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To: Legislative Budget Committee

STATE GENERAL FUND RECEIPTS FY 2019

For FY 2019 to date, estimates of State General Fund (SGF) receipts are based upon the consensus estimates of April 20, 2018, as adjusted for legislation enacted after that date by the 2018 Legislature. Additional details on that legislation may be found in Tables 3 and 4 of the Consensus Revenue Legislative Adjustments memorandum dated May 30 (See http://www.kslegresearch.org/KLRD-web/Publications/CRE/2018_CRE_AdjMemo.pdf).

As this is the first monthly report on FY 2019 receipts, it is important to remember that a comparison of one month is not a reliable basis upon which to identify a trend for the balance of the year.

Total receipts for July, the first month of FY 2019, were \$13.5 million, or 3.5 percent, above the estimate. The component of total SGF receipts from taxes only was \$11.4 million, or 2.3 percent, above the estimate.

Two tax sources exceeding the July estimate by more than \$1.0 million; individual income tax (\$7.7 million, or 3.5 percent) and corporation income tax (\$1.3 million, or 10.1 percent).

No tax sources were below the estimate by more than \$1.0 million.

As noted in this report during the final months of FY 2018, many of the underlying fundamentals for the individual income tax (especially withholding and estimated payments) have continued to exceed previous expectations. Receipts from this source exceeded the final FY 2018 estimate by almost \$230.0 million. The projected fiscal impact of the new Kansas income tax law implemented by 2017 SB 30 now appears to have been understated, especially as it relates to the restoration of the tax on certain non-wage business income. The Department of Revenue is conducting an analysis of tax year 2017 returns to provide more accurate information.

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 on November 9, 2018.

This report excludes the July 1 deposit to the SGF of \$600.0 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, FY 2019
(Dollars in Thousands)

	Actual FY 2018	FY 2019			Percent change relative to:	
		Estimate*	Actual	Difference	FY 2018	Estimate
Property Tax/Fee:						
Motor Carriers	\$ 976	\$ 1,000	\$ 981	\$ (19)	0.5 %	(1.9) %
Income Taxes:						
Individual	\$ 188,477	\$ 220,000	\$ 227,686	\$ 7,686	20.8 %	3.5 %
Corporation	14,930	13,000	14,313	1,313	(4.1)	10.1
Financial Inst.	623	500	474	(26)	(23.9)	(5.2)
<i>Total</i>	<u>\$ 204,030</u>	<u>\$ 233,500</u>	<u>\$ 242,473</u>	<u>\$ 8,973</u>	<u>18.8 %</u>	<u>3.8 %</u>
Excise Taxes:						
Retail Sales	\$ 203,499	\$ 205,000	\$ 205,753	\$ 753	1.1 %	0.4 %
Compensating Use	33,989	34,000	34,513	513	1.5	1.5
Cigarette	10,403	11,000	11,110	110	6.8	1.0
Tobacco Products	662	800	762	(38)	15.1	(4.8)
Cereal Malt Beverages	141	170	171	1	21.3	0.6
Liquor Gallonage	2,067	1,900	1,940	40	(6.1)	2.1
Liquor Enforcement	5,355	5,900	6,546	646	22.2	10.9
Liquor Drink	939	1,000	1,031	31	9.8	3.1
Corporate Franchise	456	500	538	38	18.0	7.6
Severance	(418)	(300)	53	353	112.7	117.7
Gas	(344)	(1,000)	(1,024)	(24)	(197.7)	(2.4)
Oil	(74)	700	1,077	377	1,555.4	53.9
<i>Total</i>	<u>\$ 257,093</u>	<u>\$ 259,970</u>	<u>\$ 262,417</u>	<u>\$ 2,447</u>	<u>2.1 %</u>	<u>0.9 %</u>
Other Taxes:						
Insurance Premiums	\$ (8,689)	\$ (7,000)	\$ (7,133)	\$ (133)	17.9 %	(1.9) %
Miscellaneous	126	220	303	83	140.5	37.7
<i>Total</i>	<u>\$ (8,563)</u>	<u>\$ (6,780)</u>	<u>\$ (6,830)</u>	<u>\$ (50)</u>	<u>20.2 %</u>	<u>(0.7) %</u>
Total Taxes	\$ 453,536	\$ 487,690	\$ 499,041	\$ 11,350	10.0 %	2.3 %
Other Revenue:						
Interest	\$ 1,579	\$ 1,800	\$ 3,221	\$ 1,421	104.0 %	78.9 %
Transfers (net)	113,600	(109,600)	(111,409)	(1,809)	(198.1)	(1.7)
Agency Earnings & Misc	4,064	2,500	5,034	2,534	23.9	101.4
Total Other Revenue	\$ 119,243	\$ (105,300)	\$ (103,154)	\$ 2,146	(186.5) %	2.0 %
TOTAL RECEIPTS	\$ 572,779	\$ 382,390	\$ 395,887	\$ 13,496	(30.9) %	3.5 %

* Consensus Estimate as of April 20, 2018, as further adjusted for subsequent legislation enacted after that date.

Excludes a Certificate of Indebtedness of \$600 million that must be redeemed prior to the end of the fiscal year.

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