



July 8, 2020

STATE GENERAL FUND (SGF) RECEIPTS FY 2020

The Legislative Research Department recently received information from the Kansas Department of Administration on the total State General Fund (SGF) receipts from FY 2020.

Total receipts to the SGF were \$75.2 million, or 1.1 percent, above the final adjusted estimate (which includes all legislation enacted after the April 20 Consensus Revenue estimate). Taxes only in FY 2020 were \$163.7 million, or 2.4 percent, above the adjusted estimate. While it is positive that FY 2020 SGF receipts were above the FY 2020 estimates, it was \$468.0 million, or 6.4 percent below the previous year and total taxes were \$422.2 million, or 5.7 percent below the previous fiscal year. Non-tax sources fell below the final adjusted estimate by \$88.5 million, influenced in large part by the \$81.9 million special transfer to the State Budget Stabilization Fund that was triggered late in the fiscal year as a result of higher-than-anticipated tax receipts.

As explained in documents from the April 20 Consensus update, \$645.8 million in total tax receipts that would have otherwise come in during FY 2020 have now been assumed to have been delayed until FY 2021 as a result of delayed filing and payment deadlines. A preliminary determination as to the accuracy of these assumptions will not be able to be made until the end of July. [Note: A final determination may not be available until the end of October as some taxpayers may file for extensions.] Interpreting monthly receipts reports through the end of FY 2020, therefore, will be problematic given the difficulty in separating the accuracy of the Consensus Group's assumptions about delayed receipts from the accuracy of other assumptions about the impact of the COVID-19 pandemic on the economy and tax collections.

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

Tax sources which were above the adjusted estimate by more than \$1.0 million: retail sales tax (\$52.5 million or 2.3 percent); individual income tax (\$48.2 million or 1.5 percent); corporation income tax (\$24.4 million or 6.8 percent); compensating use tax (\$19.1 million or 4.1 percent); cigarette tax (\$6.5 million or 5.9 percent); financial institutions privilege tax (\$6.2 million or 15.5 percent); and corporate franchise tax (\$2.0 million or 40.9 percent).

Sales tax collections for the fiscal year came in above estimates as receipts did not decline as much as projected in the last quarter of the fiscal year. Growth in compensating use tax receipts, which include additional monies being collected from out-of-state vendors as a result of a 2018 decision by the U.S. Supreme Court, appears to have been accelerated by changed purchasing behavior due to the COVID-19 pandemic.

Individual income tax receipts were \$48.2 million above the estimate and appear to have been driven primarily by stronger-than-expected withholding, which was not among the

components of this tax source impacted by the deadline extensions. However, June withholding still lagged the FY 2019 amount by \$22.3 million, or 8.3 percent.

Although corporate income tax receipts for FY 2020 were \$53.0 million less than FY 2019 receipts, the FY 2020 receipts were above the April 20, 2020 forecast by \$24.4 million. The Consensus Group will continue working with the Department of Revenue to monitor receipts from this and all other tax sources over the summer and early fall.

Interest was above the estimate by \$1.8 million, or 3.2 percent. Transfers were below the estimate by \$86.7 million. Language was included in the 2020 appropriations bill (SB 66) to transfer one-half of the amount that actual SGF tax receipts were above the estimated SGF tax receipts from the State General Fund to the Budget Stabilization Fund. That transfer of \$81.9 million occurred on June 30, 2020. Agency earnings were below the estimate by \$3.5 million, or 7.1 percent.

A Certificate of Indebtedness of \$275.0 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 24, 2020.

STATE GENERAL FUND RECEIPTS
FY 2020
(Dollars in Thousands)

	Actual	FY 2020		Percent change relative to:		
	FY 2019	Estimate*	Actual	Difference	FY 2019	Estimate
Property Tax/Fee:						
Motor Carriers	\$ 11,852	\$ 11,800	\$ 12,502	\$ 702	5.5 %	5.9 %
Income Taxes:						
Individual	\$ 3,755,710	\$ 3,290,000	\$ 3,338,185	\$ 48,185	(11.1) %	1.5 %
Corporation	437,400	360,000	384,407	24,407	(12.1)	6.8
Financial Inst.	48,648	40,000	46,197	6,197	(5.0)	15.5
<i>Total</i>	<u>\$ 4,241,759</u>	<u>\$ 3,690,000</u>	<u>\$ 3,768,789</u>	<u>\$ 78,789</u>	<u>(11.2) %</u>	<u>2.1 %</u>
Excise Taxes:						
Retail Sales	\$ 2,335,436	\$ 2,300,000	\$ 2,352,523	\$ 52,523	0.7 %	2.3 %
Compensating Use	431,967	460,000	479,060	19,060	10.9	4.1
Cigarette	116,693	110,000	116,456	6,456	(0.2)	5.9
Tobacco Products	8,968	9,000	9,180	180	2.4	2.0
Liquor Gallonage	22,080	21,000	21,978	978	(0.5)	4.7
Liquor Enforcement	74,267	74,000	74,667	667	0.5	0.9
Liquor Drink	12,208	9,500	10,350	850	(15.2)	8.9
Severance	41,696	19,800	20,692	892	(50.4)	4.5
Gas	9,905	400	390	(10)	(96.1)	(2.5)
Oil	31,791	19,400	20,302	902	(36.1)	4.6
<i>Total</i>	<u>\$ 3,043,315</u>	<u>\$ 3,003,300</u>	<u>\$ 3,084,906</u>	<u>\$ 81,605</u>	<u>1.4 %</u>	<u>2.7 %</u>
Other Taxes:						
Insurance Premiums	\$ 163,283	\$ 172,000	\$ 172,479	\$ 479	5.6 %	0.3 %
Corporate Franchise	7,352	5,000	7,043	2,043	(4.2)	40.9
Miscellaneous	3,743	3,300	3,426	126	(8.5)	3.8
<i>Total</i>	<u>\$ 174,378</u>	<u>\$ 180,300</u>	<u>\$ 182,948</u>	<u>\$ 2,648</u>	<u>4.9 %</u>	<u>1.5 %</u>
Total Taxes	\$ 7,471,302	\$ 6,885,400	\$ 7,049,145	\$ 163,743	(5.7) %	2.4 %
Other Revenue:						
Interest	\$ 48,943	\$ 54,300	\$ 56,064	\$ 1,764	14.5 %	3.2 %
Transfers (net)	(202,361)	(164,500)	(251,224)	(86,724)	(24.1)	(52.7)
Agency Earnings & Misc	50,549	50,000	46,465	(3,535)	(8.1)	(7.1)
Total Other Revenue	\$ (102,869)	\$ (60,200)	\$ (148,695)	\$ (88,494)	(44.5) %	(147.0) %
TOTAL RECEIPTS	\$ 7,368,432	\$ 6,825,200	\$ 6,900,450	\$ 75,249	(6.4) %	1.1 %

* Consensus Estimate as of April 20, 2020.

Excludes a Certificate of Indebtedness of \$275 million that must be redeemed prior to the end of the fiscal year. The certificate was redeemed June 24, 2020.

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