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To: Legislative Budget Committee

STATE GENERAL FUND (SGF) RECEIPTS **July 2014 through February 2015, FY 2015**

Based on the revised estimate of SGF receipts in FY 2015 made last November, it was estimated that receipts in July through February would total \$3.58 billion. Actual receipts for those months were \$3.80 billion, about \$221.1 million, or 6.2 percent above the estimate.

The amount of total receipts above the estimate is primarily attributable to the increase in net transfers of \$258.0 million, or 182.6 percent, above the fall consensus estimate. This is a result of legislative action in House Sub. for SB 4 which included transfer adjustments in FY 2015 totaling \$247.7 million. The largest transfers are \$158.5 million from the State Highway Fund, \$55.0 million from the Medical Program Fees Fund, \$12.0 million from the Kansas Endowment for Youth Fund (of which \$7.0 million has been made to date), and a reduction of \$7.1 million in the transfer to the Job Creation Program Fund.

Excluding transfer adjustments in the bill, net transfers are up \$15.3 million, or 10.9 percent, above the fall consensus estimate projection largely attributable to delayed transfers to the Kansas Bioscience Authority. Total receipts, excluding transfer adjustments, are a reduction of \$21.6 million, or 0.6 percent, below the FY 2015 estimate.

The component of SGF receipts from taxes only was \$38.4 million, or 1.0 percent, below the estimate. Total SGF taxes only, at the end of January, were \$65.5 million, or 1.9 percent, below the estimate. Total receipts at the end of January were \$48.3 million, or 1.5 percent, below the estimate. Total tax receipts only for the same period were below FY 2014 by \$69.7 million, or 1.9 percent.

The only tax source that exceeded the estimate by more than \$1.0 million was individual income (\$4.1 million or 0.3 percent).

Tax sources that fell below the fiscal year-to-date estimate by more than \$1.0 million were corporation income (\$17.5 million or 7.3 percent); retail sales (\$13.1 million or 0.9 percent); severance tax (\$5.6 million or 7.2 percent); compensating use tax (\$5.2 million or 2.1 percent); and insurance premiums tax (\$1.3 million or 1.5 percent).

Although corporation income taxes remained \$17.5 million below the estimate, remember that the \$18.7 million shortfall reported at the end of December after estimated payments was less than had been anticipated in that month and refunds were more than had been anticipated. Overall corporate receipts for the month of February alone were \$1.5 million more than had been expected.

Individual income tax receipts were \$4.1 million ahead of the current estimate after having been down \$23.4 million through January. As noted in this report last month, Kansas refunds paid in January were about \$22.0 million more than had been anticipated due to faster initial processing of federal refunds by the IRS. Refunds in February were \$29.0 million less than the same month last year. Total income tax receipts for the same period were below FY 2014 by \$114.0 million, or 7.4 percent.

Sales tax receipts remained \$13.1 million below the fiscal-year-to-date estimate, the same amount they had been short through January. Compensating use taxes, which were down \$5.2 million, decreased another \$1.3 million in February after having been down \$3.9 million a month earlier.

Oil severance tax receipts declined \$5.3 million below the estimate (\$3.2 million for the month of February alone) and are expected to continue to fall below the current forecast each month to the extent that oil prices remain considerably below projections made in November.

Interest was below the estimate by \$0.15 million, or 1.7 percent. Agency earnings were \$1.6 million, or 4.0 percent, above the estimate.

This report excludes a deposit to the SGF of \$675.0 million, pursuant to issuance of a Certificate of Indebtedness. The Certificate will be discharged prior to the end of the fiscal year.

STATE GENERAL FUND RECEIPTS

July-February, FY 2015

(dollar amounts in thousands)

	Actual FY 2014	FY 2015			Percent change relative to:	
		Estimate*	Actual	Difference	FY 2014	Estimate
Property Tax/Fee:						
Motor Carriers	\$ 21,601	\$ 7,600	\$ 7,045	\$ (555)	67.4 %	(7.3) %
Income Taxes:						
Individual	\$ 1,534,005	\$ 1,416,000	\$ 1,420,060	\$ 4,060	(7.4) %	0.3 %
Corporation	196,141	239,800	222,316	(17,484)	13.3	(7.3)
Financial Inst.	15,377	18,100	19,625	1,525	27.6	8.4
Total	\$ 1,745,523	\$ 1,673,900	\$ 1,662,001	\$ (11,899)	(4.8) %	(0.7) %
Excise Taxes:						
Retail Sales	\$ 1,409,563	\$ 1,456,000	\$ 1,442,890	\$ (13,110)	2.4 %	(0.9) %
Comp. Use	233,081	246,000	240,838	(5,162)	3.3	(2.1)
Cigarette	59,978	58,500	58,661	161	(2.2)	0.3
Tobacco Prod.	4,806	5,100	4,957	(143)	3.1	(2.8)
Cereal Malt Bev.	1,183	1,120	1,037	(83)	(12.3)	(7.4)
Liquor Gallonage	12,551	13,250	12,852	(398)	2.4	(3.0)
Liquor Enforce.	43,193	44,500	44,029	(471)	1.9	(1.1)
Liquor Drink	6,650	6,750	6,852	102	3.0	1.5
Corp. Franchise	2,227	2,300	2,447	147	9.9	6.4
Severance	82,005	77,500	71,945	(5,555)	(12.3)	(7.2)
Gas	23,016	20,600	20,322	(278)	(11.7)	(1.3)
Oil	58,989	56,900	51,623	(5,277)	(12.5)	(9.3)
Total	\$ 1,855,237	\$ 1,911,020	\$ 1,886,508	\$ (24,512)	1.7 %	(1.3) %
Other Taxes:						
Insurance Prem.	\$ 84,204	\$ 82,700	\$ 81,431	\$ (1,269)	(3.3) %	(1.5) %
Miscellaneous	988	1,025	892	(133)	(9.7)	(13.0)
Total	\$ 85,192	\$ 83,725	\$ 82,323	\$ (1,402)	(3.4) %	(1.7) %
Total Taxes	\$ 3,707,553	\$ 3,676,245	\$ 3,637,877	\$ (38,368)	(1.9) %	(1.0) %
Other Revenue:						
Interest	\$ 8,867	\$ 8,730	\$ 8,585	\$ (145)	(3.2) %	(1.7) %
Transfers (net)	(107,358)	(141,280)	116,731	258,011	--	--
Agency Earnings and Misc.	36,840	39,275	40,832	1,557	10.8	4.0
Total	\$ (61,651)	\$ (93,275)	\$ 166,148	\$ 259,423	-- %	-- %
TOTAL RECEIPTS	\$ 3,645,902	\$ 3,582,970	\$ 3,804,025	\$ 221,055	4.3 %	6.2 %

Consensus estimate as of November 10, 2014.

Excludes a Certificate of Indebtedness of \$675 million that must be redeemed prior to the end of the fiscal year.

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