



Kansas Legislative Research Department

Providing nonpartisan, objective research and fiscal analysis for the Kansas Legislature since 1934

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April 20, 2021

To: Governor Laura Kelly and Legislative Coordinating Council

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

Re: State General Fund Revenue Estimate for FY 2021 and FY 2022

The Consensus Estimating Group met today to revise the November 6, 2020 State General Fund estimates for FY 2021 and FY 2022. The revisions include the estimated impact of all 2021 legislation signed into law thus far. The impact of any 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. Consensus revenue estimates are based on current federal and state laws and their current interpretation. 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 2021 and FY 2022 was increased by a combined \$361.0 million. The estimate for total taxes was increased by \$342.4 million, and other revenues were increased by \$18.6 million for the two years combined.

For FY 2021, the estimate was increased by \$319.8 million, or 4.1 percent, above the November estimate. The estimate for total taxes was increased by \$304.1 million, while the estimate for other revenues was increased by \$15.7 million. The overall revised estimate of \$8.028 billion represents a 16.3 percent increase above final FY 2020 receipts.

The revised estimate for FY 2022 is \$7.525 billion, which is \$41.2 million, or 0.6 percent, above the previous estimate. The estimate for total taxes was increased by \$38.3 million, while the estimate for other revenues was increased by \$2.9 million. The revised forecast for FY 2022 represents a 6.3 percent decrease below the newly revised FY 2021 figure.

The revised estimates include reducing receipts by a combined total of \$383.9 million for the estimated state fiscal effect of recent federal tax law changes, including \$101.7 million for FY 2021 and \$282.2 million for FY 2022. Of the combined amount, \$261.6 million is attributable to the changes related to the Paycheck Protection Program as a result of the federal Consolidated Appropriations Act, passed in December 2020.

Table 1 compares the revised estimates for FY 2021 and FY 2022 with actual receipts from FY 2020. Tables 2 and 3 show the revisions in each fiscal year's estimates.

Table 1
State General Fund Receipts
(Dollars in Thousands)

	Consensus Estimate April 20, 2021					
	FY 2020 (Actual)		FY 2021 (Revised)		FY 2022 (Revised)	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Property Tax/Fee:						
Motor Carrier	\$ 12,502	5.5 %	\$ 12,900	3.2 %	\$ 12,900	-- %
Income Taxes:						
Individual	\$3,338,185	(11.1) %	\$4,084,400	22.4 %	\$3,790,400	(7.2) %
Corporation	384,407	(12.1)	533,900	38.9	319,000	(40.3)
Financial Institutions	46,197	(5.0)	70,000	51.5	50,000	(28.6)
Total	<u>\$3,768,789</u>	<u>(11.2) %</u>	<u>\$4,688,300</u>	<u>24.4 %</u>	<u>\$4,159,400</u>	<u>(11.3) %</u>
Excise Taxes:						
Retail Sales	\$2,352,523	0.7 %	\$2,445,000	3.9 %	\$2,470,000	1.0 %
Compensating Use	479,060	10.9	565,000	17.9	630,000	11.5
Cigarette	116,456	(0.2)	110,000	(5.5)	109,000	(0.9)
Tobacco Products	9,180	2.4	9,700	5.7	9,900	2.1
Liquor Gallonage	21,978	(0.5)	24,500	11.5	25,000	2.0
Liquor Enforcement	74,667	0.5	81,000	8.5	82,000	1.2
Liquor Drink	10,350	(15.2)	9,200	(11.1)	10,000	8.7
Severance	20,692	(50.4)	15,200	(26.5)	22,800	50.0
Gas	390	(96.1)	2,400	515.8	4,100	70.8
Oil	20,302	(36.1)	12,800	(37.0)	18,700	46.1
Total	<u>\$3,084,905</u>	<u>1.4 %</u>	<u>\$3,259,600</u>	<u>5.7 %</u>	<u>\$3,358,700</u>	<u>3.0 %</u>
Other Taxes:						
Insurance Premiums	\$ 172,479	5.6 %	\$ 178,200	3.3 %	\$ 176,500	(1.0) %
Corporate Franchise	7,043	(4.2)	8,300	17.9	7,800	(6.0)
Miscellaneous	3,426	(8.5)	3,300	(3.7)	3,600	9.1
Total	<u>\$ 182,948</u>	<u>4.9 %</u>	<u>\$ 189,800</u>	<u>3.7 %</u>	<u>\$ 187,900</u>	<u>(1.0) %</u>
Total Taxes	<u>\$7,049,143</u>	<u>(5.7) %</u>	<u>\$8,150,600</u>	<u>15.6 %</u>	<u>\$7,718,900</u>	<u>(5.3) %</u>
Other Revenues & Receipts:						
Interest	\$ 56,064	14.6 %	\$ 8,000	(85.7) %	\$ 1,500	(81.3) %
Transfers & Other Receipts	(251,224)	(24.1)	(188,400)	25.0	(254,800)	(35.2)
Agency Earnings	46,465	(8.1)	57,300	23.3	59,200	3.3
Total	<u>\$ (148,694)</u>	<u>(44.5) %</u>	<u>\$ (123,100)</u>	<u>17.2 %</u>	<u>\$ (194,100)</u>	<u>(57.7) %</u>
Total Receipts	<u><u>\$6,900,449</u></u>	<u><u>(6.4) %</u></u>	<u><u>\$8,027,500</u></u>	<u><u>16.3 %</u></u>	<u><u>\$7,524,800</u></u>	<u><u>(6.3) %</u></u>

Table 2
State General Fund Receipts
FY 2021 Revised
Comparison of April 2021 Estimate to November 2020 Estimate
(Dollars in Thousands)

	FY 2021 CRE Est.	FY 2021 CRE Est.	Difference	
	Revised 11/06/2020	Revised 04/20/2021	Amount	Pct. Chg.
Property Tax/Fee:				
Motor Carrier	\$ 12,500	\$ 12,900	\$ 400	3.2 %
Income Taxes:				
Individual	\$ 4,040,000	\$ 4,084,400	\$ 44,400	1.1 %
Corporation	410,000	533,900	123,900	30.2
Financial Institutions	52,000	70,000	18,000	34.6
Total	\$ 4,502,000	\$ 4,688,300	\$ 186,300	4.1 %
Excise Taxes:				
Retail Sales	\$ 2,400,000	\$ 2,445,000	\$ 45,000	1.9 %
Compensating Use	540,000	565,000	25,000	4.6
Cigarette	113,000	110,000	(3,000)	(2.7)
Tobacco Products	9,400	9,700	300	3.2
Liquor Gallonage	24,000	24,500	500	2.1
Liquor Enforcement	78,000	81,000	3,000	3.8
Liquor Drink	9,000	9,200	200	2.2
Severance	10,400	15,200	4,800	46.2
Gas	1,400	2,400	1,000	71.4
Oil	9,000	12,800	3,800	42.2
Total	\$ 3,183,800	\$ 3,259,600	\$ 75,800	2.4 %
Other Taxes:				
Insurance Premiums	\$ 137,000	\$ 178,200	\$ 41,200	30.1 %
Corporate Franchise	8,000	8,300	300	3.8
Miscellaneous	3,200	3,300	100	3.1
Total	\$ 148,200	\$ 189,800	\$ 41,600	28.1 %
Total Taxes	\$ 7,846,500	\$ 8,150,600	\$ 304,100	3.9 %
Other Revenues & Receipts:				
Interest	\$ 9,000	\$ 8,000	\$ (1,000)	(11.1) %
Transfers & Other Receipts	(200,800)	(188,400)	12,400	6.2
Agency Earnings	53,000	57,300	4,300	8.1
Total	\$ (138,800)	\$ (123,100)	\$ 15,700	11.3 %
Total Receipts	\$ 7,707,700	\$ 8,027,500	\$ 319,800	4.1 %

Table 3
State General Fund Receipts
FY 2022 Revised
Comparison of April 2021 Estimate to November 2020 Estimate
(Dollars in Thousands)

	FY 2022 CRE Est.	FY 2022 CRE Est.	Difference	
	Revised 11/06/2020	Revised 04/20/2021	Amount	Pct. Chg.
Property Tax/Fee:				
Motor Carrier	\$ 12,500	\$ 12,900	\$ 400	3.2 %
Income Taxes:				
Individual	\$ 3,830,000	\$ 3,790,400	\$ (39,600)	(1.0) %
Corporation	360,000	319,000	(41,000)	(11.4)
Financial Institutions	45,000	50,000	5,000	11.1
Total	\$ 4,235,000	\$ 4,159,400	\$ (75,600)	(1.8) %
Excise Taxes:				
Retail Sales	\$ 2,425,000	\$ 2,470,000	\$ 45,000	1.9 %
Compensating Use	600,000	630,000	30,000	5.0
Cigarette	110,000	109,000	(1,000)	(0.9)
Tobacco Products	9,400	9,900	500	5.3
Liquor Gallonage	24,000	25,000	1,000	4.2
Liquor Enforcement	79,000	82,000	3,000	3.8
Liquor Drink	10,000	10,000	--	--
Severance	14,700	22,800	8,100	55.1
Gas	2,600	4,100	1,500	57.7
Oil	12,100	18,700	6,600	54.5
Total	\$ 3,272,100	\$ 3,358,700	\$ 86,600	2.6 %
Other Taxes:				
Insurance Premiums	\$ 150,000	\$ 176,500	\$ 26,500	17.7 %
Corporate Franchise	7,500	7,800	300	4.0
Miscellaneous	3,500	3,600	100	2.9
Total	\$ 161,000	\$ 187,900	\$ 26,900	16.7 %
Total Taxes	\$ 7,680,600	\$ 7,718,900	\$ 38,300	0.5 %
Other Revenues & Receipts:				
Interest	\$ 3,000	\$ 1,500	\$ (1,500)	(50.0) %
Transfers & Other Receipts	(254,800)	(254,800)	--	--
Agency Earnings	54,800	59,200	4,400	8.0
Total	\$ (197,000)	\$ (194,100)	\$ 2,900	1.5 %
Total Receipts	\$ 7,483,600	\$ 7,524,800	\$ 41,200	0.6 %

State General Fund Profile FY 2018 - FY 2022
(Dollars in Millions)

	Actual FY 2018	Actual FY 2019	Actual FY 2020	Estimated FY 2021	Estimated FY 2022
Beginning Balance	\$ 108.5	\$ 761.7	\$ 1,105.1	\$ 495.0	\$ 1,157.8
Revenue					
Consensus Revenue Estimates (Spring 2021)	\$ 7,302.3	\$ 7,376.2	\$ 6,912.4	\$ 8,027.5	\$ 7,524.8
HB 2007 Revenue Adjustments (Adjusted for CRE changes)	-	-	-	86.0	156.8
Total Available Revenue	\$ 7,410.8	\$ 8,137.9	\$ 8,017.5	\$ 8,608.5	\$ 8,839.5
Expenditures					
Expenditures	\$ 6,649.1	\$ 7,032.8	\$ 7,522.5	\$ 7,432.9	\$ 7,558.5
Human Services Caseload (Fall 2020)	-	-	-	(166.5)	204.8
School Finance Consensus (Fall 2020)	-	-	-	(27.9)	207.5
Human Services Caseload (Spring 2021)	-	-	-	(189.5)	(141.6)
Reappropriations	-	-	-	351.0	-
Legislative Budget HB 2007	-	-	-	80.9	(4,002.2)
Education Estimated Expenditures	-	-	-	(30.1)	4,191.7
Total Adjusted Expenditures	\$ 6,649.1	\$ 7,032.8	\$ 7,522.5	\$ 7,450.8	\$ 8,018.7
Ending Balance	\$ 761.7	\$ 1,105.1	\$ 495.0	\$ 1,157.8	\$ 820.8
Budget Stabilization Fund Balance				81.9	-
Ending SGF balance as a percentage of expenditures	11.5%	15.7%	6.6%	15.5%	10.2%
Receipts above / (below) expenditures	\$ 653.2	\$ 343.4	\$ (610.1)	\$ 662.7	\$ (337.1)

KLRD Adjusted for Estimated Education Expenditures

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