

# KANSAS LEGISLATIVE RESEARCH DEPARTMENT

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To: Legislative Budget Committee

## STATE GENERAL FUND (SGF) RECEIPTS July through September, FY 2016

For the first three months of FY 2016, estimates of State General Fund (SGF) receipts are based upon the consensus estimates of April 20, 2015, as adjusted for legislation enacted after that date by the 2015 Legislature.

**Total receipts for July through September, the first three months of FY 2016, were \$42.5 million, or 3.1 percent, below the estimate. The component of total SGF receipts from taxes only was \$67.0 million, or 4.7 percent, below the estimate.**

The tax source exceeding the fiscal year estimate by more than \$1.0 million through September is cigarette (\$4.3 million or 13.2 percent). Tax sources below the estimates by more than \$1.0 million through August were: individual income (\$13.7 million or 2.5 percent), corporation income (\$23.8 million or 20.3 percent), retail sales (\$19.5 million or 3.2 percent), insurance premiums (\$5.6 million), severance (\$6.7 million), and liquor enforcement (\$1.2 million or 7.0 percent).

The reduction in corporation income tax receipts (\$7.4 million in September) is primarily attributable to lower than expected estimated filings. Total individual income tax receipts are below estimates by \$13.7 million and reflect a drop in withholding tax that fell \$11.5 million below last years receipts. The sales tax receipts continue to reflect weaker than projected sales.

Severance tax receipts, which had been down \$4.5 million in August, fell another \$2.7 million in September (for a cumulative \$6.7 million), largely as a result of weaker than expected prices for both oil and gas. The estimate assumes an average price of \$50 per barrel for FY 2016, down from the estimate of \$72 per barrel in the November estimate. The current average price per barrel of Kansas crude is approximately \$35 per barrel.

Insurance premiums taxes were below the monthly estimate due to a higher level of 2014 premium tax refunds being paid out in August than had been anticipated. (Among the refunds processed during FY 2016 was an unanticipated refund in the amount of approximately \$2.5 million.)

Interest revenue was above the estimate by \$3.8 million, or 34.0 percent, due to increased investment returns. Agency earnings were below the estimate by \$3.3 million, or 35.0 percent, due to a reduction in unclaimed property receipts.

Net transfers were \$24.0 million, or 36.7 percent less negative than anticipated. The primary reason for the less negative, or positive net transfer number, is due to actions by the Governor increasing transfers into the State General Fund from a variety of sources.

Total SGF receipts through September of FY 2016 are \$72.3 million, or 5.7 percent, above FY 2015 for the same period. Tax receipts only for the same period were above FY 2015 by \$16.9 million, or 1.3 percent.

This report excludes the July 1 deposit to the SGF of \$840.0 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-September, FY 2016  
(dollar amounts in thousands)

	Actual FY 2015	FY 2016			Percent change relative to:	
		Estimate*	Actual	Difference	FY 2015	Estimate
<b>Property Tax/Fee:</b>						
Motor Carriers	\$ 2,859	\$ 2,400	\$ 1,997	\$ (403)	30.2 %	(16.8) %
<b>Income Taxes:</b>						
Individual	\$ 524,367	\$ 540,000	\$ 526,268	\$ (13,732)	0.4 %	(2.5) %
Corporation	112,540	117,500	93,658	(23,842)	(16.8)	(20.3)
Financial Inst.	10,414	8,200	8,488	288	(18.5)	3.5
Total	\$ 647,321	\$ 665,700	\$ 628,414	\$ (37,286)	(2.9) %	(5.6) %
<b>Excise Taxes:</b>						
Retail Sales	\$ 546,031	\$ 605,000	\$ 585,496	\$ (19,504)	7.2 %	(3.2) %
Comp. Use	86,509	96,000	95,061	(939)	9.9	(1.0)
Cigarette	23,091	32,500	36,787	4,287	59.3	13.2
Tobacco Prod.	1,929	1,900	2,031	131	5.3	6.9
Cereal Malt Bev.	468	420	398	(22)	(15.0)	(5.2)
Liquor Gallonage	4,842	4,850	4,923	73	1.7	1.5
Liquor Enforce.	15,730	17,000	15,815	(1,185)	0.5	(7.0)
Liquor Drink	2,489	2,525	2,687	162	8.0	6.4
Corp. Franchise	1,210	1,200	1,148	(52)	(5.1)	(4.3)
Severance	19,303	6,000	(666)	(6,666)	(103.5)	(111.1)
Gas	5,248	1,000	(871)	(1,871)	(116.6)	(187.1)
Oil	14,055	5,000	205	(4,795)	(98.5)	(95.9)
Total	\$ 701,602	\$ 767,395	\$ 743,680	\$ (23,715)	6.0 %	(3.1) %
<b>Other Taxes:</b>						
Insurance Prem.	\$ (1,308)	\$ (1,100)	\$ (6,705)	\$ (5,605)	412.6 %	509.5 %
Miscellaneous	322	310	310	0	(3.7)	0.0
Total	\$ (986)	\$ (790)	\$ (6,395)	\$ (5,605)	548.6 %	709.5 %
<b>Total Taxes</b>	<b>\$ 1,350,796</b>	<b>\$ 1,434,705</b>	<b>\$ 1,367,696</b>	<b>\$ (67,009)</b>	<b>1.3 %</b>	<b>(4.7) %</b>
<b>Other Revenue:</b>						
Interest	\$ 3,904	\$ 11,200	\$ 15,003	\$ 3,803	284.3 %	34.0 %
Transfers (net)	(87,722)	(65,370)	(41,389)	23,981	(52.8)	36.7
Agency Earnings and Misc.	8,098	9,300	6,042	(3,258)	(25.4)	(35.0)
Total	\$ (75,720)	\$ (44,870)	\$ (20,344)	\$ 24,526	(73.1) %	(54.7) %
<b>TOTAL RECEIPTS</b>	<b>\$ 1,275,076</b>	<b>\$ 1,389,835</b>	<b>\$ 1,347,352</b>	<b>\$ (42,483)</b>	<b>5.7 %</b>	<b>(3.1) %</b>

Consensus estimate as of April 20, 2015, as further adjusted for subsequent legislation enacted after that date.

Excludes a Certificate of Indebtedness of \$840 million that must be redeemed prior to the end of the fiscal year.

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