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March 2, 2017

To: Legislative Budget Committee

STATE GENERAL FUND (SGF) RECEIPTS July 2016 through February 2017, FY 2017

Based on the revised estimate of SGF receipts in FY 2017 made last November, it was estimated that receipts in July through February would total \$3.74 billion. Actual receipts for those months were \$3.80 billion, about \$67.7 million, or 1.8 percent, above the estimate.

The component of SGF receipts from taxes only was \$68.5 million, or 1.9 percent, above the estimate. Total SGF taxes only, at the end of January, were \$31.6 million, or 0.9 percent, above the estimate.

Total receipts through February were above the estimates by \$67.7 million, or 1.8 percent. Total receipts at the end of January were \$25.9 million, or 0.7 percent, above the estimate.

Five tax sources exceeded the estimate by more than \$1.0 million: individual income tax (\$37.9 million or 2.7 percent); retail sales tax (\$25.9 million or 1.7 percent); corporate income tax (\$10.4 million or 7.4 percent); severance tax (\$2.2 million or 10.4 percent); and financial institutions' privilege tax (\$2.1 million or 11.8 percent).

Tax sources that fell below the fiscal year-to-date estimate by more than \$1.0 million were cigarette tax (\$4.9 million or 5.5 percent); compensating use tax (\$2.7 million or 1.0 percent); and insurance premiums tax (\$2.6 million or 2.9 percent).

Individual income taxes, which had exceeded the prior forecast through January by \$11.8 million, gained another \$26.1 million in February and are now \$37.9 million above the fiscal-year-to-date forecast. Withholding taxes in February 2017 versus February 2016 grew at a relatively modest 1.9 percent. The Department of Revenue indicated the number of returns filed through February appears similar to last year's pattern; but the amount of refunds processed thus far has declined slightly. Additional information will be developed as the tax filing season progresses in advance of the meeting of the Consensus Estimating Group on April 20.

Sales taxes exceeded the monthly estimate by \$7.6 million and are now a cumulative \$25.9 million ahead of the November forecast. Overall sales tax receipts in FY 2017 have now recovered to the point that they are virtually flat when compared to the first eight months of FY 2016.

Corporation income taxes, which had been \$5.3 million above the prior estimate through January, had another good month (up an additional \$5.1 million) and are now \$10.4 million

ahead of the fiscal-year-to-date estimate. The Department of Revenue was not immediately aware of any unexpected assessments or growth in corporate estimated payments that may have contributed to the most recent news regarding this tax source. (Recall that the estimate for corporation income tax receipts was reduced by \$126.0 million in November and had been running \$45.0 million below the previous estimate through October.)

The estimate for insurance premiums taxes (down \$2.6 million) anticipated early payments for premiums taxes due on March 1, as had occurred in the prior fiscal year. With fewer earlier filers, it is anticipated that those payments will now instead be accounted for in March.

Interest was above the estimate by \$2.6 million, or 16.4 percent. Transfers were \$1.6 million, or 4.7 percent, above the estimates. Also, agency earnings were \$4.8 million, or 8.3 percent, below the estimate.

This report excludes a 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-February, FY 2017
(dollar amounts in thousands)

| | Actual FY 2016 | FY 2017 | | | Percent change relative to: | |
|------------------------------|---------------------|---------------------|---------------------|------------------|-----------------------------|--------------|
| | | Estimate* | Actual | Difference | FY 2016 | Estimate |
| Property Tax/Fee: | | | | | | |
| Motor Carriers | \$ 6,958 | \$ 6,350 | \$ 7,217 | \$ 867 | 3.7 % | 13.7 % |
| Income Taxes: | | | | | | |
| Individual | \$ 1,408,310 | \$ 1,427,000 | \$ 1,464,905 | \$ 37,905 | 4.0 % | 2.7 % |
| Corporation | 191,545 | 141,500 | 151,917 | 10,417 | (20.7) | 7.4 |
| Financial Inst. | 16,067 | 17,350 | 19,403 | 2,053 | 20.8 | 11.8 |
| Total | \$ 1,615,922 | \$ 1,585,850 | \$ 1,636,225 | \$ 50,375 | 1.3 % | 3.2 % |
| Excise Taxes: | | | | | | |
| Retail Sales | \$ 1,526,268 | \$ 1,500,500 | \$ 1,526,431 | \$ 25,931 | 0.0 % | 1.7 % |
| Comp. Use | 260,970 | 260,000 | 257,341 | (2,659) | (1.4) | (1.0) |
| Cigarette | 94,440 | 89,700 | 84,761 | (4,939) | (10.2) | (5.5) |
| Tobacco Prod. | 5,316 | 5,600 | 5,655 | 55 | 6.4 | 1.0 |
| Cereal Malt Bev. | 928 | 1,000 | 1,072 | 72 | 15.5 | 7.2 |
| Liquor Gallonage | 12,933 | 13,000 | 12,963 | (37) | 0.2 | (0.3) |
| Liquor Enforce. | 44,481 | 47,800 | 47,496 | (304) | 6.8 | (0.6) |
| Liquor Drink | 7,131 | 7,400 | 7,233 | (167) | 1.4 | (2.3) |
| Corp. Franchise | 2,558 | 2,350 | 2,389 | 39 | (6.6) | 1.7 |
| Severance | 17,076 | 20,900 | 23,080 | 2,180 | 35.2 | 10.4 |
| Gas | 4,155 | 5,300 | 6,798 | 1,498 | 63.6 | 28.3 |
| Oil | 12,921 | 15,600 | 16,282 | 682 | 26.0 | 4.4 |
| Total | \$ 1,972,101 | \$ 1,948,250 | \$ 1,968,421 | \$ 20,171 | (0.2) % | 1.0 % |
| Other Taxes: | | | | | | |
| Insurance Prem. | \$ 85,579 | \$ 88,890 | \$ 86,311 | \$ (2,579) | 0.9 % | (2.9) % |
| Miscellaneous | 786 | 1,100 | 759 | (341) | (3.4) | (31.0) |
| Total | \$ 86,365 | \$ 89,990 | \$ 87,070 | \$ (2,920) | 0.8 % | (3.2) % |
| Total Taxes | \$ 3,681,346 | \$ 3,630,440 | \$ 3,698,933 | \$ 68,493 | 0.5 % | 1.9 % |
| Other Revenue: | | | | | | |
| Interest | \$ 21,481 | \$ 14,400 | \$ 16,759 | \$ 2,359 | (22.0) % | 16.4 % |
| Transfers (net) | 39,843 | 33,260 | 34,840 | 1,580 | (12.6) | 4.8 |
| Agency Earnings and Misc. | 30,011 | 57,500 | 52,723 | (4,777) | 75.7 | (8.3) |
| Total | \$ 91,335 | \$ 105,160 | \$ 104,322 | \$ (838) | 14.2 % | (0.8) % |
| TOTAL RECEIPTS | \$ 3,772,681 | \$ 3,735,600 | \$ 3,803,255 | \$ 67,655 | 0.8 % | 1.8 % |

Consensus estimate as of November 10, 2016.

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.