

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

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To: Governor Sam Brownback and Legislative Budget Committee

From: Kansas Legislative Research Department
Kansas Division of the Budget

Re: Initial SGF Memorandum for Revised FY 2014 and FY 2015 Estimates

The Consensus Estimating Group met today to revise the November 6, 2013 State General Fund estimates for FY 2014 and FY 2015. The revisions include the estimated impact of all 2014 legislation signed into law thus far that is estimated to have an impact on receipts. The impact of legislation affecting the SGF that becomes law after April 15 will be quantified in a separate legislative adjustments report prepared at the conclusion of the *sine die* adjournment. A more detailed memo will be available next week which contains the economic forecast for Kansas upon which the new estimates are based, as well as a discussion of the other factors influencing the individual source estimates.

The overall estimate for both fiscal years was increased by a combined \$177.6 million.

For FY 2014, the estimate was increased by \$103.3 million, or 1.8 percent, above the November estimate. The estimate for total taxes was increased by \$106.5 million, while the estimate for other revenues was decreased by \$3.2 million. The overall revised estimate of \$5.960 billion represents a 6.0 percent decrease below final FY 2013 receipts.

The revised estimate for FY 2015 of \$5.991 billion was increased by \$74.3 million above the November estimate. The estimate for total taxes was increased by \$75.0 million, while the estimate for other revenues was decreased by \$700,000. The revised forecast for FY 2015 represents a 0.5 percent increase above the newly revised FY 2014 figure. Additional discussion will be provided in the more detailed memo.

Table 1 compares the new FY 2014 and FY 2015 estimates with actual receipts from FY 2013. Tables 2 and 3 show the revisions in each fiscal year's estimates.

Table 1
Consensus Revenue Estimate for Fiscal Years 2014 and 2015
and FY 2013 Actual Receipts
(Dollars in Thousands)

	FY 2013 (Actual)		FY 2014 (Revised)		FY 2015 (Revised)	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Property Tax/Fee:						
Motor Carrier	\$ 28,855	16.3 %	\$ 43,000	49.0 %	\$ 24,000	(44.2) %
Income Taxes:						
Individual	\$2,931,168	0.8 %	\$2,525,000	(13.9) %	\$2,525,000	-- %
Corporation	371,324	30.5	410,000	10.4	425,000	3.7
Financial Inst.	32,073	24.1	36,000	12.2	38,000	5.6
Total	\$3,334,565	3.6 %	\$2,971,000	(10.9) %	\$2,988,000	0.6 %
Excise Taxes:						
Retail Sales	\$2,184,573	2.3 %	\$2,110,000	(3.4) %	\$2,170,000	2.8 %
Compensating Use	340,044	4.5	345,000	1.5	360,000	4.3
Cigarette	91,928	(4.9)	90,000	(2.1)	89,000	(1.1)
Tobacco Products	7,057	1.1	7,100	0.6	7,200	1.4
Cereal Malt Bev.	1,855	(10.9)	1,800	(3.0)	1,800	--
Liquor Gallonage	19,057	2.8	18,700	(1.9)	19,200	2.7
Liquor Enforcement	60,512	2.8	65,000	7.4	66,000	1.5
Liquor Drink	9,802	2.9	10,100	3.0	10,300	2.0
Corp. Franchise	(4,167)	(142.4)	6,300	251.2	6,500	3.2
Severance	100,131	(6.6)	135,300	35.1	136,200	0.7
Gas	32,430	(19.5)	40,200	24.0	34,300	(14.7)
Oil	67,700	1.1	95,100	40.5	101,900	7.2
Total	\$2,810,791	1.4 %	\$2,789,300	(0.8) %	\$2,866,200	2.8 %
Other Taxes:						
Insurance Prem.	\$ 156,977	9.6 %	\$ 168,000	7.0 %	\$ 170,000	1.2 %
Miscellaneous	2,010	(26.1)	2,000	(0.5)	2,000	--
Total	\$ 158,986	9.0 %	\$ 170,000	6.9 %	\$ 172,000	1.2 %
Total Taxes	\$6,333,197	2.8 %	\$5,973,300	(5.7) %	\$6,050,200	1.3 %
Other Revenues:						
Interest	\$ 11,057	14.3 %	\$ 12,000	8.5 %	\$ 10,000	(16.7) %
Net Transfers	(60,994)	(133.8)	(75,400)	(23.6)	(119,700)	(58.8)
Agency Earnings	57,864	(6.8)	49,900	(13.8)	50,900	2.0
Total	\$ 7,928	(96.9) %	\$ (13,500)	(270.3) %	\$ (58,800)	(335.6) %
Total Receipts	<u>\$6,341,125</u>	<u>(1.1) %</u>	<u>\$5,959,800</u>	<u>(6.0) %</u>	<u>\$5,991,400</u>	<u>0.5 %</u>

Table 2
State General Fund Receipts
FY 2014 Revised
Comparison of November 2013 Estimate to April 2014 Estimate
(Dollars in Thousands)

	FY 2014 CRE Est.	FY 2014 CRE Est.	Difference	
	Revised 11/06/13	Revised 04/17/14	Amount	Pct. Chg.
Property Tax/Fee:				
Motor Carrier	\$ 45,000	\$ 43,000	\$ (2,000)	(4.4) %
Income Taxes:				
Individual	\$ 2,500,000	\$ 2,525,000	\$ 25,000	1.0 %
Corporation	360,000	410,000	50,000	13.9
Financial Inst.	33,000	36,000	3,000	9.1
Total	\$ 2,893,000	\$ 2,971,000	\$ 78,000	2.7 %
Excise Taxes:				
Retail Sales	\$ 2,100,000	\$ 2,110,000	\$ 10,000	0.5 %
Compensating Use	342,000	345,000	3,000	0.9
Cigarette	90,000	90,000	--	--
Tobacco Products	7,100	7,100	--	--
Cereal Malt Beverage	1,800	1,800	--	--
Liquor Gallonage	19,000	18,700	(300)	(1.6)
Liquor Enforcement	65,000	65,000	--	--
Liquor Drink	10,000	10,100	100	1.0
Corporate Franchise	6,000	6,300	300	5.0
Severance	128,200	135,300	7,100	5.5
Gas	30,800	40,200	9,400	30.5
Oil	97,400	95,100	(2,300)	(2.4)
Total	\$ 2,769,100	\$ 2,789,300	\$ 20,200	0.7 %
Other Taxes:				
Insurance Prem.	\$ 157,700	\$ 168,000	\$ 10,300	6.5 %
Miscellaneous	2,000	2,000	--	--
Total	\$ 159,700	\$ 170,000	\$ 10,300	6.4 %
Total Taxes	\$ 5,866,800	\$ 5,973,300	\$ 106,500	1.8 %
Other Revenues:				
Interest	\$ 12,000	\$ 12,000	\$ --	-- %
Net Transfers	(71,200)	(75,400)	(4,200)	(5.9)
Agency Earnings	48,900	49,900	1,000	2.0
Total Other Revenue	\$ (10,300)	\$ (13,500)	\$ (3,200)	(31.1) %
Total Receipts	\$ 5,856,500	\$ 5,959,800	\$ 103,300	1.8 %

Table 3
State General Fund Receipts
FY 2015 Revised
Comparison of November 2013 Estimate to April 2014 Estimate
(Dollars in Thousands)

	FY 2015 CRE Est.	FY 2015 CRE Est.	Difference	
	Revised 11/06/13	Revised 04/17/14	Amount	Pct. Chg.
Property Tax/Fee:				
Motor Carrier	\$ 24,000	\$ 24,000	\$ --	-- %
Income Taxes:				
Individual	\$ 2,525,000	\$ 2,525,000	\$ --	-- %
Corporation	380,000	425,000	45,000	11.8
Financial Inst.	34,500	38,000	3,500	10.1
Total	\$ 2,939,500	\$ 2,988,000	\$ 48,500	1.6 %
Excise Taxes:				
Retail Sales	\$ 2,160,000	\$ 2,170,000	\$ 10,000	0.5 %
Compensating Use	355,000	360,000	5,000	1.4
Cigarette	89,000	89,000	--	--
Tobacco Products	7,200	7,200	--	--
Cereal Malt Beverage	1,800	1,800	--	--
Liquor Gallonage	19,500	19,200	(300)	(1.5)
Liquor Enforcement	66,000	66,000	--	--
Liquor Drink	10,300	10,300	--	--
Corporate Franchise	6,200	6,500	300	4.8
Severance	135,000	136,200	1,200	0.9
Gas	32,300	34,300	2,000	6.2
Oil	102,700	101,900	(800)	(0.8)
Total	\$ 2,850,000	\$ 2,866,200	\$ 16,200	0.6 %
Other Taxes:				
Insurance Prem.	\$ 159,700	\$ 170,000	\$ 10,300	6.4 %
Miscellaneous	2,000	2,000	--	--
Total	\$ 161,700	\$ 172,000	\$ 10,300	6.4 %
Total Taxes	\$ 5,975,200	\$ 6,050,200	\$ 75,000	1.3 %
Other Revenues:				
Interest	\$ 10,000	\$ 10,000	\$ --	-- %
Net Transfers	(118,000)	(119,700)	(1,700)	(1.4)
Agency Earnings	49,900	50,900	1,000	2.0
Total Other Revenue	\$ (58,100)	\$ (58,800)	\$ (700)	(1.2) %
Total Receipts	\$ 5,917,100	\$ 5,991,400	\$ 74,300	1.3 %