap to Iowa tax reform Among the proposals are reductions to individual and corporate tax rates, a reduction in the number of tax brackets and an expansion of the sales tax base.

<http://www.desmoinesregister.com/story/news/politics/2017/12/18/memo-could-provide-possible-roadmap-iowa-tax-reform/955707001/>

Sent from my iPhone

--  
**Tim Reilly | Attorney | Legal Services | Iowa Department of Revenue**

<https://tax.iowa.gov> | (515) 725-2294 | [Click here](#) to tell us about our customer service.

This message and accompanying documents are covered by the Electronic Communications Privacy Act, 18 U.S.C. Ch. 119 Sections 2510-2521 et seq., and contains information intended for the specified individual(s) only. If you are not the intended recipient, you are hereby notified that you have received this document in error. Any review, dissemination, copying, or the taking of any action based on the contents of this information is strictly prohibited. If you have received this communication in error, please notify the sender immediately by e-mail, and delete the original message. Please be advised this is an informal opinion and is only applicable to the factual situation referenced and to the statutes in existence at the time of issuance. The Department could take a contrary position in the future to that stated in this e-mail. Any oral or written opinion by Department personnel not pursuant to a Petition for Declaratory Order under 701 IAC 7.24 is not binding upon the Department.