

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 2017, FY 2018, and FY 2019

The Consensus Estimating Group met today to revise the November 10, 2016 State General Fund estimates for FY 2017, FY 2018, and FY 2019. The revisions include the estimated impact of all 2017 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 soon 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 2017, FY 2018, and FY 2019 was increased by a combined \$550.4 million. **The estimate for total taxes was increased by \$156.4 million**, and other revenues were increased by \$394.0 million for the three years combined.

For FY 2017, the estimate was increased by \$309.4 million, or 5.2 percent, above the November estimate. The estimate for total taxes was increased by \$62.5 million, while the estimate for other revenues was increased by \$246.9 million. The overall revised estimate of \$6.290 billion represents a 3.6 percent increase above final FY 2016 receipts.

The revised estimate for FY 2018 of \$5.788 billion was increased by \$252.0 million, or 4.6 percent, above the November estimate. The estimate for total taxes was increased by \$42.9 million, while the estimate for other revenues was increased by \$209.1 million. The revised forecast for FY 2018 represents an 8.0 percent decrease below the newly revised FY 2017 figure.

For FY 2019, the estimate was decreased by \$11.0 million, or 0.2 percent, below the November estimate. The estimate for total taxes was increased by \$51.0 million, while the estimate for other revenues was decreased by \$62.0 million. The overall revised estimate of \$5.564 billion represents a 3.9 percent decrease below the newly revised FY 2018 figure.

Table 1 compares the actual receipts from FY 2016 with the new FY 2017, FY 2018, and FY 2019 estimates. 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, 2017							
	FY 2016 (Actual)		FY 2017 (Revised)		FY 2018 (Revised)		FY 2019 (Revised)	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Property Tax/Fee:								
Motor Carrier	\$ 11,376	2.1 %	\$ 11,800	3.7 %	\$ 12,000	1.7 %	\$ 12,200	1.7 %
Income Taxes:								
Individual	\$ 2,248,936	(1.3) %	\$ 2,305,000	2.5 %	\$ 2,345,000	1.7 %	\$ 2,375,000	1.3 %
Corporation	354,726	(15.0)	270,000	(23.9)	275,000	1.9	280,000	1.8
Financial Inst.	37,151	(8.4)	40,000	7.7	41,000	2.5	42,000	2.4
Total	\$ 2,640,812	(3.5) %	\$ 2,615,000	(1.0) %	\$ 2,661,000	1.8 %	\$ 2,697,000	1.4 %
Excise Taxes:								
Retail Sales	\$ 2,273,941	6.6 %	\$ 2,272,000	(0.1) %	\$ 2,285,000	0.6 %	\$ 2,305,000	0.9 %
Compensating Use	384,992	9.3	380,000	(1.3)	385,000	1.3	390,000	1.3
Cigarette	138,512	55.9	130,000	(6.1)	127,000	(2.3)	124,000	(2.4)
Tobacco Products	8,040	7.5	8,400	4.5	8,500	1.2	8,600	1.2
Cereal Malt Bev.	1,410	(10.0)	1,500	6.4	1,400	(6.7)	1,300	(7.1)
Liquor Gallonage	19,714	2.0	19,700	(0.1)	19,900	1.0	20,100	1.0
Liquor Enforcement	67,730	(1.1)	71,500	5.6	72,500	1.4	73,500	1.4
Liquor Drink	10,941	3.8	11,000	0.5	11,200	1.8	11,400	1.8
Corp. Franchise	6,884	(5.5)	6,600	(4.1)	6,700	1.5	6,800	1.5
Severance	22,395	(76.0)	41,500	85.3	36,400	(12.3)	32,500	(10.7)
Gas	5,975	(77.3)	13,200	120.9	11,200	(15.2)	9,100	(18.8)
Oil	16,420	(75.5)	28,300	72.3	25,200	(11.0)	23,400	(7.1)
Total	\$ 2,934,559	5.5 %	\$ 2,942,200	0.3 %	\$ 2,953,600	0.4 %	\$ 2,973,200	0.7 %
Other Taxes:								
Insurance Prem.	\$ 170,202	(9.3) %	\$ 174,500	2.5 %	\$ 177,500	1.7 %	\$ 256,500	44.5 %
Miscellaneous	1,395	(0.1)	2,200	57.7	3,200	45.5	3,300	3.1
Total	\$ 171,598	(9.2) %	\$ 176,700	3.0 %	\$ 180,700	2.3 %	\$ 259,800	43.8 %
Total Taxes	\$ 5,758,345	0.7 %	\$ 5,745,700	(0.2) %	\$ 5,807,300	1.1 %	\$ 5,942,200	2.3 %
Other Revenues:								
Interest	\$ 28,121	128.3 %	\$ 63,700	126.5 %	\$ 200	(99.7) %	\$ 100	(50.0) %
Net Transfers	239,330	66.7	403,400	68.6	(70,000)	(117.4)	(426,800)	(509.7)
Agency Earnings	47,667	(14.1)	76,700	60.9	50,900	(33.6)	48,900	(3.9)
Total	\$ 315,118	49.0 %	\$ 543,800	72.6 %	\$ (18,900)	(103.5) %	\$ (377,800)	(1,898.9) %
Total Receipts	<u>\$ 6,073,463</u>	<u>2.4 %</u>	<u>\$ 6,289,500</u>	<u>3.6 %</u>	<u>\$ 5,788,400</u>	<u>(8.0) %</u>	<u>\$ 5,564,400</u>	<u>(3.9) %</u>

Table 2
State General Fund Receipts
FY 2017 Revised
Comparison of April 2017 Estimate to November 2016 Estimate
(Dollars in Thousands)

	FY 2017 CRE Est.	FY 2017 CRE Est.	Difference	
	Revised 11/10/16	Revised 04/20/17	Amount	Pct. Chg.
Property Tax/Fee:				
Motor Carrier	\$ 11,500	\$ 11,800	\$ 300	2.6 %
Income Taxes:				
Individual	\$ 2,280,000	\$ 2,305,000	\$ 25,000	1.1 %
Corporation	270,000	270,000	--	--
Financial Inst.	38,000	40,000	2,000	5.3
Total	\$ 2,588,000	\$ 2,615,000	\$ 27,000	1.0 %
Excise Taxes:				
Retail Sales	\$ 2,235,000	\$ 2,272,000	\$ 37,000	1.7 %
Compensating Use	385,000	380,000	(5,000)	(1.3)
Cigarette	134,000	130,000	(4,000)	(3.0)
Tobacco Product	8,400	8,400	--	--
Cereal Malt Beverage	1,400	1,500	100	7.1
Liquor Gallonage	19,400	19,700	300	1.5
Liquor Enforcement	71,000	71,500	500	0.7
Liquor Drink	11,000	11,000	--	--
Corporate Franchise	6,800	6,600	(200)	(2.9)
Severance	34,800	41,500	6,700	19.3
Gas	9,300	13,200	3,900	41.9
Oil	25,500	28,300	2,800	11.0
Total	\$ 2,906,800	\$ 2,942,200	\$ 35,400	1.2 %
Other Taxes:				
Insurance Premium	\$ 174,500	\$ 174,500	\$ --	-- %
Miscellaneous	2,400	2,200	(200)	(8.3)
Total	\$ 176,900	\$ 176,700	\$ (200)	(0.1) %
Total Taxes	\$ 5,683,200	\$ 5,745,700	\$ 62,500	1.1 %
Other Revenues:				
Interest	\$ 17,700	\$ 63,700	\$ 46,000	259.9 %
Net Transfers	182,200	403,400	221,200	121.4
Agency Earnings	97,000	76,700	(20,300)	(20.9)
Total Other Revenue	\$ 296,900	\$ 543,800	\$ 246,900	83.2 %
Total Receipts	\$ 5,980,100	\$ 6,289,500	\$ 309,400	5.2 %

Table 3
State General Fund Receipts
FY 2018 Revised
Comparison of April 2017 Estimate to November 2016 Estimate
(Dollars in Thousands)

	FY 2018 CRE Est.	FY 2018 CRE Est.	Difference	
	Revised 11/10/16	Revised 04/20/17	Amount	Pct. Chg.
Property Tax/Fee:				
Motor Carrier	\$ 11,700	\$ 12,000	\$ 300	2.6 %
Income Taxes:				
Individual	\$ 2,320,000	\$ 2,345,000	\$ 25,000	1.1 %
Corporation	275,000	275,000	--	--
Financial Inst.	39,000	41,000	2,000	5.1
Total	<u>\$ 2,634,000</u>	<u>\$ 2,661,000</u>	<u>\$ 27,000</u>	<u>1.0 %</u>
Excise Taxes:				
Retail Sales	\$ 2,255,000	\$ 2,285,000	\$ 30,000	1.3 %
Compensating Use	390,000	385,000	(5,000)	(1.3)
Cigarette	132,000	127,000	(5,000)	(3.8)
Tobacco Product	8,500	8,500	--	--
Cereal Malt Beverage	1,300	1,400	100	7.7
Liquor Gallonage	19,600	19,900	300	1.5
Liquor Enforcement	72,000	72,500	500	0.7
Liquor Drink	11,200	11,200	--	--
Corporate Franchise	6,900	6,700	(200)	(2.9)
Severance	42,300	36,400	(5,900)	(13.9)
Gas	11,500	11,200	(300)	(2.6)
Oil	30,800	25,200	(5,600)	(18.2)
Total	<u>\$ 2,938,800</u>	<u>\$ 2,953,600</u>	<u>\$ 14,800</u>	<u>0.5 %</u>
Other Taxes:				
Insurance Premium	\$ 176,500	\$ 177,500	\$ 1,000	0.6 %
Miscellaneous	3,400	3,200	(200)	(5.9)
Total	<u>\$ 179,900</u>	<u>\$ 180,700</u>	<u>\$ 800</u>	<u>0.4 %</u>
Total Taxes	\$ 5,764,400	\$ 5,807,300	\$ 42,900	0.7 %
Other Revenues:				
Interest	\$ 9,500	\$ 200	\$ (9,300)	(97.9) %
Net Transfers	(286,900)	(70,000)	216,900	75.6
Agency Earnings	49,400	50,900	1,500	3.0
Total Other Revenue	<u>\$ (228,000)</u>	<u>\$ (18,900)</u>	<u>\$ 209,100</u>	<u>91.7 %</u>
Total Receipts	<u><u>\$ 5,536,400</u></u>	<u><u>\$ 5,788,400</u></u>	<u><u>\$ 252,000</u></u>	<u><u>4.6 %</u></u>

Table 4
State General Fund Receipts
FY 2019 Revised
Comparison of April 2017 Estimate to November 2016 Estimate
(Dollars in Thousands)

	FY 2019 CRE Est.	FY 2019 CRE Est.	Difference	
	Revised 11/10/16	Revised 04/20/17	Amount	Pct. Chg.
Property Tax/Fee:				
Motor Carrier	\$ 11,900	\$ 12,200	\$ 300	2.5 %
Income Taxes:				
Individual	\$ 2,350,000	\$ 2,375,000	\$ 25,000	1.1 %
Corporation	280,000	280,000	--	--
Financial Inst.	40,000	42,000	2,000	5.0
Total	<u>\$ 2,670,000</u>	<u>\$ 2,697,000</u>	<u>\$ 27,000</u>	<u>1.0 %</u>
Excise Taxes:				
Retail Sales	\$ 2,275,000	\$ 2,305,000	\$ 30,000	1.3 %
Compensating Use	395,000	390,000	(5,000)	(1.3)
Cigarette	130,000	124,000	(6,000)	(4.6)
Tobacco Product	8,600	8,600	--	--
Cereal Malt Beverage	1,200	1,300	100	8.3
Liquor Gallonage	19,800	20,100	300	1.5
Liquor Enforcement	73,000	73,500	500	0.7
Liquor Drink	11,500	11,400	(100)	(0.9)
Corporate Franchise	7,000	6,800	(200)	(2.9)
Severance	38,100	32,500	(5,600)	(14.7)
Gas	11,100	9,100	(2,000)	(18.0)
Oil	27,000	23,400	(3,600)	(13.3)
Total	<u>\$ 2,959,200</u>	<u>\$ 2,973,200</u>	<u>\$ 14,000</u>	<u>0.5 %</u>
Other Taxes:				
Insurance Premium	\$ 246,500	\$ 256,500	\$ 10,000	4.1 %
Miscellaneous	3,600	3,300	(300)	(8.3)
Total	<u>\$ 250,100</u>	<u>\$ 259,800</u>	<u>\$ 9,700</u>	<u>3.9 %</u>
Total Taxes	\$ 5,891,200	\$ 5,942,200	\$ 51,000	0.9 %
Other Revenues:				
Interest	\$ 9,100	\$ 100	\$ (9,000)	(98.9) %
Net Transfers	(374,300)	(426,800)	(52,500)	(14.0)
Agency Earnings	49,400	48,900	(500)	(1.0)
Total Other Revenue	<u>\$ (315,800)</u>	<u>\$ (377,800)</u>	<u>\$ (62,000)</u>	<u>(19.6) %</u>
Total Receipts	<u><u>\$ 5,575,400</u></u>	<u><u>\$ 5,564,400</u></u>	<u><u>\$ (11,000)</u></u>	<u><u>(0.2) %</u></u>