

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

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To: Governor Sam Brownback and Legislative Budget Committee

From: Kansas Legislative Research Department and Kansas Division of the Budget

Re: State General Fund Revenue Estimate for FY 2015, FY 2016, and FY 2017

The Consensus Estimating Group met today to revise the November 10, 2014 State General Fund estimates for FY 2015, FY 2016, and FY 2017. The revisions include the estimated impact of all 2015 legislation signed into law thus far. The impact of legislation affecting the SGF that becomes law after April 20 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 later this 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 FY 2015, FY 2016, and FY 2017 was decreased by a combined \$42.0 million.

For FY 2015, the estimate was increased by \$157.0 million, or 2.7 percent, above the November estimate. The estimate for total taxes was decreased by \$87.5 million, while the estimate for other revenues was increased by \$244.5 million. The change in other revenues was heavily influenced by the enactment of House Sub. for SB 4 (the rescission bill), which included transfer adjustments of \$243.6 million. The overall revised estimate of \$5.926 billion represents a 4.8 percent increase above final FY 2014 receipts.

The revised estimate for FY 2016 of \$5.713 billion was decreased by \$98.2 million below the November estimate. The estimate for total taxes was decreased by \$99.6 million, while the estimate for other revenues was increased by \$1.4 million. The revised forecast for FY 2016 represents a 3.6 percent decrease below the newly revised FY 2015 figure.

For FY 2017, the estimate was decreased by \$100.8 million, or 1.7 percent, below the November estimate. The estimate for total taxes was decreased by \$88.4 million, while the estimate for other revenues was decreased by \$12.4 million. The revised forecast for FY 2017 represents a 1.1 percent increase above the newly revised FY 2016 figure.

Table 1 compares the new FY 2015, FY 2016, and FY 2017 estimates with actual receipts from FY 2014. Tables 2, 3, and 4 show the revisions in each fiscal year's estimates.

Table 1
State General Fund Receipts
(Dollars in Thousands)

	Consensus Estimate April 20, 2015							
	FY 2014 (Actual)		FY 2015 (Revised)		FY 2016 (Revised)		FY 2017 (Revised)	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Property Tax/Fee:								
Motor Carrier	\$ 35,708	23.8 %	\$ 11,000	(69.2) %	\$ 11,000	-- %	\$ 11,000	-- %
Income Taxes:								
Individual	\$ 2,218,239	(24.3) %	\$ 2,280,000	2.8 %	\$ 2,300,000	0.9 %	\$ 2,315,000	0.7 %
Corporation	399,383	7.6	425,000	6.4	440,000	3.5	455,000	3.4
Financial Inst.	32,439	1.1	42,000	29.5	44,000	4.8	46,000	4.5
Total	\$ 2,650,061	(20.5) %	\$ 2,747,000	3.7 %	\$ 2,784,000	1.3 %	\$ 2,816,000	1.1 %
Excise Taxes:								
Retail Sales	\$ 2,102,239	(3.8) %	\$ 2,150,000	2.3 %	\$ 2,240,000	4.2 %	\$ 2,330,000	4.0 %
Compensating Use	344,017	1.2	355,000	3.2	370,000	4.2	390,000	5.4
Cigarette	90,612	(1.4)	89,000	(1.8)	88,000	(1.1)	87,000	(1.1)
Tobacco Products	7,201	2.0	7,500	4.2	7,700	2.7	7,900	2.6
Cereal Malt Bev.	1,685	(9.2)	1,600	(5.1)	1,600	--	1,600	--
Liquor Gallonage	19,081	0.1	19,000	(0.4)	19,100	0.5	19,200	0.5
Liquor Enforcement	64,538	6.7	66,500	3.0	67,500	1.5	68,500	1.5
Liquor Drink	10,155	3.6	10,600	4.4	10,700	0.9	10,800	0.9
Corp. Franchise	6,632	259.1	6,900	4.0	7,100	2.9	7,300	2.8
Severance	125,758	25.6	96,600	(23.2)	73,800	(23.6)	81,300	10.2
Gas	37,003	14.1	27,800	(24.9)	16,900	(39.2)	18,900	11.8
Oil	88,755	31.1	68,800	(22.5)	56,900	(17.3)	62,400	9.7
Total	\$ 2,771,918	(1.4) %	\$ 2,802,700	1.1 %	\$ 2,885,500	3.0 %	\$ 3,003,600	4.1 %
Other Taxes:								
Insurance Prem.	\$ 172,758	10.1 %	\$ 181,000	4.8 %	\$ 189,000	4.4 %	\$ 193,000	2.1 %
Miscellaneous	1,634	(18.7)	1,500	(8.2)	1,500	--	1,500	--
Total	\$ 174,392	9.7 %	\$ 182,500	4.6 %	\$ 190,500	4.4 %	\$ 194,500	2.1 %
Total Taxes	\$ 5,632,080	(11.1) %	\$ 5,743,200	2.0 %	\$ 5,871,000	2.2 %	\$ 6,025,100	2.6 %
Other Revenues:								
Interest	\$ 11,525	4.2 %	\$ 12,000	4.1 %	\$ 17,800	48.3 %	\$ 8,600	(51.7) %
Net Transfers	(39,957)	34.5	114,000	385.3	(232,680)	(304.1)	(316,300)	(35.9)
Agency Earnings	49,550	(14.4)	56,500	14.0	57,100	1.1	58,400	2.3
Total	\$ 21,117	166.4 %	\$ 182,500	764.2 %	\$ (157,780)	(186.5) %	\$ (249,300)	(58.0) %
Total Receipts	<u>\$ 5,653,197</u>	<u>(10.8) %</u>	<u>\$ 5,925,700</u>	<u>4.8 %</u>	<u>\$ 5,713,220</u>	<u>(3.6) %</u>	<u>\$ 5,775,800</u>	<u>1.1 %</u>

Table 2
State General Fund Receipts
FY 2015 Revised
Comparison of April 2015 Estimate to November 2014 Estimate
(Dollars in Thousands)

	FY 2015 CRE Est. Revised 11/10/14	FY 2015 CRE Est. Revised 04/20/15	Difference	
			Amount	Pct. Chg.
Property Tax/Fee:				
Motor Carrier	\$ 12,000	\$ 11,000	\$ (1,000)	(8.3) %
Income Taxes:				
Individual	\$ 2,280,000	\$ 2,280,000	\$ --	-- %
Corporation	455,000	425,000	(30,000)	(6.6)
Financial Inst.	38,000	42,000	4,000	10.5
Total	<u>\$ 2,773,000</u>	<u>\$ 2,747,000</u>	<u>\$ (26,000)</u>	<u>(0.9) %</u>
Excise Taxes:				
Retail Sales	\$ 2,180,000	\$ 2,150,000	\$ (30,000)	(1.4) %
Compensating Use	365,000	355,000	(10,000)	(2.7)
Cigarette	89,000	89,000	--	--
Tobacco Product	7,500	7,500	--	--
Cereal Malt Beverage	1,700	1,600	(100)	(5.9)
Liquor Gallonage	19,200	19,000	(200)	(1.0)
Liquor Enforcement	67,000	66,500	(500)	(0.7)
Liquor Drink	10,400	10,600	200	1.9
Corporate Franchise	6,700	6,900	200	3.0
Severance	121,600	96,600	(25,000)	(20.6)
Gas	32,600	27,800	(4,800)	(14.7)
Oil	89,000	68,800	(20,200)	(22.7)
Total	<u>\$ 2,868,100</u>	<u>\$ 2,802,700</u>	<u>\$ (65,400)</u>	<u>(2.3) %</u>
Other Taxes:				
Insurance Premium	\$ 176,000	\$ 181,000	\$ 5,000	2.8 %
Miscellaneous	1,600	1,500	(100)	(6.3)
Total	<u>\$ 177,600</u>	<u>\$ 182,500</u>	<u>\$ 4,900</u>	<u>2.8 %</u>
Total Taxes	\$ 5,830,700	\$ 5,743,200	\$ (87,500)	(1.5) %
Other Revenues:				
Interest	\$ 12,000	\$ 12,000	\$ --	-- %
Net Transfers	(129,300)	114,000	243,300	188.2
Agency Earnings	55,300	56,500	1,200	2.2
Total Other Revenue	<u>\$ (62,000)</u>	<u>\$ 182,500</u>	<u>\$ 244,500</u>	<u>394.4 %</u>
Total Receipts	<u><u>\$ 5,768,700</u></u>	<u><u>\$ 5,925,700</u></u>	<u><u>\$ 157,000</u></u>	<u><u>2.7 %</u></u>

Table 3
State General Fund Receipts
FY 2016 Revised
Comparison of April 2015 Estimate to November 2014 Estimate
(Dollars in Thousands)

	FY 2016 CRE Est. Revised 11/10/14	FY 2016 CRE Est. Revised 04/20/15	Difference	
			Amount	Pct. Chg.
Property Tax/Fee:				
Motor Carrier	\$ 12,000	\$ 11,000	\$ (1,000)	(8.3) %
Income Taxes:				
Individual	\$ 2,300,000	\$ 2,300,000	\$ --	-- %
Corporation	470,000	440,000	(30,000)	(6.4)
Financial Inst.	39,000	44,000	5,000	12.8
Total	<u>\$ 2,809,000</u>	<u>\$ 2,784,000</u>	<u>\$ (25,000)</u>	<u>(0.9) %</u>
Excise Taxes:				
Retail Sales	\$ 2,270,000	\$ 2,240,000	\$ (30,000)	(1.3) %
Compensating Use	380,000	370,000	(10,000)	(2.6)
Cigarette	88,000	88,000	--	--
Tobacco Product	7,700	7,700	--	--
Cereal Malt Beverage	1,700	1,600	(100)	(5.9)
Liquor Gallonage	19,300	19,100	(200)	(1.0)
Liquor Enforcement	68,000	67,500	(500)	(0.7)
Liquor Drink	10,500	10,700	200	1.9
Corporate Franchise	6,900	7,100	200	2.9
Severance	115,900	73,800	(42,100)	(36.3)
Gas	31,400	16,900	(14,500)	(46.2)
Oil	84,500	56,900	(27,600)	(32.7)
Total	<u>\$ 2,968,000</u>	<u>\$ 2,885,500</u>	<u>\$ (82,500)</u>	<u>(2.8) %</u>
Other Taxes:				
Insurance Premium	\$ 180,000	\$ 189,000	\$ 9,000	5.0 %
Miscellaneous	1,600	1,500	(100)	(6.3)
Total	<u>\$ 181,600</u>	<u>\$ 190,500</u>	<u>\$ 8,900</u>	<u>4.9 %</u>
Total Taxes	\$ 5,970,600	\$ 5,871,000	\$ (99,600)	(1.7) %
Other Revenues:				
Interest	\$ 8,000	\$ 17,800	\$ 9,800	122.5 %
Net Transfers	(222,500)	(232,680)	(10,180)	(4.6)
Agency Earnings	55,300	57,100	1,800	3.3
Total Other Revenue	<u>\$ (159,200)</u>	<u>\$ (157,780)</u>	<u>\$ 1,420</u>	<u>0.9 %</u>
Total Receipts	<u><u>\$ 5,811,400</u></u>	<u><u>\$ 5,713,220</u></u>	<u><u>\$ (98,180)</u></u>	<u><u>(1.7) %</u></u>

Table 4
State General Fund Receipts
FY 2017 Revised
Comparison of April 2015 Estimate to November 2014 Estimate
(Dollars in Thousands)

	FY 2017 CRE Est. Revised 11/10/14	FY 2017 CRE Est. Revised 04/20/15	Difference	
			Amount	Pct. Chg.
Property Tax/Fee:				
Motor Carrier	\$ 12,000	\$ 11,000	\$ (1,000)	(8.3) %
Income Taxes:				
Individual	\$ 2,315,000	\$ 2,315,000	\$ --	-- %
Corporation	485,000	455,000	(30,000)	(6.2)
Financial Inst.	41,000	46,000	5,000	12.2
Total	<u>\$ 2,841,000</u>	<u>\$ 2,816,000</u>	<u>\$ (25,000)</u>	<u>(0.9) %</u>
Excise Taxes:				
Retail Sales	\$ 2,360,000	\$ 2,330,000	\$ (30,000)	(1.3) %
Compensating Use	400,000	390,000	(10,000)	(2.5)
Cigarette	87,000	87,000	--	--
Tobacco Product	7,900	7,900	--	--
Cereal Malt Beverage	1,700	1,600	(100)	(5.9)
Liquor Gallonage	19,400	19,200	(200)	(1.0)
Liquor Enforcement	69,000	68,500	(500)	(0.7)
Liquor Drink	10,600	10,800	200	1.9
Corporate Franchise	7,100	7,300	200	2.8
Severance	114,200	81,300	(32,900)	(28.8)
Gas	28,700	18,900	(9,800)	(34.1)
Oil	85,500	62,400	(23,100)	(27.0)
Total	<u>\$ 3,076,900</u>	<u>\$ 3,003,600</u>	<u>\$ (73,300)</u>	<u>(2.4) %</u>
Other Taxes:				
Insurance Premium	\$ 182,000	\$ 193,000	\$ 11,000	6.0 %
Miscellaneous	1,600	1,500	(100)	(6.3)
Total	<u>\$ 183,600</u>	<u>\$ 194,500</u>	<u>\$ 10,900</u>	<u>5.9 %</u>
Total Taxes	\$ 6,113,500	\$ 6,025,100	\$ (88,400)	(1.4) %
Other Revenues:				
Interest	\$ 8,100	\$ 8,600	\$ 500	6.2 %
Net Transfers	(301,700)	(316,300)	(14,600)	(4.8)
Agency Earnings	56,700	58,400	1,700	3.0
Total Other Revenue	<u>\$ (236,900)</u>	<u>\$ (249,300)</u>	<u>\$ (12,400)</u>	<u>(5.2) %</u>
Total Receipts	<u><u>\$ 5,876,600</u></u>	<u><u>\$ 5,775,800</u></u>	<u><u>\$ (100,800)</u></u>	<u><u>(1.7) %</u></u>