



**Kansas Legislative Research Department**

*Providing nonpartisan, objective research and fiscal  
analysis for the Kansas Legislature since 1934*

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**To:** Legislative Coordinating Council and Governor Laura Kelly

**From:** Kansas Legislative Research Department and Division of the Budget

**Re:** Legislative Adjustments to Consensus Estimates for FY 2022 through FY 2023

Pursuant to KSA 75-6701, the most recent estimates of State General Fund (SGF) receipts for FY 2022 and FY 2023 have been adjusted to reflect the fiscal impact of legislation involving receipts to the SGF enacted during the 2022 Legislative Session subsequent to the Consensus Revenue Estimate (CRE) made on April 20, 2022 (see Table 1).

Estimated receipts for the two fiscal years combined were decreased by \$1.7 billion relative to the April 20 estimate. Of this amount, a reduction of \$260.5 million is attributable to total taxes, and a decrease of \$1.4 billion is attributable to other revenues. FY 2022 receipts were decreased \$1.1 billion, and FY 2023 receipts were decreased \$548.7 million.

Tables 2–3 show changes by source for each fiscal year and incorporate those changes into the overall estimate for that year. Table 2 establishes the final estimate for FY 2022 and Table 3 establishes the new baseline estimate for FY 2023 that will be revised again in the fall.

Tables 4–5 provide more specific information on the legislative adjustments by bill and by source for each fiscal year.

A final section of this report discusses the implications for SGF receipts in FY 2024 and subsequent years relative to certain upcoming changes in law.

The Consensus Revenue Estimating Group will meet again prior to December 4 to consider revisions to the newly adjusted FY 2023 estimate and issue the initial estimate for FY 2024.

## **FY 2022**

The following FY 2022 adjustments were made:

- **SB 421**, which provides for transfers from the SGF to the Kansas Public Employees Retirement System (KPERs) Trust Fund, increases net transfers out of the SGF by \$853.9 million.

- **HB 2510**, the omnibus appropriations bill, increases net transfers out of the SGF by \$254.0 million. Major adjustments include transferring \$250.0 million from the SGF to the Budget Stabilization Fund and transferring \$4.0 million from the SGF to the Job Creation Program Fund.

## FY 2023

The following FY 2023 adjustments were made:

- **House Sub. for SB 19**, which implements the 988 Suicide Prevention and Mental Health Crisis Hotline in Kansas, increases net transfers out of the SGF by \$10.0 million.
- **House Sub. for Sub. for SB 84**, which legalizes sports wagering in Kansas, increases net transfers into the SGF by \$1.8 million.
- **SB 421**, which provides for transfers from the SGF to the KPERS Trust Fund, increases net transfers out of the SGF by \$271.1 million.
- **HB 2106**, which phases out the state sales tax on food and food ingredient purchases, reduces sales tax receipts to the SGF by \$85.0 million.
- **HB 2136**, which eliminates estimated sales tax remittances and delays the implementation of a sales tax exclusion for separately stated delivery charges, reduces sales tax receipts to the SGF by \$114.8 million and compensating use tax receipts to the SGF by \$36.3 million.
- **HB 2237**, which creates or amends several tax credits related to housing, historic structures, and child day care services, reduces income, privilege, and premium tax receipts by a total of \$24.4 million.
- **HB 2510**, the omnibus appropriations bill, increases net transfers out of the SGF by \$10.0 million.
- **Senate Sub. for HB 2567**, the education budget bill, increases net transfers into the SGF by \$1.1 million.

## FY 2024 and Thereafter

**Food Sales Tax Reductions.** Continued reductions in the state sales tax rate on food purchases are expected to reduce sales tax receipts to the SGF by \$257.5 million in FY 2024, \$437.1 million in FY 2025, and \$526.2 million in FY 2026.

**Homestead Refund Program Option.** The newly created Homestead Refund option based upon the base year valuation of qualifying taxpayers, enacted in Senate Sub. for HB 2239, is expected to reduce state receipts by \$14.0 million in FY 2024, and \$21.6 million in FY

2025. Future years are expected to have similar annual growth in reduced receipts. [Note: The FY 2023 reduction in receipts attributable to this provision of \$6.9 million was incorporated in the the April 20, 2022, estimate.]

**Housing and Historic Structures Tax Credits.** The Kansas Affordable Housing Investor Tax Credit, provided for in HB 2237, is expected to reduce state receipts by \$14.4 million in FY 2024. This amount is expected to increase by \$14.4 million per year for 10 years until the program reaches a level of \$144.0 million per year. This reduction is in addition to the reduction in state receipts noted above for FY 2023 attributable to other provisions of the bill.

**Property tax relief and revenue sharing.** Current law provides for reinstatement of Local Ad Valorem Tax Reduction Fund transfers from the SGF beginning in FY 2025 at \$54.0 million annually and of County and City Revenue Sharing Fund transfers at 2.823 percent of sales and use taxes otherwise credited to the SGF in FY 2025.

**Table 1**  
**State General Fund Receipts**  
*(Dollars in Thousands)*

	Consensus Estimate June 2022 Legislative Adj.					
	FY 2021 (Actual)		FY 2022 (Revised)		FY 2023 (Revised)	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Income Taxes:						
Individual	\$ 4,590,261	37.5 %	\$ 4,500,000	(2.0) %	\$ 4,661,600	3.6 %
Corporation	652,286	69.7	725,000	11.1	650,000	(10.3)
Financial Institutions	75,149	62.7	61,000	(18.8)	46,000	(24.6)
Total	\$ 5,317,696	41.1 %	\$ 5,286,000	(0.6) %	\$ 5,357,600	1.4 %
Sales & Use Taxes:						
Retail Sales	\$ 2,522,553	7.2 %	\$ 2,725,000	8.0 %	\$ 2,600,200	(4.6) %
Compensating Use	602,967	25.9	790,000	31.0	813,700	3.0
Total	\$ 3,125,520	10.4 %	\$ 3,515,000	12.5 %	\$ 3,413,900	(2.9) %
Other Excise Taxes:						
Cigarette	\$ 113,491	(2.5) %	\$ 108,000	(4.8) %	\$ 104,000	(3.7) %
Tobacco Products	9,919	8.0	10,100	1.8	10,300	2.0
Liquor Gallonage	24,721	12.5	24,400	(1.3)	24,700	1.2
Liquor Enforcement	81,342	8.9	83,400	2.5	85,500	2.5
Liquor Drink	10,321	(0.3)	13,400	29.8	13,700	2.2
Gas	3,913	904.0	22,500	475.0	16,700	(25.8)
Oil	12,928	(36.3)	35,700	176.1	34,900	(2.2)
Total	\$ 256,635	1.3 %	\$ 297,500	15.9 %	\$ 289,800	(2.6) %
Other Taxes:						
Insurance Premiums	\$ 181,941	5.5 %	\$ 196,000	7.7 %	\$ 199,000	1.5 %
Motor Carrier	13,536	8.3	13,000	(4.0)	13,000	--
Corporate Franchise	9,859	40.0	8,000	(18.9)	8,000	--
Miscellaneous	3,422	(0.1)	4,500	31.5	4,600	2.2
Total	\$ 208,758	6.8 %	\$ 221,500	6.1 %	\$ 224,600	1.4 %
Total Taxes	\$ 8,908,609	26.4 %	\$ 9,320,000	4.6 %	\$ 9,285,900	(0.4) %
Other Revenues & Receipts:						
Interest	\$ 7,798	(86.1) %	\$ 2,800	(64.1) %	\$ 50,000	1,685.7 %
Transfers & Other Receipts	(113,550)	54.8	(1,701,100)	(1,398.1)	(520,500)	69.4
Agency Earnings	63,089	35.8	73,300	16.2	91,600	25.0
Total	\$ (42,664)	71.3 %	\$(1,625,000)	(3,708.9) %	\$ (378,900)	76.7 %
Total Receipts	<u>\$ 8,865,945</u>	<u>28.5 %</u>	<u>\$ 7,695,000</u>	<u>(13.2) %</u>	<u>\$ 8,907,000</u>	<u>15.8 %</u>

**Table 2**  
**State General Fund Receipts**  
**FY 2022 Revised**  
**Comparison of June 2022 Estimate to April 2022 Estimate**  
*(Dollars in Thousands)*

	FY 2022 CRE Est. Revised 04/20/2022	FY 2022 CRE Est. Revised 06/14/2022	Difference	
			Amount	Pct. Chg.
Income Taxes:				
Individual	\$ 4,500,000	\$ 4,500,000	\$ --	-- %
Corporation	725,000	725,000	--	--
Financial Institutions	61,000	61,000	--	--
Total	\$ 5,286,000	\$ 5,286,000	\$ --	-- %
Sales & Use Taxes:				
Retail Sales	\$ 2,725,000	\$ 2,725,000	\$ --	-- %
Compensating Use	790,000	790,000	--	--
Total	\$ 3,515,000	\$ 3,515,000	\$ --	-- %
Other Excise Taxes:				
Cigarette	\$ 108,000	\$ 108,000	\$ --	-- %
Tobacco Products	10,100	10,100	--	--
Liquor Gallonage	24,400	24,400	--	--
Liquor Enforcement	83,400	83,400	--	--
Liquor Drink	13,400	13,400	--	--
Gas Severance	22,500	22,500	--	--
Oil Severance	35,700	35,700	--	--
Total	\$ 297,500	\$ 297,500	\$ --	-- %
Other Taxes:				
Insurance Premiums	\$ 196,000	\$ 196,000	\$ --	-- %
Motor Carrier	13,000	13,000	--	--
Corporate Franchise	8,000	8,000	--	--
Miscellaneous	4,500	4,500	--	--
Total	\$ 221,500	\$ 221,500	\$ --	-- %
Total Taxes	\$ 9,320,000	\$ 9,320,000	\$ --	-- %
Other Revenues & Receipts:				
Interest	\$ 2,800	\$ 2,800	\$ --	-- %
Transfers & Other Receipts	(593,200)	(1,701,100)	(1,107,900)	(186.8)
Agency Earnings	73,300	73,300	--	--
Total	\$ (517,100)	\$ (1,625,000)	\$ (1,107,900)	(214.3) %
Total Receipts	<u>\$ 8,802,900</u>	<u>\$ 7,695,000</u>	<u>\$ (1,107,900)</u>	<u>(12.6) %</u>

**Table 3**  
**State General Fund Receipts**  
**FY 2023 Revised**  
**Comparison of June 2022 Estimate to April 2022 Estimate**  
*(Dollars in Thousands)*

	FY 2023 CRE Est. Revised 04/20/2022	FY 2023 CRE Est. Revised 06/14/2022	Difference	
			Amount	Pct. Chg.
Income Taxes:				
Individual	\$ 4,670,000	\$ 4,661,600	\$ (8,400)	(0.2) %
Corporation	655,000	650,000	(5,000)	(0.8)
Financial Institutions	55,000	46,000	(9,000)	(16.4)
Total	\$ 5,380,000	\$ 5,357,600	\$ (22,400)	(0.4) %
Sales & Use Taxes:				
Retail Sales	\$ 2,800,000	\$ 2,600,200	\$ (199,800)	(7.1) %
Compensating Use	850,000	813,700	(36,300)	(4.3)
Total	\$ 3,650,000	\$ 3,413,900	\$ (236,100)	(6.5) %
Other Excise Taxes:				
Cigarette	\$ 104,000	\$ 104,000	\$ --	-- %
Tobacco Products	10,300	10,300	--	--
Liquor Gallonage	24,700	24,700	--	--
Liquor Enforcement	85,500	85,500	--	--
Liquor Drink	13,700	13,700	--	--
Gas Severance	16,700	16,700	--	--
Oil Severance	34,900	34,900	--	--
Total	\$ 289,800	\$ 289,800	\$ --	-- %
Other Taxes:				
Insurance Premiums	\$ 201,000	\$ 199,000	\$ (2,000)	(1.0) %
Motor Carrier	13,000	13,000	--	--
Corporate Franchise	8,000	8,000	--	--
Miscellaneous	4,600	4,600	--	--
Total	\$ 226,600	\$ 224,600	\$ (2,000)	(0.9) %
Total Taxes	\$ 9,546,400	\$ 9,285,900	\$ (260,500)	(2.7) %
Other Revenues & Receipts:				
Interest	\$ 50,000	\$ 50,000	\$ --	-- %
Transfers & Other Receipts	(232,300)	(520,500)	(288,200)	(124.1)
Agency Earnings	91,600	91,600	--	--
Total	\$ (90,700)	\$ (378,900)	\$ (288,200)	(317.8) %
Total Receipts	\$ 9,455,700	\$ 8,907,000	\$ (548,700)	(5.8) %

**Table 4 - Legislative Adjustments by Bill by Source to FY 2022 Estimates**

(\$ in millions)

		Individual	Corporate	Privilege	Sales	Use	Insurance	Transfers	Total
SB 421	KPERS Bill	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ (853.866)	\$ (853.866)
HB 2510	Omnibus Budget Bill	--	--	--	--	--	--	(254.034)	(254.034)
<b>Total</b>		<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$(1,107.900)</b>	<b>\$(1,107.900)</b>

**Table 5 - Legislative Adjustments by Bill by Source to FY 2023 Estimates**

(\$ in millions)

		Individual	Corporate	Privilege	Sales	Use	Insurance	Transfers	Total
SB 19	988 Suicide Prevention	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ (10.000)	\$ (10.000)
SB 84	Sports Wagering	--	--	--	--	--	--	1.800	1.800
SB 421	KPERS Bill	--	--	--	--	--	--	(271.134)	(271.134)
HB 2106	Food Sales Tax	--	--	--	(85.000)	--	--	--	(85.000)
HB 2136	Storefront/Sales Tax Filing	--	--	--	(114.800)	(36.300)	--	--	(151.100)
HB 2237	Child Care/Housing Credits	(8.400)	(5.000)	(9.000)	--	--	(2.000)	--	(24.400)
HB 2510	Omnibus Budget Bill	--	--	--	--	--	--	(9.966)	(9.966)
HB 2567	Education Bill	--	--	--	--	--	--	1.100	1.100
<b>Total</b>		<b>\$ (8.400)</b>	<b>\$ (5.000)</b>	<b>\$ (9.000)</b>	<b>\$ (199.800)</b>	<b>\$ (36.300)</b>	<b>\$ (2.000)</b>	<b>\$ (288.200)</b>	<b>\$ (548.700)</b>

**Cumulative FY 2022 + FY 2023**

**\$(1,656.600)**