

# KANSAS LEGISLATIVE RESEARCH DEPARTMENT

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To: Legislative Budget Committee

## STATE GENERAL FUND (SGF) RECEIPTS FY 2016

The Legislative Research Department recently received from the Office of the Chief Financial Officer (Kansas Department of Administration) information on the total State General Fund (SGF) receipts from FY 2016.

Total receipts to the SGF were \$76.2 million, or 1.2 percent, below the final adjusted estimate (which includes any legislation enacted after the April 20th Consensus Revenue estimate). Taxes only in FY 2016 were \$106.4 million, or 1.8 percent, below the adjusted estimate, most notably in lower than estimated individual income and corporate income taxes.

Tax sources that fell below the estimate by more than \$1.0 million were individual income tax (\$76.1 million or 3.3 percent), corporate income tax (\$35.3 million or 9.0 percent), and severance tax (\$1.6 million or 6.7 percent).

Two tax sources were above the adjusted estimate by more than \$1.0 million: retail sales tax (\$3.9 million or 0.2 percent); and insurance premiums tax (\$1.2 million or 0.7 percent).

SGF receipts from taxes only, which had been down \$71.9 million through May, fell an additional \$34.5 million in the month of June to finish the fiscal year down by \$106.4 million. The shortfall continued to be centered in two sources – individual and corporation income taxes.

Individual income taxes, which were down \$58.1 million through May, fell an additional \$18.0 million in June and finished the fiscal year \$76.1 million below the April estimate. Growth in withholding taxes generally has been sluggish since February, and withholding in June was only 0.6 percent, or \$1.0 million more than in June of 2015. Regular payments finished the year \$30.0 million less than in FY 2015, with the biggest drop coming in May (\$65.0 million less than the same month from the prior year). As noted in this report last month, tax law changes enacted in 2015 had been expected to produce an additional \$161.8 million of individual income tax receipts for FY 2016, with much of that revenue expected to be realized very late in the State's fiscal year.

Corporation income taxes, which had been down \$15.0 million through May, fell an additional \$20.3 million in June to finish \$35.3 million below the April estimate. Corporate estimated payments finished the fiscal year \$44.0 million below the FY 2015 level and were down \$21.0 million over the previous year in the month of June alone. Estimated payments of \$54.0 million for the month of June were the lowest since June 2011. Corporate refunds also were \$30.0 million greater in FY 2016 than they had been in FY 2015.

Interest was above the estimate by \$1.8 million, or 6.9 percent. Agency earnings were above the estimate by \$6.7 million, or 16.3 percent. Transfers were \$21.7 million, or 10.0 percent, above the estimates primarily due to additional authority granted and utilized by the Executive Branch late in the fiscal year. The increase was mainly due to a \$20.0 million transfer from the State Highway Fund.

Total SGF receipts in FY 2016 were above total SGF receipts in FY 2015 by \$144.7 million, or 2.4 percent. Tax receipts only for FY 2016 were above FY 2015 tax receipts by \$41.0 million or 0.7 percent.

A Certificate of Indebtedness of \$840.0 million was discharged or redeemed by the State General Fund prior to the end of the fiscal year, as required by law. The redemption took place on June 29, 2016.

STATE GENERAL FUND RECEIPTS  
FY 2016  
(dollar amounts in thousands)

	Actual FY 2015	FY 2016			Percent change relative to:	
		Estimate*	Actual	Difference	FY 2015	Estimate
<b>Property Tax/Fee:</b>						
Motor Carriers	\$ 11,145	\$ 11,500	\$ 11,376	\$ (124)	2.1 %	(1.1) %
<b>Income Taxes:</b>						
Individual	\$ 2,277,541	\$ 2,325,000	\$ 2,248,936	\$ (76,064)	(1.3) %	(3.3) %
Corporation	417,400	390,000	354,726	(35,274)	(15.0)	(9.0)
Financial Inst.	40,546	37,000	37,151	151	(8.4)	0.4
Total	\$ 2,735,487	\$ 2,752,000	\$ 2,640,813	\$ (111,187)	(3.5) %	(4.0) %
<b>Excise Taxes:</b>						
Retail Sales	\$ 2,132,777	\$ 2,270,000	\$ 2,273,941	\$ 3,941	6.6 %	0.2 %
Comp. Use	352,176	385,000	384,992	(8)	9.3	(0.0)
Cigarette	88,821	138,000	138,512	512	55.9	0.4
Tobacco Prod.	7,482	8,000	8,040	40	7.5	0.5
Cereal Malt Bev.	1,566	1,400	1,410	10	(10.0)	0.7
Liquor Gallonage	19,319	19,300	19,714	414	2.0	2.1
Liquor Enforce.	68,505	67,000	67,730	730	(1.1)	1.1
Liquor Drink	10,537	11,000	10,941	(59)	3.8	(0.5)
Corp. Franchise	7,287	7,100	6,884	(216)	(5.5)	(3.0)
Severance	93,213	24,000	22,395	(1,605)	(76.0)	(6.7)
Gas	26,302	4,000	5,975	1,975	(77.3)	49.4
Oil	66,911	20,000	16,420	(3,580)	(75.5)	(17.9)
Total	\$ 2,781,683	\$ 2,930,800	\$ 2,934,559	\$ 3,759	5.5 %	0.1 %
<b>Other Taxes:</b>						
Insurance Prem.	\$ 187,643	\$ 169,000	\$ 170,202	\$ 1,202	(9.3) %	0.7 %
Miscellaneous	1,397	1,400	1,395	(5)	(0.1)	(0.4)
Total	\$ 189,040	\$ 170,400	\$ 171,597	\$ 1,197	(9.2) %	0.7 %
<b>Total Taxes</b>	<b>\$ 5,717,355</b>	<b>\$ 5,864,700</b>	<b>\$ 5,758,345</b>	<b>\$ (106,355)</b>	<b>0.7 %</b>	<b>(1.8) %</b>
<b>Other Revenue:</b>						
Interest	\$ 12,320	\$ 26,300	\$ 28,121	\$ 1,821	128.3 %	6.9 %
Transfers (net)	143,597	217,630	239,330	21,700	66.7	10.0
Agency Earnings and Misc.	55,512	41,000	47,667	6,667	(14.1)	16.3
Total	\$ 211,429	\$ 284,930	\$ 315,118	\$ 30,188	49.0 %	10.6 %
<b>TOTAL RECEIPTS</b>	<b>\$ 5,928,784</b>	<b>\$ 6,149,630</b>	<b>\$ 6,073,463</b>	<b>\$ (76,167)</b>	<b>2.4 %</b>	<b>(1.2) %</b>

Consensus estimate as of April 20, 2016, as subsequently adjusted for legislation enacted after that date.

Excludes a Certificate of Indebtedness of \$840.0 million that was redeemed June 29, 2016.

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