



April 2, 2019

To: Legislative Budget Committee

STATE GENERAL FUND (SGF) RECEIPTS

July 2018 through March 2019, FY 2019

This is the fifth and final month of experience under the estimate of SGF receipts made by the Consensus Estimating Group on November 9, 2018. The figures in both the “Estimate” and “Actual” columns under FY 2019 on the following table include actual amounts received in July through October. Consequently, this report details the difference between estimated and actual receipts in November through March.

Total receipts through March of FY 2019 were \$89.2 million, or 1.8 percent, below the estimate. This result was heavily influenced by a \$115.0 million transfer from the SGF to the KPERS Pension Obligation Fund that was implemented pursuant to Senate Bill 9. That legislation was passed by the Legislature on February 26th and signed by the Governor on March 8th and therefore had not been included in the November consensus revenue estimate. The component of SGF receipts from taxes only was \$27.5 million, or 0.6 percent, above the estimate. Total SGF receipts through the end of February had been \$5.0 million below the November forecast, while receipts from taxes had been down \$3.6 million.

Tax sources exceeding the estimate by more than \$1.0 million were: corporation income tax (\$22.8 million or 9.9 percent); individual income (\$11.2 million, or 0.5 percent); insurance premiums tax (\$3.3 million, or 3.3 percent); severance tax (\$1.5 million or 5.1 percent); and miscellaneous taxes (\$1.2 million, or 43.6 percent).

Tax sources falling below the estimate by more than \$1.0 million were: retail sales tax (\$11.9 million or 0.7 percent); and financial institutions’ privilege tax (\$1.6 million or 7.0 percent).

Insurance premium tax receipts were above the estimates primarily due to higher than anticipated payments by the property/casualty and life companies due to an increase in premiums written.

Relative to individual income tax processing, the Department of Revenue reports that 541,878 tax year 2018 refunds had been processed over the first three months of the calendar year, compared to 534,626 over the same three months last year. The average refund thus far this year is \$427, compared to \$393 through February of 2018. The Department had processed 182,227 tax year 2018 balance due remittances through the end of March (average of \$515); compared with 168,019 balance dues through March of 2018 (average of \$488).

Corporation income tax receipts continue to remain above the November estimate though slightly down for the months of February and March. Corporate balance due payments

were \$11.2 million this March compared to \$7.4 million in March of 2018; while corporate estimated payments were \$20.3 million in March of 2019 versus \$18.9 million last March.

The retail sales tax is continuing to struggle but did slightly exceed the estimate for March. Receipts had been down \$15.4 million through February and are now down \$11.9 million relative to the fiscal-year-to-date estimate. Nevertheless, sales tax receipts are down relative to the same July-March period of FY 2018. As noted last month, retail sales appear to be struggling in a number of surrounding states.

Agency earnings and miscellaneous were below the estimate by \$4.7 million, or 11.8 percent. Transfers also were below the estimate by \$112.2 million primarily due to passage of SB 9 as mentioned previously.

As noted last month, the Consensus Group will be working with the Department of Revenue and its consulting economists to seek additional information about these and other tax sources prior to the next meeting, which has now been set for April 18.

This report excludes a deposit to the SGF of \$600.0 million, pursuant to issuance of a Certificate of Indebtedness. This Certificate will be discharged prior to the end of the fiscal year.

STATE GENERAL FUND RECEIPTS
July-March, 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	\$ 9,798	\$ 9,300	\$ 9,499	\$ 199	(3.1) %	2.1 %
Income Taxes:						
Individual	\$ 2,207,732	\$ 2,270,500	\$ 2,281,682	\$ 11,182	3.3 %	0.5 %
Corporation	191,629	230,900	253,675	22,775	32.4	9.9
Financial Inst.	23,516	23,300	21,660	(1,640)	(7.9)	(7.0)
<i>Total</i>	<u>\$ 2,422,877</u>	<u>\$ 2,524,700</u>	<u>\$ 2,557,017</u>	<u>\$ 32,317</u>	<u>5.5 %</u>	<u>1.3 %</u>
Excise Taxes:						
Retail Sales	\$ 1,745,072	\$ 1,746,600	\$ 1,734,733	\$ (11,867)	(0.6) %	(0.7) %
Compensating Use	305,531	319,100	318,598	(502)	4.3	(0.2)
Cigarette	90,054	87,600	87,106	(494)	(3.3)	(0.6)
Tobacco Products	6,448	6,500	6,640	140	3.0	2.2
Cereal Malt Beverages	1,109	1,090	976	(114)	(12.0)	(10.5)
Liquor Gallonage	14,781	14,530	15,286	756	3.4	5.2
Liquor Enforcement	55,168	55,640	56,464	824	2.3	1.5
Liquor Drink	8,542	8,600	8,971	372	5.0	4.3
Corporate Franchise	3,106	3,030	2,979	(52)	(4.1)	(1.7)
Severance	27,413	30,030	31,566	1,536	15.1	5.1
Gas	8,827	5,190	7,816	2,626	(11.5)	50.6
Oil	18,586	24,840	23,750	(1,090)	27.8	(4.4)
<i>Total</i>	<u>\$ 2,257,224</u>	<u>\$ 2,272,720</u>	<u>\$ 2,263,319</u>	<u>\$ (9,402)</u>	<u>0.3 %</u>	<u>(0.4) %</u>
Other Taxes:						
Insurance Premiums	\$ 109,501	\$ 100,800	\$ 104,079	\$ 3,279	(5.0) %	3.3 %
Miscellaneous	1,860	2,640	3,790	1,151	103.8	43.6
<i>Total</i>	<u>\$ 111,361</u>	<u>\$ 103,440</u>	<u>\$ 107,869</u>	<u>\$ 4,430</u>	<u>(3.1) %</u>	<u>4.3 %</u>
Total Taxes	\$ 4,801,260	\$ 4,910,160	\$ 4,937,704	\$ 27,543	2.8 %	0.6 %
Other Revenue:						
Interest	\$ 13,728	\$ 35,600	\$ 35,818	\$ 218	160.9 %	0.6 %
Transfers (net)	142,516	(82,330)	(194,560)	(112,230)	(236.5)	(136.3)
Agency Earnings & Misc	32,821	40,200	35,471	(4,729)	8.1	(11.8)
Total Other Revenue	\$ 189,065	\$ (6,530)	\$ (123,271)	\$ (116,741)	(165.2) %	-- %
TOTAL RECEIPTS	\$ 4,990,325	\$ 4,903,630	\$ 4,814,433	\$ (89,199)	(3.5) %	(1.8) %

* Consensus Estimate as of November 9, 2018.

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.