

# KANSAS LEGISLATIVE RESEARCH DEPARTMENT

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November 2, 2016

**To:** Legislative Budget Committee

## **STATE GENERAL FUND (SGF) RECEIPTS** July through October, FY 2017

This is the final report on SGF receipts based on the consensus estimates of April 20, 2016, as subsequently adjusted for legislation. The Consensus Estimating Group will meet on November 10, 2016, to revise the estimates for FY 2017 and establish first-time estimates for FY 2018 and FY 2019. The November monthly report (July through November, FY 2017) will be based on the November 10 revised estimates.

**Total SGF receipts for July through October were \$76.0 million, or 3.9 percent, below the estimate. The component of SGF receipts from taxes only was \$80.5 million, or 4.2 percent, below the estimate.**

Tax sources exceeding the estimate by more than \$1.0 million included individual income tax (\$11.1 million or 1.5 percent); cigarette tax (\$1.6 million or 3.6 percent); and insurance premiums tax (\$1.4 million or 21.1 percent).

Tax sources falling below the estimate by more than \$1.0 million included retail sales tax (\$45.0 million or 5.6 percent); corporate income tax (\$41.0 million or 32.8 percent); and compensating use tax (\$8.8 million or 6.5 percent).

Individual income taxes, which had been \$1.7 million ahead of the estimate through September, exceeded October's monthly forecast by \$9.4 million (bringing the cumulative fiscal-year-to-date comparison to the positive \$11.1 million figure noted above). The result in October was primarily due to strong growth in withholding taxes, which exceeded the previous year's level for the same month by \$25.4 million.

Corporation income tax receipts, down \$33.1 million through September, fell another \$7.9 million below the monthly estimate and are now down \$41.0 million through the first four months of the fiscal year. As discussed in this report last month, estimated corporate payments have been falling significantly below last year's levels thus far this year. Balance dues in October also were \$9.8 million less than the previous year's remittances.

Sales tax receipts, down \$34.3 million through September, fell an additional \$10.7 million last month and are now down a cumulative \$45.0 million below the estimate a third of the way through the fiscal year.

Interest earnings were above the estimate by \$3.0 million. Agency earnings and miscellaneous were above the estimate by \$13.0 million, or 77.4 percent. Transfers were \$11.5 million less than the estimate. As noted in the October receipts memorandum, the discrepancy in agency earnings and transfers is due in part to the uncommitted cash balance of the Kansas Bioscience Authority (KBA). This revenue must be classified as agency earnings and not as a SGF transfer as originally anticipated in the estimates.

**Total SGF receipts through October of FY 2017 were \$25.1 million, or 1.4 percent, above FY 2016 for the same period. Tax receipts only for the same period were above FY 2016 by \$6.7 million, or 0.4 percent.**

This report excludes the July 1 deposit to the SGF of \$900.0 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-October, FY 2017  
(dollar amounts in thousands)

	Actual FY 2016	FY 2017			Percent change relative to:	
		Estimate*	Actual	Difference	FY 2016	Estimate
<b>Property Tax/Fee:</b>						
Motor Carriers	\$ 2,792	\$ 2,550	\$ 2,638	\$ 88	(5.5) %	3.5 %
<b>Income Taxes:</b>						
Individual	\$ 699,437	\$ 730,000	\$ 741,060	\$ 11,060	6.0 %	1.5 %
Corporation	111,993	125,000	84,006	(40,994)	(25.0)	(32.8)
Financial Inst.	10,155	10,000	10,049	49	(1.0)	0.5
Total	\$ 821,585	\$ 865,000	\$ 835,115	\$ (29,885)	1.6 %	(3.5) %
<b>Excise Taxes:</b>						
Retail Sales	\$ 779,678	\$ 808,000	\$ 762,970	\$ (45,030)	(2.1) %	(5.6) %
Comp. Use	126,245	135,000	126,183	(8,817)	(0.0)	(6.5)
Cigarette	50,260	45,000	46,618	1,618	(7.2)	3.6
Tobacco Prod.	2,777	2,775	2,934	159	5.7	5.7
Cereal Malt Bev.	535	460	607	147	13.5	32.0
Liquor Gallonage	6,643	6,700	6,613	(87)	(0.5)	(1.3)
Liquor Enforce.	21,623	23,500	23,790	290	10.0	1.2
Liquor Drink	3,573	3,775	3,630	(145)	1.6	(3.8)
Corp. Franchise	1,335	1,430	1,443	13	8.1	0.9
Severance	3,168	13,000	12,814	(186)	--	(1.4)
Gas	435	4,000	2,800	(1,200)	--	(30.0)
Oil	2,733	9,000	10,014	1,014	--	11.3
Total	\$ 995,837	\$ 1,039,640	\$ 987,604	\$ (52,036)	(0.8) %	(5.0) %
<b>Other Taxes:</b>						
Insurance Prem.	\$ (6,693)	\$ (6,480)	\$ (5,110)	\$ 1,370	23.7 %	21.1 %
Miscellaneous	395	400	407	7	3.0	1.8
Total	\$ (6,298)	\$ (6,080)	\$ (4,703)	\$ 1,377	25.3 %	22.6 %
<b>Total Taxes</b>	<b>\$ 1,813,916</b>	<b>\$ 1,901,110</b>	<b>\$ 1,820,655</b>	<b>\$ (80,455)</b>	<b>0.4 %</b>	<b>(4.2) %</b>
<b>Other Revenue:</b>						
Interest	\$ 16,338	\$ 7,800	\$ 10,788	\$ 2,988	(34.0) %	38.3 %
Transfers (net)	(8,084)	14,760	3,267	(11,493)	--	(77.9)
Agency Earnings and Misc.	17,201	16,800	29,799	12,999	73.2	77.4
Total	\$ 25,455	\$ 39,360	\$ 43,855	\$ 4,495	72.3 %	11.4 %
<b>TOTAL RECEIPTS</b>	<b>\$ 1,839,371</b>	<b>\$ 1,940,470</b>	<b>\$ 1,864,510</b>	<b>\$ (75,960)</b>	<b>1.4 %</b>	<b>(3.9) %</b>

Consensus estimate as of April 20, 2016, as further adjusted for subsequent legislation enacted after that date.

Excludes a Certificate of Indebtedness of \$900 million that must be redeemed prior to the end of the fiscal year.

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