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September 2, 2016

To: Legislative Budget Committee

STATE GENERAL FUND (SGF) RECEIPTS July through August, FY 2017

For the first four months of FY 2017, estimates of State General Fund (SGF) receipts are based upon the consensus estimates of April 20, 2016, as adjusted for legislation enacted after that date. As this is the second monthly report on FY 2017 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. The next meeting of the Consensus Revenue Estimating Group will be on November 10, 2016.

Total receipts for July and August, the first two months of FY 2017, were \$26.2 million, or 3.1 percent, below the estimate. The component of total SGF receipts from taxes only was \$23.0 million, or 2.6 percent, below the estimate.

Tax sources exceeding the fiscal year estimate by more than \$1.0 million through August were: individual income tax (\$15.9 million or 4.8 percent); cigarette tax (\$3.1 million or 14.1 percent); and insurance premiums tax (\$1.7 million or 26.6 percent).

Tax sources below the estimates by more than \$1.0 million through August were: retail sales tax (\$24.9 million or 6.1 percent); corporate income tax (\$15.6 million or 62.2 percent); and compensating use tax (\$3.9 million or 5.8 percent).

Sales taxes, which had fallen \$10.8 million below the July estimate, fell by an additional \$13.1 million in August and are now \$24.9 million below the fiscal-year-to-date forecast.

Corporation income taxes, down \$5.9 million in July, slipped an additional \$9.7 million below expectations for the month of August. The Department of Revenue notes that corporate regular and estimated payments were running well below the prior year's levels.

Individual income taxes, up \$1.1 million in July, gained an additional \$14.8 million relative to expectations in August, and are now \$15.9 million ahead of the cumulative estimate. August refunds in FY 2017 from this source were down significantly below FY 2016 levels (\$23.2 million in FY 2016 versus \$11.8 million in FY 2017, with \$5.0 million of this difference attributable to smaller PEAK refunds). Withholding growth in July and August (approximately 3 percent) also has exceeded the relatively modest levels experienced in February through June (less than 1 percent).

Agency earnings exceeded the FY 2016 estimate by \$6.4 million, or 29.2 percent, and transfers fell below the estimate by \$11.0 million, or 25.6 percent. The discrepancy is due in part

to the uncommitted cash balance of the Kansas Bioscience Authority (KBA). This revenue must be classified as agency earnings and not as a SGF transfer as originally anticipated in the estimates. Transfers from the uncommitted cash balance of the KBA were \$8.0 million, or \$2.0 million lower than originally anticipated.

Total SGF receipts through August of FY 2017 are \$4.1 million, or 0.5 percent, below FY 2016 for the same period. Tax receipts only for the same period were above FY 2016 by \$18.7 million, or 2.2 percent.

This report excludes the July 1 deposit to the SGF of \$900.0 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 2017
(dollar amounts in thousands)

	Actual FY 2016	FY 2017			Percent change relative to:	
		Estimate*	Actual	Difference	FY 2016	Estimate
Property Tax/Fee:						
Motor Carriers	\$ 1,482	\$ 1,350	\$ 1,287	\$ (63)	(13.2) %	(4.7) %
Income Taxes:						
Individual	\$ 323,465	\$ 330,000	\$ 345,874	\$ 15,874	6.9 %	4.8 %
Corporation	11,147	25,000	9,448	(15,552)	(15.2)	(62.2)
Financial Inst.	(541)	0	147	147	127.2	--
Total	\$ 334,071	\$ 355,000	\$ 355,469	\$ 469	6.4 %	0.1 %
Excise Taxes:						
Retail Sales	\$ 389,957	\$ 410,000	\$ 385,086	\$ (24,914)	(1.2) %	(6.1) %
Comp. Use	64,306	67,000	63,084	(3,916)	(1.9)	(5.8)
Cigarette	23,228	22,000	25,099	3,099	8.1	14.1
Tobacco Prod.	1,342	1,325	1,398	73	4.2	5.5
Cereal Malt Bev.	284	260	338	78	19.0	30.0
Liquor Gallonage	3,515	3,400	3,162	(238)	(10.0)	(7.0)
Liquor Enforce.	9,366	12,000	12,253	253	30.8	2.1
Liquor Drink	1,796	1,850	1,808	(42)	0.7	(2.3)
Corp. Franchise	981	1,090	1,167	77	19.0	7.1
Severance	10,519	6,500	6,843	343	(34.9)	5.3
Gas	2,328	2,000	1,261	(739)	(45.8)	(37.0)
Oil	8,191	4,500	5,582	1,082	(31.9)	24.0
Total	\$ 505,294	\$ 525,425	\$ 500,238	\$ (25,187)	(1.0) %	(4.8) %
Other Taxes:						
Insurance Prem.	\$ (7,261)	\$ (6,500)	\$ (4,769)	\$ 1,731	34.3 %	26.6 %
Miscellaneous	176	200	221	21	25.6	10.5
Total	\$ (7,085)	\$ (6,300)	\$ (4,548)	\$ 1,752	35.8 %	27.8 %
Total Taxes	\$ 833,762	\$ 875,475	\$ 852,446	\$ (23,029)	2.2 %	(2.6) %
Other Revenue:						
Interest	\$ 13,848	\$ 6,300	\$ 7,770	\$ 1,470	(43.9) %	23.3 %
Transfers (net)	(28,605)	(40,960)	(51,944)	(10,984)	(81.6)	(26.8)
Agency Earnings and Misc.	4,500	4,800	11,181	6,381	148.5	132.9
Total	\$ (10,257)	\$ (29,860)	\$ (32,993)	\$ (3,133)	(221.7) %	(10.5) %
TOTAL RECEIPTS	\$ 823,505	\$ 845,615	\$ 819,453	\$ (26,162)	(0.5) %	(3.1) %

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

Excludes a Certificate of Indebtedness of \$900 million that must be redeemed prior to the end of the fiscal year.

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