

# KANSAS LEGISLATIVE RESEARCH DEPARTMENT

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## STATE GENERAL FUND (SGF) RECEIPTS FY 2018

The Legislative Research Department recently received information from the Office of the Chief Financial Officer (Kansas Department of Administration) on the total State General Fund (SGF) receipts from FY 2018.

Total receipts to the SGF were \$267.2 million, or 3.8 percent, above the final adjusted estimate (which includes any legislation enacted after the April 20<sup>th</sup> Consensus Revenue estimate). Taxes only in FY 2018 were \$317.8 million, or 4.7 percent, above the adjusted estimate, most notably in higher than the estimated individual income and corporation income taxes.

No tax source fell below the estimate by more than \$1.0 million.

Tax sources which were above the adjusted estimate by more than \$1.0 million: individual income tax (\$229.4 million, or 7.3 percent); corporation income tax (\$62.4 million or 18.9 percent); retail sales tax (\$11.7 million or 0.5 percent); compensating use tax (\$9.5 million or 2.4 percent); and financial institutions privilege tax (\$3.5 million, or 8.4 percent).

SGF receipts from taxes only, which had been above estimates by \$174.0 million through May, ended in a positive position for the month of June to finish the fiscal year up by \$317.8 million. The positive note appeared to be centered in two sources—individual income tax and corporation income tax.

As noted in this report the previous two months, many of the underlying fundamentals for the individual income tax (especially withholding and estimated payments) have continued to exceed previous expectations. The projected fiscal impact of the new Kansas income tax law implemented by SB 30—enacted in 2017—now appears to have been significantly understated, likely relating to the restoration of the tax on certain non-wage business income. About \$270.0 million of the overall \$591.0 million in additional FY 2018 receipts from that legislation had been assumed attributable to the taxation of non-wage income. The Department of Revenue has indicated that an analysis of tax year 2017 returns will be conducted over the summer to provide a more accurate amount for non-wage income taxation.

Corporation income tax estimated payments, which generally reflect future profits and tax liability expectations, were well above expectations for the final months of FY 2018. 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.

Interest was above the estimate by \$4.3 million, or 23.2 percent. Transfers were below the estimate by \$55.7 million. Language was included in the appropriations bill (House Sub. for SB 109) to transfer up to \$56.0 million of the amount that actual SGF receipts were above the estimated SGF receipts from the State General Fund to the KPERS Trust Fund. Agency earnings were above the estimate by \$0.7 million, or 1.6 percent.

Total SGF receipts in FY 2018 were above total SGF receipts in FY 2017 by \$265.6 million, or 4.4 percent. Tax receipts only for FY 2018 were above FY 2017 tax receipts by \$58.6 million, or 1.0 percent.

A Certificate of Indebtedness of \$900.0 million was discharged or redeemed by the State General Fund prior to the end of the fiscal year, as required by law. The redemption took place on June 1, 2018.

**STATE GENERAL FUND RECEIPTS**  
**FY 2018**  
(Dollars in Thousands)

	Actual FY 2017	FY 2018			Percent change relative to:	
		Estimate*	Actual	Difference	FY 2017	Estimate
<b>Property Tax/Fee:</b>						
Motor Carriers	\$ 10,863	\$ 12,400	\$ 12,430	\$ 30	14.4 %	0.2 %
<b>Income Taxes:</b>						
Individual	\$ 2,304,027	\$ 3,145,000	\$ 3,374,420	\$ 229,420	46.5 %	7.3 %
Corporation	324,956	330,000	392,440	62,440	20.8	18.9
Financial Inst.	41,138	42,000	45,527	3,527	10.7	8.4
<i>Total</i>	<u>\$ 2,670,121</u>	<u>\$ 3,517,000</u>	<u>\$ 3,812,387</u>	<u>\$ 295,387</u>	<u>42.8 %</u>	<u>8.4 %</u>
<b>Excise Taxes:</b>						
Retail Sales	\$ 2,285,870	\$ 2,330,000	\$ 2,341,693	\$ 11,693	2.4 %	0.5 %
Compensating Use	384,654	397,000	406,514	9,514	5.7	2.4
Cigarette	130,079	120,000	120,073	73	(7.7)	0.1
Tobacco Products	8,425	8,600	8,676	76	3.0	0.9
Cereal Malt Beverages	1,543	1,400	1,479	79	(4.1)	5.6
Liquor Gallonage	19,438	20,000	19,851	(149)	2.1	(0.7)
Liquor Enforcement	71,528	73,500	73,475	(25)	2.7	(0.0)
Liquor Drink	11,041	11,500	11,548	48	4.6	0.4
Corporate Franchise	7,631	6,800	7,487	687	(1.9)	10.1
Severance	42,090	41,200	41,401	201	(1.6)	0.5
Gas	14,879	11,800	12,920	1,120	(13.2)	9.5
Oil	27,211	29,400	28,481	(919)	4.7	(3.1)
<i>Total</i>	<u>\$ 2,962,299</u>	<u>\$ 3,010,000</u>	<u>\$ 3,032,197</u>	<u>\$ 22,197</u>	<u>2.4 %</u>	<u>0.7 %</u>
<b>Other Taxes:</b>						
Insurance Premiums	\$ 172,291	\$ 171,000	\$ 171,100	\$ 100	(0.7) %	0.1 %
Miscellaneous	1,352	2,600	2,699	99	99.6	3.8
<i>Total</i>	<u>\$ 173,643</u>	<u>\$ 173,600</u>	<u>\$ 173,799</u>	<u>\$ 199</u>	<u>0.1 %</u>	<u>0.1 %</u>
<b>Total Taxes</b>	<b>\$ 5,816,926</b>	<b>\$ 6,713,000</b>	<b>\$ 7,030,813</b>	<b>\$ 317,812</b>	<b>20.9 %</b>	<b>4.7 %</b>
<b>Other Revenue:</b>						
Interest	\$ 65,633	\$ 18,500	\$ 22,786	\$ 4,286	(65.3) %	23.2 %
Transfers (net)	381,794	254,100	198,441	(55,659)	(48.0)	(21.9)
Agency Earnings & Misc	74,706	45,300	46,034	734	(38.4)	1.6
<b>Total Other Revenue</b>	<b>\$ 522,133</b>	<b>\$ 317,900</b>	<b>\$ 267,261</b>	<b>\$ (50,639)</b>	<b>(48.8) %</b>	<b>(15.9) %</b>
<b>TOTAL RECEIPTS</b>	<b>\$ 6,339,059</b>	<b>\$ 7,030,900</b>	<b>\$ 7,298,074</b>	<b>\$ 267,173</b>	<b>15.1 %</b>	<b>3.8 %</b>

\* Consensus Estimate as of April 20, 2018, 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.