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November 3, 2015

To: Legislative Budget Committee

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

This is the final report on SGF receipts based on the consensus estimates of April 19, 2015, as subsequently adjusted for legislation. The Consensus Estimating Group will meet on November 6, 2015, to revise the estimates for FY 2016 and FY 2017. The subsequent November monthly report (July through November, FY 2016) will be based on the November 6 revised estimates.

Total SGF receipts for July through October were \$57.4 million, or 3.0 percent, below the estimate. The component of SGF receipts from taxes only was \$77.9 million, or 4.1 percent, below the estimate.

Only one tax source exceeded the estimate by more than \$1.0 million, cigarette tax (\$5.3 million or 11.7 percent).

Tax sources falling below the estimate by more than \$1.0 million included retail sales tax (\$34.3 million or 4.2 percent); corporate income tax (\$25.5 million or 18.6 percent); severance (\$10.3 million or 76.5 percent); compensating use (\$7.1 million or 5.3 percent); and insurance premiums (\$5.4 million).

While individual income taxes remain below the fiscal-year-to-date estimate, lower October refunds this year compared to last helped erase most of the \$13.7 million shortfall in this tax source that had existed at the end of September. The Department of Revenue reiterated that the vast majority of new individual income tax revenue anticipated for FY 2016 as a result of changes in law enacted last session is not expected to materialize until the latter part of the fiscal year.

Corporation income taxes, down \$25.5 million below the estimate, had been down \$23.8 million through September and was down another \$1.7 million during October. Recall that an unanticipated \$13.7 million increase in High Performance Incentive Program (HPIP) refunds in August has been a major influencing factor thus far for this tax source.

Sales taxes (down \$34.3 million) continued to fall below monthly projections. The Department of Revenue has no indication of unusual refund activity and noted that weaker than expected consumer spending appears to have been occurring since late last winter. Compensating use taxes, now down \$7.1 million, fell \$6.2 million below the estimate for the month of October alone.

Interest earnings were above the estimate by \$4.3 million. Agency earnings and miscellaneous were below the estimate by \$7.8 million, or 31.2 percent. Transfers were \$24.0 million less than the estimate.

Total SGF receipts through October of FY 2016 were \$124.6 million, or 7.3 percent, above FY 2015 for the same period. Tax receipts only for the same period were above FY 2015 by \$45.7 million, or 2.6 percent. (Consider that sales, use and cigarette tax rates were increased at the start of this fiscal year.)

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-October, 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	\$ 3,671	\$ 3,200	\$ 2,792	\$ (408)	(23.9) %	(12.8) %
Income Taxes:						
Individual	\$ 677,583	\$ 700,000	\$ 699,437	\$ (563)	3.2 %	(0.1) %
Corporation	131,660	137,500	111,993	(25,507)	(14.9)	(18.6)
Financial Inst.	11,375	9,200	10,155	955	(10.7)	10.4
Total	\$ 820,618	\$ 846,700	\$ 821,585	\$ (25,115)	0.1 %	(3.0) %
Excise Taxes:						
Retail Sales	\$ 727,556	\$ 814,000	\$ 779,678	\$ (34,322)	7.2 %	(4.2) %
Comp. Use	119,171	133,300	126,245	(7,055)	5.9	(5.3)
Cigarette	30,384	45,000	50,260	5,260	65.4	11.7
Tobacco Prod.	2,596	2,575	2,777	202	7.0	7.8
Cereal Malt Bev.	599	550	535	(15)	(10.7)	(2.7)
Liquor Gallonage	5,993	6,450	6,643	193	10.8	3.0
Liquor Enforce.	22,382	22,500	21,623	(877)	(3.4)	(3.9)
Liquor Drink	3,463	3,500	3,573	73	3.2	2.1
Corp. Franchise	1,413	1,400	1,335	(65)	(5.5)	(4.6)
Severance	31,386	13,500	3,168	(10,332)	(89.9)	(76.5)
Gas	8,469	2,750	435	(2,315)	(94.9)	(84.2)
Oil	22,917	10,750	2,733	(8,017)	(88.1)	(74.6)
Total	\$ 944,943	\$ 1,042,775	\$ 995,837	\$ (46,938)	5.4 %	(4.5) %
Other Taxes:						
Insurance Prem.	\$ (1,541)	\$ (1,300)	\$ (6,693)	\$ (5,393)	- %	- %
Miscellaneous	525	420	395	(25)	(24.8)	(6.0)
Total	\$ (1,016)	\$ (880)	\$ (6,298)	\$ (5,418)	- %	- %
Total Taxes	\$ 1,768,216	\$ 1,891,795	\$ 1,813,916	\$ (77,879)	2.6 %	(4.1) %
Other Revenue:						
Interest	\$ 5,345	\$ 12,000	\$ 16,338	\$ 4,338	- %	36.2 %
Transfers (net)	(85,019)	(32,070)	(8,084)	23,986	90.5	74.8
Agency Earnings and Misc.	26,229	25,000	17,201	(7,799)	(34.4)	(31.2)
Total	\$ (53,445)	\$ 4,930	\$ 25,455	\$ 20,525	- %	- %
TOTAL RECEIPTS	\$ 1,714,771	\$ 1,896,725	\$ 1,839,371	\$ (57,354)	7.3 %	(3.0) %

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.