

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

68-West-Statehouse, 300 SW 10th Ave.
Topeka, Kansas 66612-1504
(785) 296-3181 ♦ FAX (785) 296-3824

kslegres@klrd.ks.gov

<http://www.kslegislature.org/klrd>

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To: Governor Sam Brownback and Legislative Budget Committee

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

Re: State General Fund Revenue Estimate for FY 2016 and FY 2017

The Consensus Estimating Group met today to revise the November 6, 2015 State General Fund estimates for FY 2016 and FY 2017. The revisions include the estimated impact of all 2016 legislation signed into law thus far. The impact of legislation affecting the SGF that becomes law after April 20 will be quantified in a separate legislative adjustments report prepared at the conclusion of the *sine die* adjournment. A more detailed memo will be available soon which contains the economic forecast for Kansas upon which the new estimates are based, as well as a discussion of the other factors influencing the individual source estimates.

The overall estimate for FY 2016 and FY 2017 was decreased by a combined \$228.6 million.

For FY 2016, the estimate was decreased by \$93.9 million, or 1.5 percent, below the November estimate. The estimate for total taxes was decreased by \$177.1 million, while the estimate for other revenues was increased by \$83.2 million. The overall revised estimate of \$6.072 billion represents a 2.4 percent increase above final FY 2015 receipts.

The revised estimate for FY 2017 of \$6.151 billion was decreased by \$134.7 million below the November estimate. The estimate for total taxes was decreased by \$170.7 million, while the estimate for other revenues was increased by \$36.0 million. The revised forecast for FY 2017 represents a 1.3 percent increase above the newly revised FY 2016 figure.

Table 1 compares the new FY 2016 and FY 2017 estimates with actual receipts from FY 2015. Tables 2 and 3 show the revisions in each fiscal year's estimates.

Table 1
State General Fund Receipts
(Dollars in Thousands)

	Consensus Estimate April 20, 2016					
	FY 2015 (Actual)		FY 2016 (Revised)		FY 2017 (Revised)	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Property Tax/Fee:						
Motor Carrier	\$ 11,145	(68.8) %	\$ 11,500	3.2 %	\$ 12,000	4.3 %
Income Taxes:						
Individual	\$ 2,277,541	2.7 %	\$ 2,325,000	2.1 %	\$ 2,377,000	2.2 %
Corporation	417,400	4.5	390,000	(6.6)	396,000	1.5
Financial Inst.	40,546	25.0	37,000	(8.7)	40,000	8.1
Total	\$ 2,735,486	3.2 %	\$ 2,752,000	0.6 %	\$ 2,813,000	2.2 %
Excise Taxes:						
Retail Sales	\$ 2,132,777	1.5 %	\$ 2,270,000	6.4 %	\$ 2,350,000	3.5 %
Compensating Use	352,176	2.4	385,000	9.3	405,000	5.2
Cigarette	88,821	(2.0)	138,000	55.4	133,000	(3.6)
Tobacco Products	7,482	3.9	8,000	6.9	8,200	2.5
Cereal Malt Bev.	1,566	(7.1)	1,400	(10.6)	1,200	(14.3)
Liquor Gallonage	19,319	1.2	19,300	(0.1)	19,500	1.0
Liquor Enforcement	68,505	6.1	67,000	(2.2)	71,000	6.0
Liquor Drink	10,537	3.8	11,000	4.4	11,200	1.8
Corp. Franchise	7,287	9.9	7,100	(2.6)	7,300	2.8
Severance	93,213	(25.9)	24,000	(74.3)	33,900	41.3
Gas	26,302	(28.9)	4,000	(84.8)	10,700	167.5
Oil	66,911	(24.6)	20,000	(70.1)	23,200	16.0
Total	\$ 2,781,683	0.4 %	\$ 2,930,800	5.4 %	\$ 3,040,300	3.7 %
Other Taxes:						
Insurance Prem.	\$ 187,643	8.6 %	\$ 169,000	(9.9) %	\$ 170,500	0.9 %
Miscellaneous	1,397	(14.6)	1,400	0.2	3,400	142.9
Total	\$ 189,039	8.4 %	\$ 170,400	(9.9) %	\$ 173,900	2.1 %
Total Taxes	\$ 5,717,353	1.5 %	\$ 5,864,700	2.6 %	\$ 6,039,200	3.0 %
Other Revenues:						
Interest	\$ 12,320	6.9 %	\$ 26,300	113.5 %	\$ 13,400	(49.0) %
Net Transfers	143,597	459.4	140,000	(2.5)	56,600	(59.6)
Agency Earnings	55,512	12.0	41,000	(26.1)	41,800	2.0
Total	\$ 211,428	901.2 %	\$ 207,300	(2.0) %	\$ 111,800	(46.1) %
Total Receipts	<u>\$ 5,928,781</u>	<u>4.9 %</u>	<u>\$ 6,072,000</u>	<u>2.4 %</u>	<u>\$ 6,151,000</u>	<u>1.3 %</u>

Table 2
State General Fund Receipts
FY 2016 Revised
Comparison of April 2016 Estimate to November 2015 Estimate
(Dollars in Thousands)

	FY 2016 CRE Est. Revised 11/06/15	FY 2016 CRE Est. Revised 04/20/16	Difference	
			Amount	Pct. Chg.
Property Tax/Fee:				
Motor Carrier	\$ 10,500	\$ 11,500	\$ 1,000	9.5 %
Income Taxes:				
Individual	\$ 2,450,000	\$ 2,325,000	\$ (125,000)	(5.1) %
Corporation	410,000	390,000	(20,000)	(4.9)
Financial Inst.	45,000	37,000	(8,000)	(17.8)
Total	\$ 2,905,000	\$ 2,752,000	\$ (153,000)	(5.3) %
Excise Taxes:				
Retail Sales	\$ 2,300,000	\$ 2,270,000	\$ (30,000)	(1.3) %
Compensating Use	375,000	385,000	10,000	2.7
Cigarette	140,000	138,000	(2,000)	(1.4)
Tobacco Product	8,000	8,000	--	--
Cereal Malt Beverage	1,600	1,400	(200)	(12.5)
Liquor Gallonage	19,300	19,300	--	--
Liquor Enforcement	67,000	67,000	--	--
Liquor Drink	10,800	11,000	200	1.9
Corporate Franchise	6,900	7,100	200	2.9
Severance	39,000	24,000	(15,000)	(38.5)
Gas	10,100	4,000	(6,100)	(60.4)
Oil	28,900	20,000	(8,900)	(30.8)
Total	\$ 2,967,600	\$ 2,930,800	\$ (36,800)	(1.2) %
Other Taxes:				
Insurance Premium	\$ 157,500	\$ 169,000	\$ 11,500	7.3 %
Miscellaneous	1,200	1,400	200	16.7
Total	\$ 158,700	\$ 170,400	\$ 11,700	7.4 %
Total Taxes	\$ 6,041,800	\$ 5,864,700	\$ (177,100)	(2.9) %
Other Revenues:				
Interest	\$ 21,000	\$ 26,300	\$ 5,300	25.2 %
Net Transfers	55,400	140,000	84,600	152.7
Agency Earnings	47,700	41,000	(6,700)	(14.0)
Total Other Revenue	\$ 124,100	\$ 207,300	\$ 83,200	67.0 %
Total Receipts	<u>\$ 6,165,900</u>	<u>\$ 6,072,000</u>	<u>\$ (93,900)</u>	<u>(1.5) %</u>

Table 3
State General Fund Receipts
FY 2017 Revised
Comparison of April 2016 Estimate to November 2015 Estimate
(Dollars in Thousands)

	FY 2017 CRE Est. Revised 11/06/15	FY 2017 CRE Est. Revised 04/20/16	Difference	
			Amount	Pct. Chg.
Property Tax/Fee:				
Motor Carrier	\$ 10,500	\$ 12,000	\$ 1,500	14.3 %
Income Taxes:				
Individual	\$ 2,485,000	\$ 2,377,000	\$ (108,000)	(4.3) %
Corporation	420,000	396,000	(24,000)	(5.7)
Financial Inst.	47,000	40,000	(7,000)	(14.9)
Total	<u>\$ 2,952,000</u>	<u>\$ 2,813,000</u>	<u>\$ (139,000)</u>	<u>(4.7) %</u>
Excise Taxes:				
Retail Sales	\$ 2,380,000	\$ 2,350,000	\$ (30,000)	(1.3) %
Compensating Use	395,000	405,000	10,000	2.5
Cigarette	135,000	133,000	(2,000)	(1.5)
Tobacco Product	8,200	8,200	--	--
Cereal Malt Beverage	1,600	1,200	(400)	(25.0)
Liquor Gallonage	19,500	19,500	--	--
Liquor Enforcement	69,000	71,000	2,000	2.9
Liquor Drink	11,000	11,200	200	1.8
Corporate Franchise	7,100	7,300	200	2.8
Severance	58,200	33,900	(24,300)	(41.8)
Gas	16,600	10,700	(5,900)	(35.5)
Oil	41,600	23,200	(18,400)	(44.2)
Total	<u>\$ 3,084,600</u>	<u>\$ 3,040,300</u>	<u>\$ (44,300)</u>	<u>(1.4) %</u>
Other Taxes:				
Insurance Premium	\$ 159,600	\$ 170,500	\$ 10,900	6.8 %
Miscellaneous	3,200	3,400	200	6.3
Total	<u>\$ 162,800</u>	<u>\$ 173,900</u>	<u>\$ 11,100</u>	<u>6.8 %</u>
Total Taxes	\$ 6,209,900	\$ 6,039,200	\$ (170,700)	(2.7) %
Other Revenues:				
Interest	\$ 9,200	\$ 13,400	\$ 4,200	45.7 %
Net Transfers	17,600	56,600	39,000	221.6
Agency Earnings	49,000	41,800	(7,200)	(14.7)
Total Other Revenue	<u>\$ 75,800</u>	<u>\$ 111,800</u>	<u>\$ 36,000</u>	<u>47.5 %</u>
Total Receipts	<u><u>\$ 6,285,700</u></u>	<u><u>\$ 6,151,000</u></u>	<u><u>\$ (134,700)</u></u>	<u><u>(2.1) %</u></u>

STATE GENERAL FUND PROFILE
FY 2014-FY 2017
(Dollars in Millions)

	Actual FY 2014	Actual FY 2015	Estimated FY 2016	Estimated FY 2017
Beginning Balance	\$ 709.3	\$ 379.7	\$ 71.5	\$ -
Revenue Estimates as of April 20, 2016	5,653.2	5,928.8	6,072.0	6,151.0
Kansas Bioscience Authority Privatization				25.0
Total Available Revenue	<u>\$ 6,362.5</u>	<u>\$ 6,308.5</u>	<u>\$ 6,143.5</u>	<u>\$ 6,176.0</u>
Approved Expenditures as of April 19, 2016	\$ 5,982.8	\$ 6,237.0	\$ 6,261.9 *	\$ 6,325.2
Estimated State General Fund Expenditures Shifted from FY 2015	-		18.4	-
Human Services Caseloads	-		3.3	2.1
Adjustment Needed to Maintain Zero Ending Balance	-		(140.1)	(151.3)
Total Adjusted Expenditures	<u>5,982.8</u>	<u>6,237.0</u>	<u>6,143.5</u>	<u>6,176.0</u>
Ending Balance	<u>\$ 379.7</u>	<u>\$ 71.5</u>	<u>\$ -</u>	<u>\$ -</u>
Ending Balance as a Percentage of Expenditures	6.3%	1.1%	0.0%	0.0%
Receipts in Excess of Approved Expenditures	\$ (329.6)	\$ (308.2)	\$ (71.5)	\$ -

* includes Governor's \$17.3 M Regents FY 2016 allotment