

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

68-West-Statehouse, 300 SW 10th Ave.
Topeka, Kansas 66612-1504
(785) 296-3181 ♦ FAX (785) 296-3824

kslegres@klrd.ks.gov

<http://www.kslegislature.org/klrd>

June 1, 2018

To: Legislative Budget Committee

STATE GENERAL FUND (SGF) RECEIPTS July 2017 through May 2018, FY 2018

This is the second monthly report of State General Fund (SGF) receipts for FY 2018 based upon the revised estimates made by the Consensus Revenue Estimating Group on April 20, 2018.

Total receipts through May of FY 2018 were \$176.0 million, or 2.8 percent, above the estimate. The component of total SGF receipts from taxes only was \$174.0 million, or 2.8 percent, above the estimate. Individual income tax receipts accounted for \$142.5 million of this amount.

Total receipts through April had been \$67.3 million above the newly revised estimate, with \$50.4 million of that amount from the individual income tax. (The individual income tax forecast for FY 2018 had been increased by \$218.0 million just ten days earlier, on April 20.)

There were six tax sources that exceeded the estimates by more than \$1.0 million: individual income tax (\$142.5 million or 4.9 percent); corporation income tax (\$14.3 million or 4.8 percent); compensating use tax (\$5.9 million or 1.6 percent); insurance premiums tax (\$5.7 million or 4.9 percent); cigarette tax (\$2.0 million or 1.9 percent); and financial institutions tax (\$1.2 million or 3.3 percent).

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

The continued growth in individual income tax receipts during May (an additional \$92.1 million) was influenced, in part, by the slightly delayed (into May) processing of more balance due remittances than had been previously anticipated. But as noted last month, many of the underlying fundamentals for this tax source (especially withholding and estimated payments) have continued to exceed previous expectations. The projected fiscal impact of the new Kansas income tax law implemented by SB 30—enacted in 2017—now appears to have been understated, likely relating to the restoration of the tax on certain non-wage business income. About \$270.0 million of the overall \$591.0 million in additional FY 2018 receipts from that legislation had been assumed attributable to the taxation of non-wage income. The Department of Revenue has indicated that an analysis of tax year 2017 returns will be conducted over the summer to review the accuracy of the fiscal note associated with SB 30.

Insurance premium tax receipts growth for May is attributable to prepayment of June tax invoices. As a result, premiums tax receipts in June may be lower than previously anticipated.

Interest was above the estimate by \$1.7 million or 9.8 percent, due to increases in interest rates and cash balances. Transfers (net) and receipts were below the estimate by \$0.5 million or 0.2 percent. Agency earnings and miscellaneous were above the estimate by \$0.8 million or 1.9 percent.

Total SGF receipts through May of FY 2018 were \$1.1 billion, or 20.3 percent, above FY 2017 for the same period. Tax receipts only for the same period were above FY 2017 by \$1.1 billion or 20.8 percent.

This report excludes a deposit to the SGF of \$900.0 million due to the issuance of a Certificate of Indebtedness. The Certificate will be discharged prior to the end of the fiscal year.

STATE GENERAL FUND RECEIPTS
July-May, 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	\$ 10,692	\$ 11,800	\$ 11,762	\$ (38)	(10.0) %	(0.3) %
Income Taxes:						
Individual	\$ 2,081,143	\$ 2,895,000	\$ 3,037,505	\$ 142,505	46.0 %	4.9 %
Corporation	261,965	296,700	310,962	14,262	18.7	4.8
Financial Inst.	31,721	35,000	36,171	1,171	14.0	3.3
Total	\$ 2,374,829	\$ 3,226,700	\$ 3,384,638	\$ 157,938	42.5 %	4.9 %
Excise Taxes:						
Retail Sales	\$ 2,088,391	\$ 2,136,300	\$ 2,137,230	\$ 930	2.3 %	0.0 %
Comp. Use	349,768	367,000	372,866	5,866	6.6	1.6
Cigarette	118,030	109,100	111,144	2,044	(5.8)	1.9
Tobacco Prod.	7,698	7,900	7,884	(16)	2.4	(0.2)
Cereal Malt Bev.	1,416	1,300	1,351	51	(4.6)	3.9
Liquor Gallonage	17,746	18,000	18,023	23	1.6	0.1
Liquor Enforce.	64,732	66,400	66,677	277	3.0	0.4
Liquor Drink	10,044	10,500	10,574	74	5.3	0.7
Corp. Franchise	6,274	5,950	6,459	509	2.9	8.6
Severance	38,313	36,650	37,341	691	(2.5)	1.9
Gas	13,606	10,850	12,294	1,444	(9.6)	13.3
Oil	24,707	25,800	25,047	(753)	1.4	(2.9)
Total	\$ 2,702,412	\$ 2,759,100	\$ 2,769,549	\$ 10,449	2.5 %	0.4 %
Other Taxes:						
Insurance Prem.	\$ 118,966	\$ 115,000	\$ 120,683	\$ 5,683	1.4 %	4.9 %
Miscellaneous	1,209	2,350	2,341	(9)	93.6	(0.4)
Total	\$ 120,175	\$ 117,350	\$ 123,024	\$ 5,674	2.4 %	4.8 %
Total Taxes	\$ 5,208,108	\$ 6,114,950	\$ 6,288,973	\$ 174,023	20.8 %	2.8 %
Other Revenue and Receipts:						
Interest	\$ 63,903	\$ 16,900	\$ 18,557	\$ 1,657	(71.0) %	9.8 %
Transfers (net) and Receipts	113,918	212,290	211,777	(513)	85.9	(0.2)
Agency Earnings and Misc.	68,081	42,900	43,697	797	(35.8)	1.9
Total	\$ 245,902	\$ 272,090	\$ 274,031	\$ 1,941	11.4 %	0.7 %
TOTAL RECEIPTS	\$ 5,454,010	\$ 6,387,040	\$ 6,563,004	\$ 175,964	20.3 %	2.8 %

Consensus estimate as of April 20, 2018, as subsequently adjusted for 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.