



March 4, 2020

To: Legislative Budget Committee

STATE GENERAL FUND (SGF) RECEIPTS

July 2019 through February 2020, FY 2020

This is the fourth month of experience under the revised estimate of SGF receipts in FY 2020 made by the Consensus Estimating Group on November 7, 2019. The figures in both the “Estimate” and “Actual” columns under FY 2020 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 February.

Total receipts through February of FY 2020 were \$187.8 million, or 4.1 percent, above the estimate. The component of SGF receipts from taxes only was \$174.2 million, or 3.8 percent, above the estimate. Total SGF receipts through the end of January had been \$116.9 million above the November forecast, while receipts from taxes only had been above the estimate by \$110.6 million.

Tax sources exceeding the estimate by more than \$1.0 million were: individual income tax (\$81.6 million or 3.8 percent); corporation income tax (\$25.1 million or 9.9 percent); compensating use tax (\$23.8 million or 8.0 percent); insurance premium tax (\$20.0 million or 23.9 percent); retail sales tax (\$19.1 million or 1.2 percent); and the severance tax (\$1.5 million or 13.2 percent).

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

As noted in this report last month, individual income tax estimated payments during January were nearly 20 percent higher than the previous year’s payments, and year-over-year withholding growth also was strong. Withholding continued to grow beyond expectations in February and finished \$34.4 million higher than the same month from 2019. Overall individual income tax receipts had been \$51.1 million ahead of the forecast through January and gained an additional \$38.0 million during February. The Department of Revenue reports that about 340,548 tax year 2019 refunds had been processed over the first two months of the calendar year, compared to 350,285 over the same two months last year. The average refund thus far this year is \$413, compared to \$420 through February 2019. Approximately 87,851 tax year 2019 balance due remittances were processed through the first two months (average of \$371); compared with 76,595 tax year 2018 balance dues through February 2019 (average of \$353).

The compensating use tax receipts estimate for February had included a one-time refund of \$12.0 million that the Department of Revenue reports likely will not occur for several more months. But as mentioned last month, ongoing growth in this tax source also is being

caused by increasing compliance by out-of-state retailers with Kansas law in the wake of a 2018 U.S. Supreme Court decision.

The insurance premium tax receipts increase in February is anticipated to be a timing issue and is expected to be partially offset by a reduction in next month's receipts.

Agency earnings is above the estimate by \$7.4 million, primarily due to increased unclaimed property. Interest is above the estimate by \$4.5 million and transfers are above the estimate by \$1.7 million.

The Consensus Estimating Group will be working with the Department of Revenue and the consulting economists to seek additional information about these and other tax sources prior to the next meeting, which has now been set for April 20.

This report excludes a deposit to the SGF of \$275.0 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-February, FY 2020
(Dollars in Thousands)

	Actual FY 2019	FY 2020			Percent change relative to:	
		Estimate*	Actual	Difference	FY 2019	Estimate
Property Tax/Fee:						
Motor Carriers	\$ 8,101	\$ 8,400	\$ 8,506	\$ 106	5.0 %	1.3 %
Income Taxes:						
Individual	\$ 2,050,756	\$ 2,157,900	\$ 2,239,456	\$ 81,556	9.2 %	3.8 %
Corporation	229,257	251,800	276,854	25,054	20.8	9.9
Financial Inst.	19,009	19,510	19,821	311	4.3	1.6
<i>Total</i>	<u>\$ 2,299,022</u>	<u>\$ 2,429,210</u>	<u>\$ 2,536,132</u>	<u>\$ 106,922</u>	<u>10.3 %</u>	<u>4.4 %</u>
Excise Taxes:						
Retail Sales	\$ 1,558,201	\$ 1,593,100	\$ 1,612,189	\$ 19,089	3.5 %	1.2 %
Compensating Use	286,655	298,000	321,783	23,783	12.3	8.0
Cigarette	78,094	74,900	76,318	1,418	(2.3)	1.9
Tobacco Products	5,988	6,000	6,096	96	1.8	1.6
Liquor Gallonage	14,795	14,400	14,518	118	(1.9)	0.8
Liquor Enforcement	50,314	48,700	49,463	763	(1.7)	1.6
Liquor Drink	7,969	8,100	8,347	247	4.7	3.0
Severance	27,860	11,550	13,071	1,521	(53.1)	13.2
Gas	6,657	(550)	(649)	(99)	(109.7)	(18.0)
Oil	21,203	12,100	13,720	1,620	(35.3)	13.4
<i>Total</i>	<u>\$ 2,029,876</u>	<u>\$ 2,054,750</u>	<u>\$ 2,101,786</u>	<u>\$ 47,035</u>	<u>3.5 %</u>	<u>2.3 %</u>
Other Taxes:						
Insurance Premiums	\$ 73,374	\$ 83,700	\$ 103,671	\$ 19,971	41.3 %	23.9 %
Corporate Franchise	2,040	1,800	2,071	271	1.5	15.1
Miscellaneous	3,221	2,520	2,436	(84)	(24.4)	(3.3)
<i>Total</i>	<u>\$ 78,635</u>	<u>\$ 88,020</u>	<u>\$ 108,178</u>	<u>\$ 20,157</u>	<u>37.6 %</u>	<u>22.9 %</u>
Total Taxes	\$ 4,415,634	\$ 4,580,380	\$ 4,754,602	\$ 174,220	7.7 %	3.8 %
Other Revenue:						
Interest	\$ 31,516	\$ 39,500	\$ 43,997	\$ 4,497	39.6 %	11.4 %
Transfers (net)	(70,626)	(91,710)	(90,054)	1,656	(27.5)	1.8
Agency Earnings & Misc	34,458	26,050	33,433	7,383	(3.0)	28.3
Total Other Revenue	\$ (4,652)	\$ (26,160)	\$ (12,623)	\$ 13,537	(171.3) %	51.7 %
TOTAL RECEIPTS	\$ 4,410,982	\$ 4,554,220	\$ 4,741,979	\$ 187,757	7.5 %	4.1 %

* Consensus Estimate as of November 7, 2019.

Excludes a Certificate of Indebtedness of \$275 million that must be redeemed prior to the end of the fiscal year.

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