

November 9, 2023

To: Governor Laura Kelly and Legislative Coordinating Council
From: Division of the Budget and Kansas Legislative Research Department
Subject: State General Fund Revenue Estimate for FY 2024 and FY 2025

The Consensus Estimating Group met today to revise the State General Fund revenue estimate for FY 2024 and to make its first official assessment of FY 2025. A more detailed memo will be available soon which contains the economic forecast for Kansas upon which the estimates are based, as well as a discussion of other factors influencing the individual source estimates. Estimates for the State General Fund are developed using a consensus process that involves the Division of the Budget, Legislative Research Department, Department of Revenue, and three consulting economists from state universities. This estimate is the base from which the Governor and the Legislature build the annual budget. Consensus revenue estimates are based on current federal and state laws and their current interpretation.

For FY 2024, the estimate was decreased by \$67.7 million, or 0.7 percent, below the previous estimate (made in April and subsequently adjusted for legislation enacted during the veto session). The estimate for total taxes was decreased by \$65.0 million, while the estimate for other revenues was decreased by \$2.7 million. The revised estimate of \$10.284 billion represents an 10.8 increase above final FY 2023 receipts.

The initial estimate for FY 2025 is \$10.257 billion, which is \$26.2 million, or 0.3 percent, below the newly revised FY 2024 figure. Various factors influencing this change in revenues in addition to the state of the economy include net change in transfers out of the SGF based on current statutory requirements for FY 2024 and FY 2025. The amount of total taxes is estimated to decrease by 0.6 percent in FY 2025, following a 0.3 percent increase in FY 2024.

Table 1 compares the revised estimates for FY 2024 and initial estimates for FY 2025 with actual receipts from FY 2023. Tables 2 shows the changes within the FY 2024 estimate.

Table 1
State General Fund Receipts
(Dollars in Thousands)

	Consensus Estimate November 9, 2023					
	FY 2023 (Actual)		FY 2024 (Revised)		FY 2025	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Income Taxes:						
Individual	\$ 4,507,007	(6.8) %	\$ 4,550,000	1.0 %	\$ 4,700,000	3.3 %
Corporation	1,504,575	86.7	1,470,000	(2.3)	1,380,000	(6.1)
Financial Institutions	56,944	(8.5)	52,000	(8.7)	53,000	1.9
Total	\$ 6,068,526	6.4 %	\$ 6,072,000	0.1 %	\$ 6,133,000	1.0 %
Sales & Use Taxes:						
Retail Sales	\$ 2,776,857	0.6 %	\$ 2,760,000	(0.6) %	\$ 2,610,000	(5.4) %
Compensating Use	802,991	3.6	870,000	8.3	885,000	1.7
Total	\$ 3,579,848	1.3 %	\$ 3,630,000	1.4 %	\$ 3,495,000	(3.7) %
Other Excise Taxes:						
Cigarette	\$ 98,453	(10.0) %	\$ 94,000	(4.5) %	\$ 90,000	(4.3) %
Tobacco Products	10,358	1.8	10,700	3.3	10,900	1.9
Liquor Gallonage	24,351	(0.8)	24,000	(1.4)	24,000	--
Liquor Enforcement	83,675	0.8	84,500	1.0	85,000	0.6
Liquor Drink	14,951	8.7	15,900	6.3	16,300	2.5
Gas Severance	20,890	0.3	(300)	(101.4)	6,900	2,400.0
Oil Severance	37,234	5.4	26,300	(29.4)	25,900	(1.5)
Total	\$ 289,914	(2.4) %	\$ 255,100	(12.0) %	\$ 259,000	1.5 %
Other Taxes:						
Insurance Premiums	\$ 195,541	(0.4) %	\$ 207,000	5.9 %	\$ 212,000	2.4 %
Motor Carrier	11,982	(7.3)	11,600	(3.2)	11,300	(2.6)
Corporate Franchise	9,191	8.7	9,400	2.3	9,600	2.1
Miscellaneous	5,226	16.4	5,900	12.9	6,300	6.8
Total	\$ 221,940	(0.1) %	\$ 233,900	5.4 %	\$ 239,200	2.3 %
Total Taxes	\$ 10,160,227	4.1 %	\$ 10,191,000	0.3 %	\$ 10,126,200	(0.6) %
Other Revenues & Receipts:						
Interest	\$ 200,484	7,004.3 %	\$ 380,000	89.5 %	\$ 310,000	(18.4) %
Transfers & Other Receipts	(1,194,467)	37.6	(383,400)	67.9	(276,800)	27.8
Agency Earnings	116,566	66.6	95,900	(17.7)	97,900	2.1
Total	\$ (877,417)	52.4 %	\$ 92,500	110.5 %	\$ 131,100	41.7 %
Total Receipts	\$ 9,282,810	17.3 %	\$ 10,283,500	10.8 %	\$ 10,257,300	(0.3) %

Table 2
State General Fund Receipts
FY 2024 Revised
Comparison of November 2023 Estimate to May 2023 Estimate
(Dollars in Thousands)

	FY 2024 CRE Est.	FY 2024 CRE Est.	Difference	
	As Adj. for Legis.	Revised 11/09/2023	Amount	Pct. Chg.
Income Taxes:				
Individual	\$ 4,798,800	\$ 4,550,000	\$ (248,800)	(5.2) %
Corporation	1,295,255	1,470,000	174,745	13.5
Financial Institutions	50,000	52,000	2,000	4.0
Total	\$ 6,144,055	\$ 6,072,000	\$ (72,055)	(1.2) %
Sales & Use Taxes:				
Retail Sales	\$ 2,789,685	\$ 2,760,000	\$ (29,685)	(1.1) %
Compensating Use	830,000	870,000	40,000	4.8
Total	\$ 3,619,685	\$ 3,630,000	\$ 10,315	0.3 %
Other Excise Taxes:				
Cigarette	\$ 95,000	\$ 94,000	\$ (1,000)	(1.1) %
Tobacco Products	10,700	10,700	--	--
Liquor Gallonage	25,000	24,000	(1,000)	(4.0)
Liquor Enforcement	85,000	84,500	(500)	(0.6)
Liquor Drink	15,500	15,900	400	2.6
Gas Severance	2,500	(300)	(2,800)	(112.0)
Oil Severance	25,500	26,300	800	3.1
Total	\$ 259,200	\$ 255,100	\$ (4,100)	(1.6) %
Other Taxes:				
Insurance Premiums	\$ 207,000	\$ 207,000	\$ --	-- %
Motor Carrier	11,600	11,600	--	--
Corporate Franchise	9,200	9,400	200	2.2
Miscellaneous	5,300	5,900	600	11.3
Total	\$ 233,100	\$ 233,900	\$ 800	0.3 %
Total Taxes	\$ 10,256,040	\$ 10,191,000	\$ (65,040)	(0.6) %
Other Revenues & Receipts:				
Interest	\$ 270,000	\$ 380,000	\$ 110,000	40.7 %
Transfers & Other Receipts	(273,300)	(383,400)	(110,100)	(40.3)
Agency Earnings	98,500	95,900	(2,600)	(2.6)
Total	\$ 95,200	\$ 92,500	\$ (2,700)	(2.8) %
Total Receipts	\$ 10,351,240	\$ 10,283,500	\$ (67,740)	(0.7) %

State General Fund Profile FY 2022 - FY 2025
(Dollars in Millions)

	Actual FY 2022	Actual FY 2023	Approved FY 2024	Estimated FY 2025
Beginning Balance	\$ 2,094.8	\$ 1,834.5	\$ 2,410.4	\$ 2,823.7
Revenue				
Consensus Revenue Estimates (As of 11/9/2023 Consensus Revenue Estimates)	\$ 7,935.9	\$ 9,282.8	\$ 10,283.5	\$ 10,257.3
Released Encumbrances		20.3	-	-
Total Available Revenue	\$ 10,030.7	\$ 11,137.6	\$ 12,693.9	\$ 13,081.0
% Revenue Change from Previous Fiscal Year	7.1%	11.0%	14.0%	3.0%
Expenditures				
Expenditures	\$ 8,196.2	\$ 8,727.2	\$ 9,471.6	\$ 9,870.2
Reappropriations	-	-	551.3	(551.3)
Human Services Caseload	-	-	(55.5)	45.9
School Finance	-	-	(97.2)	192.3
Total Adjusted Expenditures	\$ 8,196.2	\$ 8,727.2	\$ 9,870.2	\$ 9,557.1
% Expenditure Change from Previous Fiscal Year	12.8%	6.5%	13.1%	-3.2%
Ending Balance	\$ 1,834.5	\$ 2,410.4	\$ 2,823.7	\$ 3,523.9
Budget Stabilization Fund Balance	969.1	1,610.3	1,670.3	1,712.3
Ending SGF balance as a percentage of expenditures	22.4%	27.6%	28.6%	36.9%
Receipts above / (below) expenditures	\$ (260.3)	\$ 575.9	\$ 413.3	\$ 700.2