

**Message: RE: Tax Memo - table 24 question**

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 RE: Tax Memo - table 24 question

From Robinson, Jeff [LEGIS] Date Wednesday, December 20, 2017 12:17 PM

To Harris, Amy [IDR]

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Subject RE: Tax Memo - table 24 question

I get it! Thanks Amy.

The numbers at the bottom of Table 24 are obviously being misinterpreted by Bleeding Heartland and the Senate Ways and Means Chair.

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

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

**To:** Robinson, Jeff [LEGIS]

**Subject:** Re: Tax Memo - table 24 question

Jeff,

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

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

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On Fri, Dec 15, 2017 at 12:32 PM, Robinson, Jeff [LEGIS] <[Jeff.Robinson@legis.iowa.gov](mailto:Jeff.Robinson@legis.iowa.gov)> wrote:

Amy – My only version of this is the one posted online and I am having trouble reading it so thought I would just ask the question.

At the bottom of Table 24 there is a line called “estimated excess growth”. Is that explained somewhere in the memo (if it is I missed it). If it is not explained, could you explain it to me? Thanks. Jeff R.

<http://www.bleedingheartland.com/2017/12/15/exclusive-first-look-at-a-costly-regressive-iowa-republican-tax-plan/>

