



February 4, 2019

To: Legislative Budget Committee

STATE GENERAL FUND (SGF) RECEIPTS July 2018 through January 2019, FY 2019

This is the third month of experience under the revised estimate of SGF receipts in FY 2019 made by the Consensus Estimating Group on November 9, 2018. The figures in both the “Estimate” and “Actual” columns under FY 2019 on the following table include actual amounts received in July through October. Consequently, this report details the difference between estimated and actual receipts in November through January.

Total receipts through January FY 2019 were \$39.3 million, or 1.0 percent, below the estimate. The component of SGF receipts from taxes only was \$36.4 million, or 0.9 percent, below the estimate. Total SGF receipts from taxes only, at the end of December, were \$13.1 million, or 0.4 percent, above the estimate. Total receipts at the end of December were \$10.50 million, or 0.3 percent, above the estimate.

Three tax sources **exceeded** the estimate by more than \$1.0 million: corporate income tax (\$27.9 million or 14.1 percent); severance tax (\$2.0 million or 9.2 percent); and cigarette tax (\$1.7 million or 2.4 percent).

Four tax sources **fell below** the estimate by more than \$1.0 million: individual income tax (\$54.4 million or 2.8 percent); retail sales tax (\$8.3 million or 0.6 percent); insurance premiums tax (\$5.3 million or 8.8 percent); and financial institutions tax (\$1.6 million or 7.8 percent).

The FY 2019 estimate for corporation income tax collections (which had exceeded the final FY 2018 estimate by \$62.4 million), was increased by \$69.0 million in November. Receipts since that time have continued to exceed the newly established baseline, and the Consensus Group will be seeking additional information from the Department of Revenue about this tax source prior to meeting again in mid-April. Remember that the current estimate includes the assumptions that certain repatriated dollars returned to the United States from off-shore locations under the provisions of the new federal law are also now subject to the Kansas income tax; and that to the extent that such monies will continue to be taxed at the federal level under the new Global Intangible Low-Taxed Income provisions, Kansas under current law is expected to receive additional revenues on an ongoing basis.

Individual income tax receipts, which had been \$6.2 million below the estimate through December, fell another \$48.2 million during January and are now \$54.4 million below fiscal-year-to-date expectations. The Department of Revenue notes that approximately \$13 million of that amount is attributable to the fact that refunds were processed in late January for one

additional day in 2019 relative to those processed in 2018. About 66,500 state income tax refunds were processed in January of 2019 compared to roughly 41,000 a year earlier. The average amount of refund also was up (\$465 in 2019 versus \$442 in 2018). Withholding receipts in January also were lower than expected, due in part, to the federal government shutdown. An indeterminate amount of withholding taxes for federal employees in Kansas who were furloughed and did not receive paychecks in January will instead be received in February when the deferred federal payroll will be fully reconciled.

Interest earnings were below the estimate by \$1.4 million, or 5.1 percent. Agency earnings and miscellaneous also were below the estimate by \$4.0 million, or 10.6 percent. Transfers were slightly below the estimate at \$2.4 million, or 3.8 percent.

Total SGF receipts through January of FY 2019 were \$108.7 million, or 2.6 percent, below FY 2018 receipts for the same period. Tax receipts only for the same period were above FY 2018 by \$95.3 million, or 2.4 percent.

This report excludes a deposit to the SGF of \$600.0 million, pursuant to issuance of a Certificate of Indebtedness. This Certificate will be discharged prior to the end of the fiscal year.

STATE GENERAL FUND RECEIPTS
July-January, FY 2019
(Dollars in Thousands)

	Actual FY 2018	FY 2019			Percent change relative to:	
		Estimate*	Actual	Difference	FY 2018	Estimate
Property Tax/Fee:						
Motor Carriers	\$ 7,071	\$ 6,500	\$ 6,675	\$ 175	(5.6) %	2.7 %
Income Taxes:						
Individual	\$ 1,877,646	\$ 1,970,500	\$ 1,916,110	\$ (54,390)	2.0 %	(2.8) %
Corporation	160,099	197,400	225,308	27,908	40.7	14.1
Financial Inst.	20,928	20,600	18,984	(1,616)	(9.3)	(7.8)
<i>Total</i>	<u>\$ 2,058,673</u>	<u>\$ 2,188,500</u>	<u>\$ 2,160,402</u>	<u>\$ (28,098)</u>	<u>4.9 %</u>	<u>(1.3) %</u>
Excise Taxes:						
Retail Sales	\$ 1,399,157	\$ 1,397,600	\$ 1,389,324	\$ (8,276)	(0.7) %	(0.6) %
Compensating Use	241,819	253,100	253,404	304	4.8	0.1
Cigarette	71,779	69,600	71,278	1,678	(0.7)	2.4
Tobacco Products	5,147	5,200	5,257	57	2.1	1.1
Cereal Malt Beverages	855	910	881	(29)	3.0	(3.2)
Liquor Gallonage	12,061	11,730	12,217	487	1.3	4.2
Liquor Enforcement	44,290	44,840	44,430	(410)	0.3	(0.9)
Liquor Drink	6,750	6,900	7,045	145	4.4	2.1
Corporate Franchise	1,479	1,430	1,436	6	(2.9)	0.4
Severance	18,480	21,530	23,502	1,972	27.2	9.2
Gas	6,315	2,990	4,585	1,595	(27.4)	53.3
Oil	12,165	18,540	18,917	377	55.5	2.0
<i>Total</i>	<u>\$ 1,801,817</u>	<u>\$ 1,812,840</u>	<u>\$ 1,808,774</u>	<u>\$ (4,066)</u>	<u>0.4 %</u>	<u>(0.2) %</u>
Other Taxes:						
Insurance Premiums	\$ 69,650	\$ 60,300	\$ 54,974	\$ (5,326)	(21.1) %	(8.8) %
Miscellaneous	1,326	2,010	2,968	958	123.8	47.7
<i>Total</i>	<u>\$ 70,976</u>	<u>\$ 62,310</u>	<u>\$ 57,942</u>	<u>\$ (4,368)</u>	<u>(18.4) %</u>	<u>(7.0) %</u>
Total Taxes	\$ 3,938,537	\$ 4,070,150	\$ 4,033,793	\$ (36,358)	2.4 %	(0.9) %
Other Revenue:						
Interest	\$ 9,924	\$ 27,200	\$ 25,825	\$ (1,375)	160.2 %	(5.1) %
Transfers (net)	162,938	(62,260)	(59,891)	2,369	(136.8)	3.8
Agency Earnings & Misc	30,535	37,500	33,520	(3,980)	9.8	(10.6)
Total Other Revenue	\$ 203,397	\$ 2,440	\$ (546)	\$ (2,986)	(100.3) %	(122.4) %
TOTAL RECEIPTS	\$ 4,141,934	\$ 4,072,590	\$ 4,033,247	\$ (39,344)	(2.6) %	(1.0) %

* Consensus Estimate as of November 9, 2018.

Excludes a Certificate of Indebtedness of \$600 million that must be redeemed prior to the end of the fiscal year.

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