



Kansas Legislative Research Department

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To: Legislative Budget Committee

STATE GENERAL FUND RECEIPTS FY 2020

For FY 2020 to date, estimates of State General Fund (SGF) receipts are based upon the consensus estimates of April 18, 2019, as adjusted for legislation enacted after that date by the 2019 Legislature. Additional details on that legislation may be found in Tables 3 and 4 of the Consensus Revenue Legislative Adjustments memorandum dated May 31 (See http://www.kslegresearch.org/KLRD-web/Publications/CRE/2019_CRE_AdjMemo.pdf).

As this is the first monthly report on FY 2020 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.

Total receipts for July, the first month of FY 2020, were \$1.4 million, or 0.4 percent, above the estimate. The component of total SGF receipts from taxes only was \$2.0 million, or 0.4 percent, above the estimate.

One tax source exceeded the July estimate by more than \$1.0 million: compensating use tax (\$3.0 million or 8.3 percent).

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

Two changes of note relative to the attached table beginning in FY 2020: (1) Given changes in liquor laws that were effective April 1, cereal malt beverage (CMB) receipts are expected to drop from the tax to near zero in the near future, a separate line for that tax source has been removed and CMB tax receipts have been collapsed into overall liquor gallonage tax receipts; and (2) Corporation franchise tax receipts have been moved from excise taxes to other taxes.

As noted in this report during the final months of FY 2019, many of the underlying fundamentals for the individual income tax (especially withholding and estimated payments) had exceeded previous expectations. Receipts from this source exceeded the final FY 2019 estimate by almost \$180.7 million. But as explained in previous months, the overall growth in this tax source 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 is conducting an analysis of tax year 2017 returns to provide more accurate information.

The Consensus Estimate Group will continue to monitor receipts from this and all other tax sources over the summer and fall prior to its next meeting on November 7, 2019.

This report excludes the July 1 deposit to the SGF of \$275.0 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 2020
(Dollars in Thousands)

	Actual FY 2019	FY 2020			Percent change relative to:	
		Estimate*	Actual	Difference	FY 2019	Estimate
Property Tax/Fee:						
Motor Carriers	\$ 981	\$ 1,000	\$ 983	\$ (17)	0.2 %	(1.7) %
Income Taxes:						
Individual	\$ 227,686	\$ 225,000	\$ 224,206	\$ (794)	(1.5) %	(0.4) %
Corporation	14,313	16,000	15,243	(757)	6.5	(4.7)
Financial Inst.	474	450	433	(17)	(8.6)	(3.8)
<i>Total</i>	<u>\$ 242,473</u>	<u>\$ 241,450</u>	<u>\$ 239,882</u>	<u>\$ (1,568)</u>	<u>(1.1) %</u>	<u>(0.6) %</u>
Excise Taxes:						
Retail Sales	\$ 205,753	\$ 205,000	\$ 204,576	\$ (424)	(0.6) %	(0.2) %
Compensating Use	34,513	36,000	38,983	2,983	13.0	8.3
Cigarette	11,110	12,000	12,225	225	10.0	1.9
Tobacco Products	762	750	741	(9)	(2.8)	(1.2)
Liquor Gallonage	2,111	1,800	1,757	(43)	(16.8)	(2.4)
Liquor Enforcement	6,546	6,000	6,729	729	2.8	12.2
Liquor Drink	1,031	1,100	1,111	11	7.8	1.0
Severance	53	(2,200)	(2,466)	(266)	--	(12.1)
Gas	(1,024)	(1,100)	(1,390)	(290)	(35.7)	(26.4)
Oil	1,077	(1,100)	(1,076)	24	(199.9)	2.2
<i>Total</i>	<u>\$ 261,879</u>	<u>\$ 260,450</u>	<u>\$ 263,656</u>	<u>\$ 3,206</u>	<u>0.7 %</u>	<u>1.2 %</u>
Other Taxes:						
Insurance Premiums	\$ (7,133)	\$ (9,500)	\$ (9,278)	\$ 222	(30.1) %	2.3 %
Corporate Franchise	538	550	614	64	14.1	11.6
Miscellaneous	303	300	346	46	14.2	15.3
<i>Total</i>	<u>\$ (6,292)</u>	<u>\$ (8,650)</u>	<u>\$ (8,318)</u>	<u>\$ 331</u>	<u>(32.2) %</u>	<u>3.8 %</u>
Total Taxes	\$ 499,041	\$ 494,250	\$ 496,203	\$ 1,951	(0.6) %	0.4 %
Other Revenue:						
Interest	\$ 3,221	\$ 4,500	\$ 5,533	\$ 1,033	71.8 %	23.0 %
Transfers (net)	(111,409)	(101,340)	(99,297)	2,043	10.9	2.0
Agency Earnings & Misc	5,034	3,400	(216)	(3,616)	(104.3)	(106.4)
Total Other Revenue	\$ (103,154)	\$ (93,440)	\$ (93,980)	\$ (539)	8.9 %	(0.6) %
TOTAL RECEIPTS	\$ 395,887	\$ 400,810	\$ 402,223	\$ 1,412	1.6 %	0.4 %

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

Excludes a Certificate of Indebtedness of \$275.0 million that must be redeemed prior to the end of the fiscal year.

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