

# KANSAS LEGISLATIVE RESEARCH DEPARTMENT

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**To:** Legislative Budget Committee

## STATE GENERAL FUND RECEIPTS FY 2018

For FY 2018 to date, estimates of State General Fund (SGF) receipts are based upon the consensus estimates of April 20, 2017, as adjusted for legislation enacted after that date by the 2017 Legislature. Additional details on that legislation may be found in Tables 3, 6 and 8 of the Consensus Revenue Legislative Adjustments memo dated June 30 (see [http://www.kslegresearch.org/KLRD-web/Publications/CRE/2017\\_CRE\\_AdjMemo.pdf](http://www.kslegresearch.org/KLRD-web/Publications/CRE/2017_CRE_AdjMemo.pdf)).

As this is the first monthly report on FY 2018 receipts, it is important to remember that a comparison of one month is not a reliable basis upon which to identify a trend for the balance of the year.

Although new withholding tables were promulgated by the Department of Revenue effective for pay periods beginning in July relative to the new individual income tax law, only a modest amount of additional withholding taxes was believed to have been collected by the end of the month (primarily from employers who remit four times each month). Although new receipts from many additional employers will begin arriving in August, the increased withholding tax collections will not have been fully implemented until later in the fall because of less frequent filing by certain small employers. (See the special note on page 2 regarding the timing of additional income tax receipts throughout FY 2018.)\*

Total receipts for July, the first month of FY 2018, were \$9.5 million, or 1.7 percent, above the estimate. The component of total SGF receipts from taxes only was \$7.6 million, or 1.7 percent, above the estimate.

The tax sources exceeding the July estimate by more than \$1.0 million were the retail sales tax (\$5.5 million, or 2.8 percent) and the individual income tax (\$3.5 million, or 1.9 percent).

No tax sources were below the estimate by more than \$1.0 million.

Total SGF receipts through July of FY 2018 (which include \$118.8 million of Pooled Money Investment Board receipts) are \$158.0 million, or 38.1 percent, above FY 2017 for the same period. Tax receipts only for the same period were \$28.4 million, or 6.7 percent, above FY 2017.

**\*FY 2018 Individual Income Tax Receipts**

***The fiscal note provided by the Department of Revenue estimates that new income tax law provisions from SB 30 will combine to produce an additional \$591.0 million in receipts by the end of FY 2018 (beyond the amount that would have been collected had that legislation not been enacted).***

***Because of the timing of various provisions of the new law, an even greater percentage of individual income tax receipts is likely to be received during the latter months of the fiscal year than normal. Special language in the new law provides that taxpayers will not be assessed any penalties or interest relative to underpayments associated with the restoration of tax to non-wage business income or with changes in rates, provided the underpayments have been rectified by April 17, 2018.***

***Drawing meaningful conclusions about the accuracy of the fiscal note and the overall income tax estimate during much of the fiscal year therefore will not be possible, especially during the summer and fall months. The Research Department and the Consensus Estimating Group will continue working with the Department of Revenue to monitor receipts and the impact of the new law prior to the revision of revenue estimates in early November and again in mid April. Any final determination as to the accuracy of the \$591.0 million estimate obviously will not be available until after the conclusion of FY 2018 on June 30, 2018.***

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, FY 2018  
(dollar amounts in thousands)

	Actual FY 2017	FY 2018			Percent change relative to:	
		Estimate*	Actual	Difference	FY 2017	Estimate
Property Tax/Fee:						
Motor Carriers	\$ 874	\$ 1,000	\$ 976	\$ (24)	(11.7) %	(2.4) %
Income Taxes:						
Individual	\$ 166,114	\$ 185,000	\$ 188,477	\$ 3,477	13.5 %	1.9 %
Corporation	9,145	14,800	14,930	130	63.3	0.9
Financial Inst.	(100)	600	623	23	--	3.8
Total	\$ 175,159	\$ 200,400	\$ 204,030	\$ 3,630	16.5 %	1.8 %
Excise Taxes:						
Retail Sales	\$ 195,189	\$ 198,000	\$ 203,499	\$ 5,499	4.3 %	2.8 %
Comp. Use	33,470	34,000	33,989	(11)	1.6	(0.0)
Cigarette	12,054	10,700	10,403	(297)	(13.7)	(2.8)
Tobacco Prod.	716	700	662	(38)	(7.5)	(5.4)
Cereal Malt Bev.	186	150	141	(9)	(24.2)	(6.0)
Liquor Gallonage	1,589	2,000	2,067	67	30.1	3.4
Liquor Enforce.	5,690	5,500	5,355	(145)	(5.9)	(2.6)
Liquor Drink	848	900	939	39	10.7	4.3
Corp. Franchise	756	550	456	(94)	(39.7)	(17.1)
Severance	3,046	(350)	(418)	(68)	--	(19.4)
Gas	620	(400)	(344)	56	--	14.0
Oil	2,425	50	(74)	(124)	--	--
Total	\$ 253,544	\$ 252,150	\$ 257,093	\$ 4,943	1.4 %	2.0 %
Other Taxes:						
Insurance Prem.	\$ (4,561)	\$ (7,700)	\$ (8,689)	\$ (989)	(90.5) %	(12.8) %
Miscellaneous	114	110	126	16	10.5	14.5
Total	\$ (4,447)	\$ (7,590)	\$ (8,563)	\$ (973)	(92.6) %	(12.8) %
<b>Total Taxes</b>	<b>\$ 425,130</b>	<b>\$ 445,960</b>	<b>\$ 453,536</b>	<b>\$ 7,576</b>	<b>6.7 %</b>	<b>1.7 %</b>
Other Revenue and Receipts:						
Interest	\$ 5,513	\$ 50	\$ 1,579	\$ 1,529	(71.4) %	-- %
Transfers and Receipts	(17,058)	114,130	113,600	(530)	--	(0.5)
Agency Earnings and Misc.	1,170	3,100	4,064	964	--	31.1
Total	\$ (10,375)	\$ 117,280	\$ 119,243	\$ 1,963	-- %	1.7 %
<b>TOTAL RECEIPTS</b>	<b>\$ 414,755</b>	<b>\$ 563,240</b>	<b>\$ 572,779</b>	<b>\$ 9,539</b>	<b>38.1 %</b>	<b>1.7 %</b>

Consensus estimate as of April 20, 2017, 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.