



July 3, 2019

STATE GENERAL FUND (SGF) RECEIPTS FY 2019

The Legislative Research Department recently received information from the Office of the Chief Financial Officer (Kansas Department of Administration) on the total State General Fund (SGF) receipts from FY 2019.

Total receipts to the SGF were \$137.2 million, or 1.9 percent, above the final adjusted estimate (which includes all legislation enacted after the April 18th Consensus Revenue estimate). Taxes only in FY 2019 were \$190.9 million, or 2.6 percent, above the adjusted estimate, most notably from individual income taxes. Non-tax sources fell below the final adjusted estimate by \$53.7 million, influenced in large part by the \$50.0 million special transfer to the State Highway Fund (SHF) that was triggered late in the fiscal year as a result of higher-than-anticipated tax receipts.

The two tax source that fell below the estimate by more than \$1.0 million were insurance premium tax (\$9.7 million, or 5.6 percent) and corporation income tax (\$7.6 million, or 1.7 percent).

The decline in the estimated insurance premium tax receipts for the month of June and for FY 2019 can be attributed to inadequately accounting for a scheduled transfer in June.

Tax sources which were above the adjusted estimate by more than \$1.0 million: individual income tax (\$180.7 million, or 5.1 percent); compensating use tax (\$10.0 million or 2.4 percent); financial institutions privilege tax (\$7.6 million, or 18.7 percent); retail sales tax (\$5.4 million or 0.2 percent); and cigarette tax (\$2.7 million, or 2.4 percent).

Individual income tax receipts, which were \$137.7 million above the estimate at the end of May, gained an additional \$43.0 million during June to bring the final cumulative amount above the April 18th forecast to \$180.7 million. Higher-than-anticipated estimated payments (which generally reflect expectations of future liability) and continued strong growth in withholding contributed to the additional receipts in June. But as noted in this report in previous months, the overall growth in this tax source over the final quarter of the fiscal year also reflects some combination of previously unanticipated capital gains and the impact on Kansas tax year 2018 liability of a number of federal law changes enacted late in 2017. The Department of Revenue will continue to review tax year 2018 returns over the summer and provide an updated analysis for the Consensus Group prior to the November meeting.

Although sales tax collections for the fiscal year remained virtually flat, receipts for the final months of the fiscal year did begin to grow at a relatively faster pace. Compensating use tax receipts, which include additional monies being collected from out-of-state vendors as a

result of a decision last year by the U.S. Supreme Court, finished the year 6.3 percent above FY 2018 receipts.

Corporation income tax estimated payments were below expectations for the month of June, although it is worth noting that final corporate collections grew by more than 11 percent for the fiscal year. The Consensus Group will continue working with the Department of Revenue to monitor receipts from this and all other tax sources over the summer and early fall.

Interest was below the estimate by \$1.1 million, or 2.1 percent. Transfers were below the estimate by \$54.7 million. Language was included in the appropriations bill (House Sub. for SB 25) to transfer up to \$50.0 million of the amount that actual SGF receipts were above the estimated SGF receipts from the State General Fund to the State Highway. That transfer occurred on June 28, 2019. Agency earnings were above the estimate by \$2.0 million, or 4.2 percent.

Total SGF receipts in FY 2019 were above total SGF receipts in FY 2018 by \$70.4 million, or 1.0 percent. Tax receipts only for FY 2019 were above FY 2018 tax receipts by \$440.5 million, or 6.3 percent.

A Certificate of Indebtedness of \$600.0 million was discharged or redeemed by the State General Fund prior to the end of the fiscal year, as required by law. The redemption took place on June 3, 2019.

STATE GENERAL FUND RECEIPTS
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	\$ 12,430	\$ 12,300	\$ 11,852	\$ (448)	(4.7) %	(3.6) %
Income Taxes:						
Individual	\$ 3,374,420	\$ 3,575,000	\$ 3,755,710	\$ 180,710	11.3 %	5.1 %
Corporation	392,440	445,000	437,400	(7,600)	11.5	(1.7)
Financial Inst.	45,527	41,000	48,648	7,648	6.9	18.7
<i>Total</i>	<u>\$ 3,812,387</u>	<u>\$ 4,061,000</u>	<u>\$ 4,241,759</u>	<u>\$ 180,759</u>	<u>11.3 %</u>	<u>4.5 %</u>
Excise Taxes:						
Retail Sales	\$ 2,341,693	\$ 2,330,000	\$ 2,335,436	\$ 5,436	(0.3) %	0.2 %
Compensating Use	406,514	422,000	431,967	9,967	6.3	2.4
Cigarette	120,073	114,000	116,693	2,693	(2.8)	2.4
Tobacco Products	8,676	8,800	8,968	168	3.4	1.9
Cereal Malt Beverages	1,479	1,000	1,257	257	(15.0)	25.7
Liquor Gallonage	19,851	20,500	20,823	323	4.9	1.6
Liquor Enforcement	73,475	73,500	74,267	767	1.1	1.0
Liquor Drink	11,548	12,000	12,208	208	5.7	1.7
Corporate Franchise	7,487	7,300	7,352	52	(1.8)	0.7
Severance	41,401	41,500	41,696	196	0.7	0.5
Gas	12,920	10,700	9,905	(795)	(23.3)	(7.4)
Oil	28,481	30,800	31,791	991	11.6	3.2
<i>Total</i>	<u>\$ 3,032,197</u>	<u>\$ 3,030,600</u>	<u>\$ 3,050,665</u>	<u>\$ 20,065</u>	<u>0.6 %</u>	<u>0.7 %</u>
Other Taxes:						
Insurance Premiums	\$ 171,100	\$ 173,000	\$ 163,283	\$ (9,717)	(4.6) %	(5.6) %
Miscellaneous	2,699	3,500	3,743	243	38.7	6.9
<i>Total</i>	<u>\$ 173,799</u>	<u>\$ 176,500</u>	<u>\$ 167,026</u>	<u>\$ (9,474)</u>	<u>(3.9) %</u>	<u>(5.4) %</u>
Total Taxes	\$ 7,030,813	\$ 7,280,400	\$ 7,471,302	\$ 190,902	6.3 %	2.6 %
Other Revenue:						
Interest	\$ 22,786	\$ 50,000	\$ 48,943	\$ (1,057)	114.8 %	(2.1) %
Transfers (net)	198,441	(147,700)	(202,361)	(54,661)	(202.0)	(37.0)
Agency Earnings & Misc	46,034	48,500	50,549	2,049	9.8	4.2
Total Other Revenue	\$ 267,261	\$ (49,200)	\$ (102,869)	\$ (53,669)	(138.5) %	(109.1) %
TOTAL RECEIPTS	\$ 7,298,074	\$ 7,231,200	\$ 7,368,432	\$ 137,232	1.0 %	1.9 %

* Consensus Estimate as of April 18, 2019, as further adjusted for subsequent legislation enacted after that date.

The Certificate of Indebtedness of \$600 million was redeemed on June 3, 2019.

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