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To: Legislative Budget Committee

STATE GENERAL FUND (SGF) RECEIPTS July through August, FY 2016

For the first four months of FY 2016, estimates of State General Fund (SGF) receipts are based upon the consensus estimates of April 20, 2015, as adjusted for legislation enacted after that date by the 2015 Legislature. As this is the second monthly report on FY 2016 receipts, it is important to remember that a comparison of two months of receipts is not a reliable basis upon which to identify a trend for the balance of the year.

Total receipts for July and August, the first two months of FY 2016, were \$10.8 million, or 1.3 percent, below the estimate. The component of total SGF receipts from taxes only was \$35.8 million, or 4.1 percent, below the estimate.

Tax sources exceeding the fiscal year estimate by more than \$1.0 million through August were: compensating use (\$1.3 million or 2.1 percent) and cigarette (\$1.2 million or 5.6 percent).

Tax sources below the estimates by more than \$1.0 million through August were: corporate income (\$16.4 million or 59.5 percent), retail sales (\$7.0 million or 1.8 percent), insurance premiums (\$6.3 million), severance (\$4.5 million or 29.9 percent), liquor enforcement (\$2.1 million or 18.6 percent), and individual income (\$1.5 million or 0.5 percent).

The reduction in corporation income tax receipts is primarily attributable to an unanticipated \$13.7 million increase in High Performance Incentive Program (HPIP) refunds.

Total individual income tax receipts would have exceeded the estimate had refunds in August of 2015 not been \$8.5 million higher than the same month a year ago. Of this amount, \$5.1 million is attributable to an increase in Promoting Employment Across Kansas (PEAK) refunds.

Severance tax receipts, which had been down \$2.0 million in July, fell another \$2.5 million in August (for a cumulative \$4.5 million), largely as a result of weaker than expected prices for both oil and gas.

Insurance premiums taxes were below the monthly estimate due to a higher level of 2014 premium tax refunds being paid out in August than had been anticipated. (Among the refunds processed during FY 2016, was an unanticipated refund in the amount of approximately \$2.5 million.)

Interest was above the estimate by \$3.4 million or 33.2 percent. Agency earnings were below the estimate by \$3.0 million or 40.0 percent, due to a reduction in unclaimed property receipts.

Net transfers were \$24.5 million, or 46.2 percent less negative than anticipated. The primary reason for the less negative, or positive net transfer number is due to actions by the Governor increasing transfers into the State General Fund from a variety of sources.

Total SGF receipts through August of FY 2016 are \$59.1 million, or 7.7 percent, above FY 2015 for the same period. Tax receipts only for the same period were above FY 2015 by \$4.4 million, or 0.5 percent.

This report excludes the July 1 deposit to the SGF of \$840.0 million pursuant to issuance of a Certificate of Indebtedness. The Certificate will be discharged prior to the end of the fiscal year.

STATE GENERAL FUND RECEIPTS
July-August, FY 2016
(dollar amounts in thousands)

	Actual FY 2015	FY 2016			Percent change relative to:	
		Estimate*	Actual	Difference	FY 2015	Estimate
Property Tax/Fee:						
Motor Carriers	\$ 2,249	\$ 1,700	\$ 1,482	\$ (218)	(34.1) %	(12.8) %
Income Taxes:						
Individual	\$ 316,832	\$ 325,000	\$ 323,465	\$ (1,535)	2.1 %	(0.5) %
Corporation	26,039	27,500	11,147	(16,353)	(57.2)	(59.5)
Financial Inst.	2,449	200	(541)	(741)	(122.1)	(370.5)
Total	\$ 345,320	\$ 352,700	\$ 334,071	\$ (18,629)	(3.3) %	(5.3) %
Excise Taxes:						
Retail Sales	\$ 365,518	\$ 397,000	\$ 389,957	\$ (7,043)	6.7 %	(1.8) %
Comp. Use	57,870	63,000	64,306	1,306	11.1	2.1
Cigarette	14,688	22,000	23,228	1,228	58.1	5.6
Tobacco Prod.	1,246	1,225	1,342	117	7.7	9.6
Cereal Malt Bev.	337	290	284	(6)	(15.7)	(2.1)
Liquor Gallonage	3,239	3,250	3,515	265	8.5	8.2
Liquor Enforce.	11,428	11,500	9,366	(2,134)	(18.0)	(18.6)
Liquor Drink	1,658	1,650	1,796	146	8.3	8.8
Corp. Franchise	935	1,000	981	(19)	4.9	(1.9)
Severance	25,915	15,000	10,519	(4,481)	(59.4)	(29.9)
Gas	7,368	3,500	2,328	(1,172)	(68.4)	(33.5)
Oil	18,547	11,500	8,191	(3,309)	(55.8)	(28.8)
Total	\$ 482,834	\$ 515,915	\$ 505,294	\$ (10,621)	4.7 %	(2.1) %
Other Taxes:						
Insurance Prem.	\$ (1,250)	\$ (1,000)	\$ (7,261)	\$ (6,261)	-- %	-- %
Miscellaneous	231	210	176	(34)	(23.8)	(16.2)
Total	\$ (1,019)	\$ (790)	\$ (7,085)	\$ (6,295)	-- %	-- %
Total Taxes	\$ 829,384	\$ 869,525	\$ 833,762	\$ (35,763)	0.5 %	(4.1) %
Other Revenue:						
Interest	\$ 3,043	\$ 10,400	\$ 13,848	\$ 3,448	-- %	33.2 %
Transfers (net)	(74,993)	(53,120)	(28,605)	24,515	61.9	46.2
Agency Earnings and Misc.	6,990	7,500	4,500	(3,000)	(35.6)	(40.0)
Total	\$ (64,960)	\$ (35,220)	\$ (10,257)	\$ 24,963	84.2 %	70.9 %
TOTAL RECEIPTS	\$ 764,424	\$ 834,305	\$ 823,505	\$ (10,800)	7.7 %	(1.3) %

Consensus estimate as of April 20, 2015, as further adjusted for subsequent legislation enacted after that date.

Excludes a Certificate of Indebtedness of \$840 million that must be redeemed prior to the end of the fiscal year.

NOTE: Details may not add to totals due to rounding.