

KANSAS DEPARTMENT OF REVENUE
PRESENTATION
KANSAS SENATE COMMERCE COMMITTEE
JANUARY 21, 2016

I. Short overview of current tax policy

- We have reduced individual income tax rates by 30% for individuals, families and small business. Current rates are 4.6 for the top rate and 2.7 for the lower rate. These rates are frozen until 2018.
- 71% of tax savings went to Kansas individuals and families. 29% went to small business.
- We have the highest Earned Income Tax Credit in our region and one of the highest nationally.
- We increased the standard deduction for married filing jointly and head of household, the latter benefits single parent households. Approximately 80% of Kansans use the standard deduction now.
- We have a food sales tax credit.
- 388,000 of our lowest income Kansans have been removed from the tax rolls, now with a zero tax liability.
- Sales tax is now 6.5%.

II. Trends

- **Corporate income tax** trends are normal. Fiscal year to date through December we are up 2.6% over estimates.
- **Use Tax receipts** are increasing. Fiscal year to date through December we are up 2.5% over estimates.
- **Individual income tax receipts** are growing year over year. This is with a further rate reduction in 2015. We would expect now that rates are frozen for a couple of years, to see receipts continue to grow. Low employment is also helpful increasing individual income tax receipts.

December appeared to have an anomaly with the December 31st payday with some folks not making withholding payments until after the first of the year.

- **Sales tax receipts** are a challenge right now. Since spring 2015 we have seen a decline in sales tax receipts.

We reviewed 67 of our top sales tax filers, who provide over 50% of our sales tax receipts. In November they were down 4.2% from the previous year.

We also compared our sales tax receipts with other states and it appears that states with significant agriculture and oil industries have experienced declines in sales tax revenue, some much more than Kansas.

In conversations with various economists there seems to be several possible factors:

- Increased savings and paying down debt by folks.
- Increased on line sales
- As mentioned above, states with significant agriculture and oil sectors in their economy are seeing decreased spending
- Increased health care cost reducing discretionary spending

Statistics included in this presentation would not indicate too much "spill-over" of sales in border counties.

III. Economic Trends

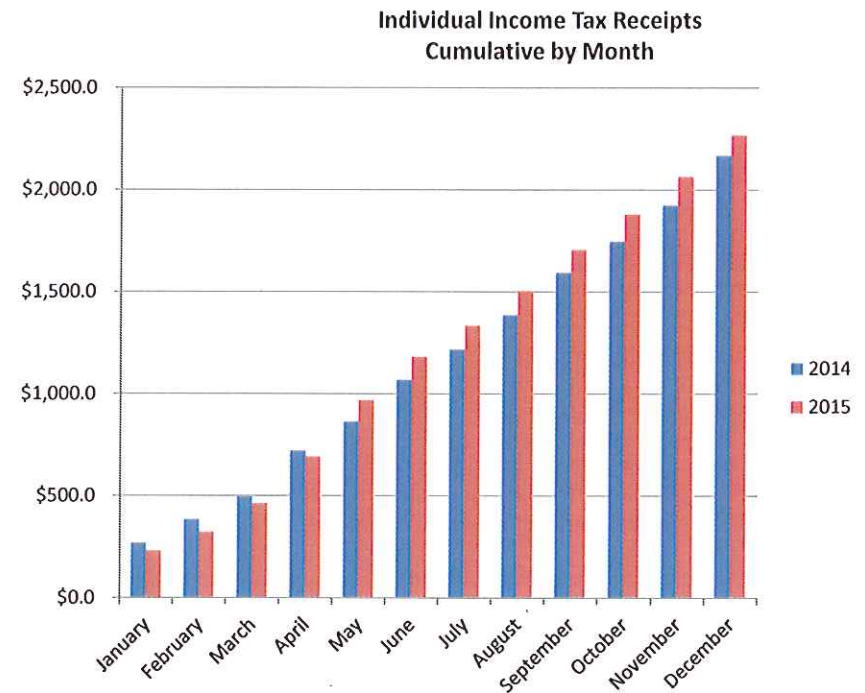
- Unemployment rate is at 4% which is the lowest in 14 years, even with three of our major sectors of the economy struggling.
- We are seeing an increase in in-migration of wealth to the state. When you see the amount and counties benefitting the most you could assume there is a correlation to the small business tax policy. This will be covered more by Michael Austin.
- Positive wage growth partly due to the low unemployment rate.
- Small businesses migrating to Kansas. Besides anecdotal stories we have been able to evaluate Tax Year 2013 returns to find that we had 8,666 first time small business filers bringing \$486.7 million in new income to Kansas. By first time filers, the social security number or name has not previously appeared on a Kansas tax return. We are now working on Tax Year 2014 returns to update this information.

90% of these first time filers had a net income of less than \$25,000.

89% of our overall small business filers have a net income of less than \$50,000 and 5.4% have a net income of more than \$100,000.

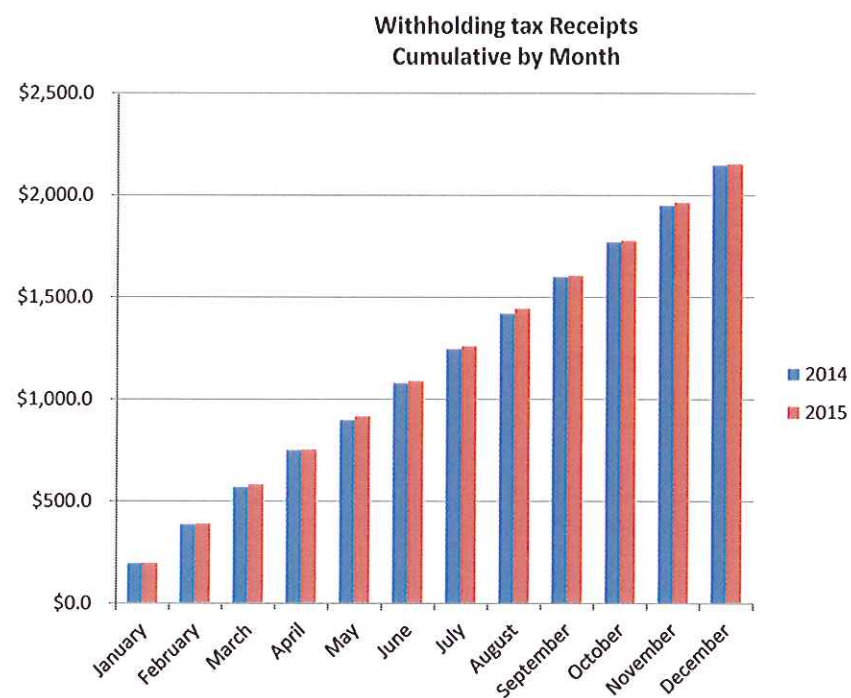
Individual Income Tax Receipts Cumulative by Month

Kansas Department of Revenue Individual Income Tax Receipts			
dollars are in millions			
	2014	2015	% Change
January	\$269.5	\$229.8	-14.7%
February	\$385.2	\$322.2	-16.4%
March	\$495.6	\$460.9	-7.0%
April	\$721.6	\$690.9	-4.3%
May	\$864.1	\$969.1	12.2%
June	\$1,069.4	\$1,179.7	10.3%
July	\$1,217.3	\$1,332.8	9.5%
August	\$1,386.3	\$1,503.3	8.4%
September	\$1,593.9	\$1,706.1	7.0%
October	\$1,747.1	\$1,879.3	7.6%
November	\$1,924.3	\$2,062.9	7.2%
December	\$2,167.6	\$2,267.0	4.6%
Tax Rates	2014	2015	
	2.7%	2.7%	
	4.8%	4.6%	



Withholding Tax Receipts Cumulative by Month

Kansas Department of Revenue			
Withholding Tax Receipts			
dollars are in millions			
	2014	2015	% Change
January	\$196.1	\$196.4	0.2%
February	\$386.0	\$387.9	0.5%
March	\$569.9	\$580.1	1.8%
April	\$751.3	\$752.5	0.2%
May	\$897.8	\$915.6	2.0%
June	\$1,079.5	\$1,088.2	0.8%
July	\$1,247.7	\$1,259.1	0.9%
August	\$1,420.3	\$1,443.3	1.6%
September	\$1,599.9	\$1,605.4	0.3%
October	\$1,771.8	\$1,777.3	0.3%
November	\$1,951.6	\$1,963.4	0.6%
December	\$2,147.7	\$2,153.4	0.3%
Tax Rates	2014	2015	
	2.7%	2.7%	
	4.8%	4.6%	

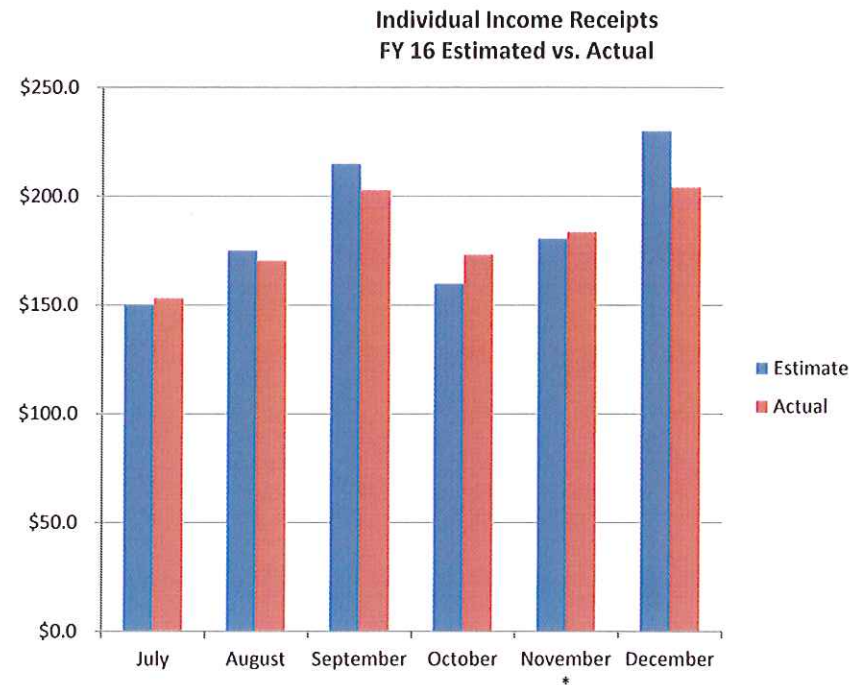


Individual Income Receipts FY 16 Estimated vs Actual

Kansas Department of Revenue
Individual Income Tax
FY 2016 Estimates Compared to Actual Receipts
dollars are in millions

	Estimate	Actual	% Change
July	\$150.0	\$153.1	2.1%
August	\$175.0	\$170.4	-2.6%
September	\$215.0	\$202.8	-5.7%
October	\$160.0	\$173.2	8.3%
November *	\$180.6	\$183.6	1.7%
December	\$230.0	\$204.1	-11.3%
Total	\$1,110.6	\$1,087.2	-2.1%

* New Consensus Estimate

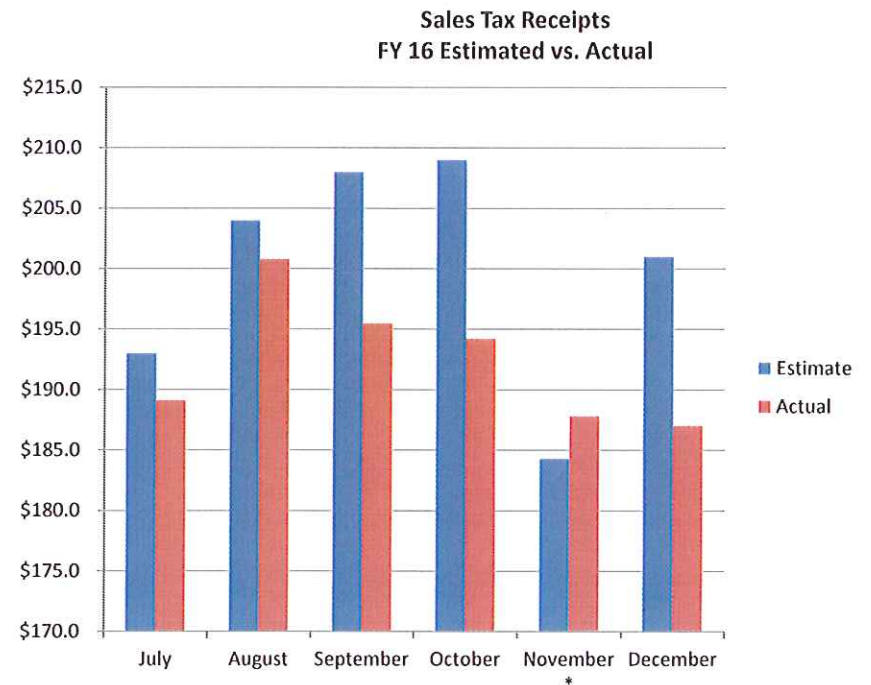


Sales Tax Receipts Estimated vs Actual

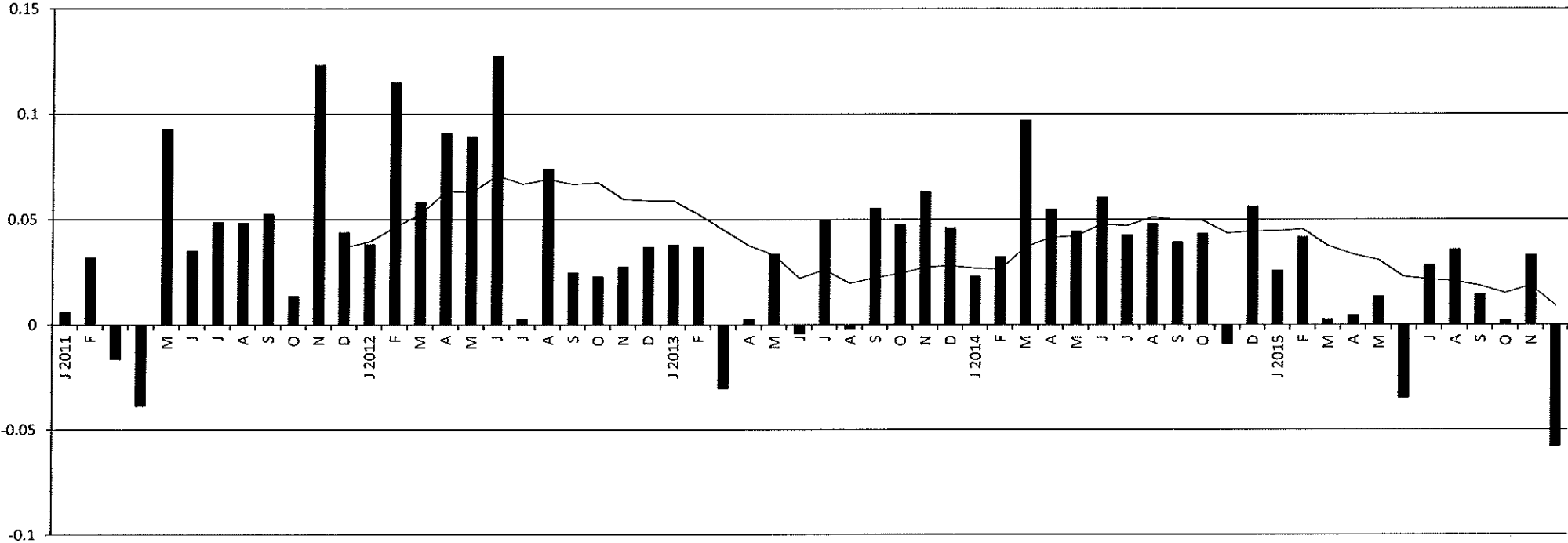
Kansas Department of Revenue
Sales Tax
FY 2016 Estimates Compared to Actual Receipts
dollars are in millions

	Estimate	Actual	% Change
July	\$193.0	\$189.1	-2.0%
August	\$204.0	\$200.8	-1.6%
September	\$208.0	\$195.5	-6.0%
October	\$209.0	\$194.2	-7.1%
November *	\$184.3	\$187.8	1.9%
December	\$201.0	\$187.0	-7.0%
Total	\$1,199.3	\$1,154.4	-3.7%

* New Consensus Estimate



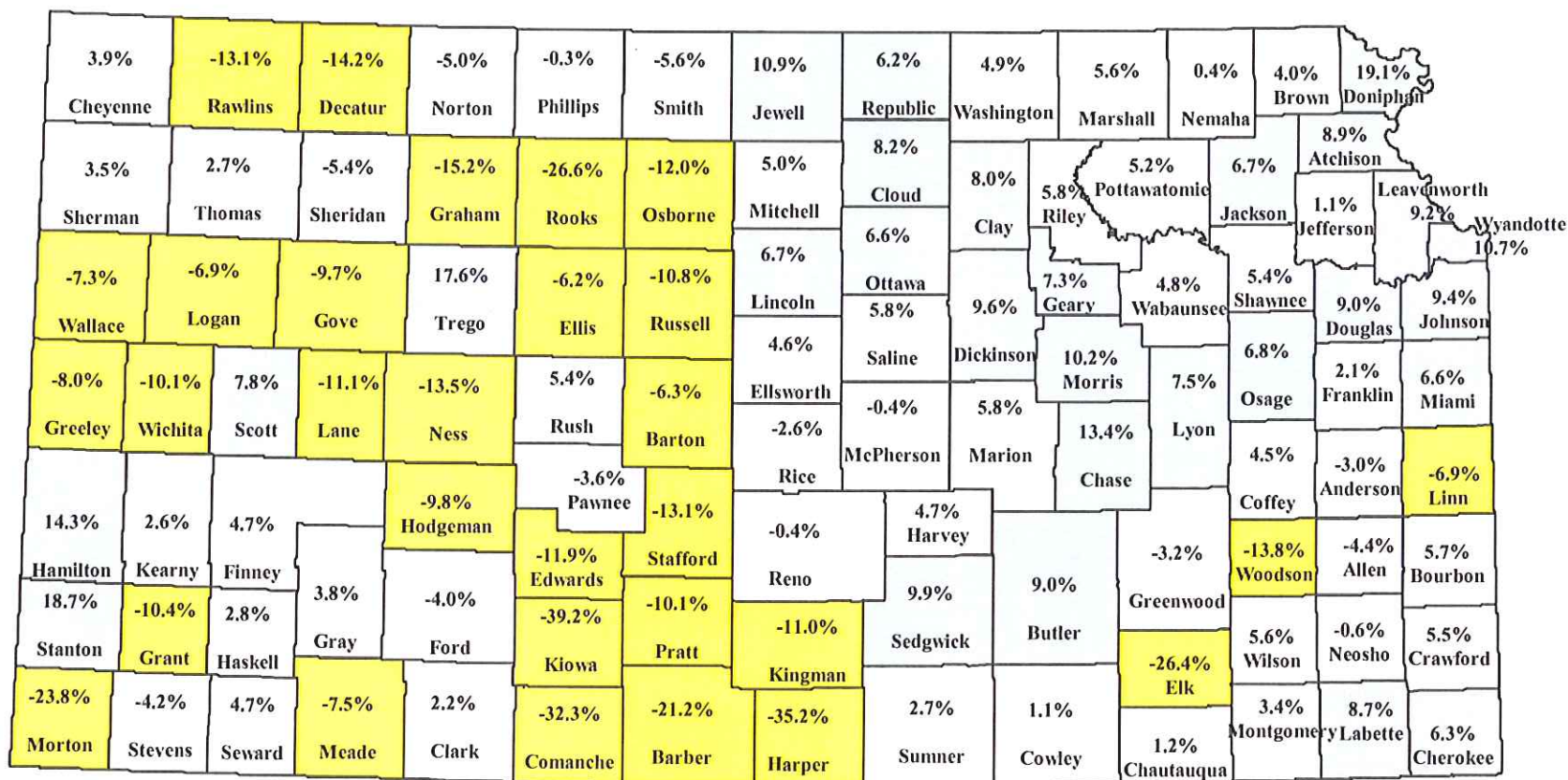
Kansas Department of Revenue
Percent Change in Taxable Sales from Same Month of Previous Year



State Sales Tax Collections, Percent Change by County
Fiscal-Year-to-Date 2016/2015 percentage change
(July – September)

The sales tax rate increased from 6.15% to 6.50% July 1, 2015, creating a total statewide 6.2% increase during July – September 2015.

Legend:  Counties with an increase of 6.0% or greater
 Counties with a decrease of 6.0% or greater



Kansas Department of Revenue
Office of Policy and Research
State Sales Tax Collections by Tax Month

County Name	Month of September-14	Month of September-15	Per Cent Change** (July 14 - September 2014; (July 15 - September 15)	Fiscal Year to Date		Per Cent Change*
				Fiscal Year 2015 (July 14 - September 2014; (July 15 - September 15)	Fiscal Year 2016 (July 15 - September 15)	
Allen	\$ 872,635.10	\$ 840,571.97	-3.7%	\$ 2,676,867.64	\$ 2,558,988.54	-4.4%
Anderson	\$ 407,359.62	\$ 382,997.12	-6.0%	\$ 1,181,960.79	\$ 1,146,592.28	-3.0%
Atchison	\$ 753,666.65	\$ 861,736.77	14.3%	\$ 2,289,973.33	\$ 2,494,917.96	8.9%
Barber	\$ 499,857.12	\$ 467,702.81	-6.4%	\$ 1,612,869.55	\$ 1,270,451.06	-21.2%
Barton	\$ 2,640,414.68	\$ 2,399,268.65	-9.1%	\$ 8,010,595.42	\$ 7,505,170.64	-6.3%
Bourbon	\$ 699,493.97	\$ 751,278.71	7.4%	\$ 2,152,358.92	\$ 2,275,333.96	5.7%
Brown	\$ 562,913.39	\$ 599,691.02	6.5%	\$ 1,631,853.84	\$ 1,697,298.99	4.0%
Butler	\$ 3,654,737.60	\$ 3,879,741.64	6.2%	\$ 10,900,227.03	\$ 11,885,520.05	9.0%
Chase	\$ 107,042.80	\$ 134,778.51	25.9%	\$ 283,232.74	\$ 321,291.96	13.4%
Chautauqua	\$ 170,332.59	\$ 127,996.23	-24.9%	\$ 407,150.14	\$ 411,934.75	1.2%
Cherokee	\$ 638,554.04	\$ 655,350.67	2.6%	\$ 1,871,445.81	\$ 1,988,615.51	6.3%
Cheyenne	\$ 153,496.69	\$ 156,528.90	2.0%	\$ 420,520.24	\$ 437,032.89	3.9%
Clark	\$ 96,784.58	\$ 99,421.39	2.7%	\$ 285,417.04	\$ 291,788.83	2.2%
Clay	\$ 431,538.43	\$ 467,091.65	8.2%	\$ 1,270,881.70	\$ 1,372,709.16	8.0%
Cloud	\$ 619,471.15	\$ 668,782.10	8.0%	\$ 1,933,128.02	\$ 2,091,505.53	8.2%
Coffey	\$ 503,778.46	\$ 560,945.70	11.3%	\$ 1,499,250.26	\$ 1,566,067.20	4.5%
Comanche	\$ 203,072.37	\$ 137,711.20	-32.2%	\$ 577,621.95	\$ 391,074.41	-32.3%
Cowley	\$ 2,039,630.85	\$ 2,056,130.34	0.8%	\$ 5,910,446.17	\$ 5,976,859.56	1.1%
Crawford	\$ 2,290,549.56	\$ 2,414,861.23	5.4%	\$ 6,805,149.69	\$ 7,181,474.44	5.5%
Decatur	\$ 167,668.56	\$ 141,331.54	-15.7%	\$ 460,310.09	\$ 395,088.82	-14.2%
Dickinson	\$ 920,666.96	\$ 1,032,083.15	12.1%	\$ 2,812,561.56	\$ 3,081,619.61	9.6%
Doniphan	\$ 225,206.95	\$ 261,247.96	16.0%	\$ 676,426.56	\$ 805,674.38	19.1%
Douglas	\$ 7,922,455.37	\$ 8,690,742.31	9.7%	\$ 23,372,394.09	\$ 25,468,496.40	9.0%
Edwards	\$ 156,165.90	\$ 128,986.15	-17.4%	\$ 431,520.63	\$ 379,981.33	-11.9%
Elk	\$ 129,217.60	\$ 89,387.95	-30.8%	\$ 364,547.26	\$ 268,335.64	-26.4%
Ellis	\$ 3,548,534.09	\$ 3,151,469.66	-11.2%	\$ 10,788,359.90	\$ 10,118,584.34	-6.2%
Ellsworth	\$ 346,468.06	\$ 336,211.32	-3.0%	\$ 1,043,950.22	\$ 1,092,112.68	4.6%
Finney	\$ 3,628,644.22	\$ 3,730,906.59	2.8%	\$ 11,023,709.72	\$ 11,541,803.42	4.7%
Ford	\$ 2,661,408.87	\$ 2,555,288.49	-4.0%	\$ 8,353,651.29	\$ 8,021,908.16	-4.0%
Franklin	\$ 1,502,351.91	\$ 1,455,134.08	-3.1%	\$ 4,329,721.36	\$ 4,422,300.12	2.1%
Geary	\$ 2,099,934.53	\$ 2,196,359.63	4.6%	\$ 6,297,797.62	\$ 6,754,723.73	7.3%
Gove	\$ 267,316.44	\$ 240,330.11	-10.1%	\$ 799,352.09	\$ 721,528.01	-9.7%
Graham	\$ 241,447.91	\$ 195,636.25	-19.0%	\$ 683,312.20	\$ 579,346.91	-15.2%
Grant	\$ 457,247.01	\$ 403,198.06	-11.8%	\$ 1,456,245.31	\$ 1,305,084.60	-10.4%
Gray	\$ 298,061.98	\$ 314,695.67	5.6%	\$ 867,994.70	\$ 901,022.21	3.8%
Greeley	\$ 70,276.40	\$ 73,766.12	5.0%	\$ 250,856.43	\$ 230,875.96	-8.0%
Greenwood	\$ 263,328.89	\$ 262,757.55	-0.2%	\$ 754,525.10	\$ 730,605.45	-3.2%
Hamilton	\$ 133,590.44	\$ 152,128.02	13.9%	\$ 386,021.17	\$ 441,251.67	14.3%
Harper	\$ 603,820.74	\$ 374,722.88	-37.9%	\$ 1,877,604.86	\$ 1,217,086.37	-35.2%
Harvey	\$ 1,919,069.74	\$ 2,052,843.95	7.0%	\$ 5,854,874.64	\$ 6,131,260.05	4.7%
Haskell	\$ 270,414.05	\$ 269,724.79	-0.3%	\$ 791,688.85	\$ 813,697.65	2.8%
Hodgeman	\$ 92,052.15	\$ 75,974.34	-17.5%	\$ 247,972.45	\$ 223,609.45	-9.8%
Jackson	\$ 516,189.71	\$ 580,920.63	12.5%	\$ 1,559,145.20	\$ 1,663,824.76	6.7%
Jefferson	\$ 515,240.52	\$ 523,171.02	1.5%	\$ 1,541,424.81	\$ 1,558,077.55	1.1%
Jewell	\$ 97,659.24	\$ 106,132.47	8.7%	\$ 271,802.11	\$ 301,383.56	10.9%
Johnson	\$ 54,580,415.31	\$ 59,461,848.92	8.9%	\$ 163,394,451.39	\$ 178,820,174.89	9.4%
Kearny	\$ 146,400.34	\$ 153,067.17	4.6%	\$ 459,084.47	\$ 470,952.15	2.6%
Kingman	\$ 500,669.28	\$ 440,647.22	-12.0%	\$ 1,302,879.87	\$ 1,159,221.98	-11.0%
Kiowa	\$ 189,702.67	\$ 133,010.37	-29.9%	\$ 636,137.07	\$ 386,890.37	-39.2%
Labette	\$ 1,025,299.59	\$ 1,086,102.40	5.9%	\$ 3,043,280.00	\$ 3,307,032.84	8.7%
Lane	\$ 112,935.37	\$ 100,289.38	-11.2%	\$ 343,361.15	\$ 305,079.58	-11.1%
Leavenworth	\$ 3,091,807.50	\$ 3,369,574.29	9.0%	\$ 9,260,047.74	\$ 10,112,739.61	9.2%
Lincoln	\$ 106,398.11	\$ 97,349.43	-8.5%	\$ 340,183.12	\$ 363,067.78	6.7%
Linn	\$ 474,646.73	\$ 435,185.09	-8.3%	\$ 1,301,698.27	\$ 1,212,368.35	-6.9%
Logan	\$ 252,577.74	\$ 278,381.70	10.2%	\$ 777,325.59	\$ 723,682.19	-6.9%
Lyon	\$ 2,172,577.30	\$ 2,342,578.73	7.8%	\$ 6,682,503.41	\$ 7,183,288.29	7.5%
Marion	\$ 463,475.84	\$ 509,019.32	9.8%	\$ 1,382,096.16	\$ 1,461,706.24	5.8%
Marshall	\$ 708,720.34	\$ 734,248.10	3.6%	\$ 2,034,819.43	\$ 2,148,035.65	5.6%
Mcpherson	\$ 2,435,362.97	\$ 2,376,445.16	-2.4%	\$ 7,074,040.27	\$ 7,044,060.73	-0.4%
Meade	\$ 226,191.68	\$ 196,187.76	-13.3%	\$ 651,659.00	\$ 603,019.64	-7.5%

Kansas Department of Revenue
Office of Policy and Research
State Sales Tax Collections by Tax Month

County Name	Month of		Month of	Per Cent Change*	Fiscal Year to Date		Per Cent Change*
	September-14	September-15			Fiscal Year 2015 (July 14 - September 2014)	Fiscal Year 2016 (July 15 - September 15)	
Miami	\$ 1,645,438.83	\$ 1,812,856.69		10.2%	\$ 4,908,805.87	\$ 5,232,219.64	6.6%
Mitchell	\$ 525,938.64	\$ 526,570.60		0.1%	\$ 1,462,996.72	\$ 1,535,483.35	5.0%
Montgomery	\$ 2,008,132.78	\$ 2,122,455.63		5.7%	\$ 6,224,459.38	\$ 6,433,123.49	3.4%
Morris	\$ 259,537.12	\$ 303,913.27		17.1%	\$ 770,285.93	\$ 849,208.67	10.2%
Morton	\$ 190,012.85	\$ 153,452.29		-19.2%	\$ 578,553.80	\$ 440,907.26	-23.8%
Nemaha	\$ 628,745.00	\$ 663,802.87		5.6%	\$ 1,872,533.17	\$ 1,879,218.41	0.4%
Neosho	\$ 1,015,208.27	\$ 1,006,318.59		-0.9%	\$ 3,071,368.75	\$ 3,051,571.57	-0.6%
Ness	\$ 407,676.02	\$ 308,709.64		-24.3%	\$ 1,147,060.63	\$ 991,822.16	-13.5%
Norton	\$ 327,250.36	\$ 326,886.85		-0.1%	\$ 955,305.07	\$ 907,129.52	-5.0%
Osage	\$ 492,048.29	\$ 499,582.68		1.5%	\$ 1,367,057.19	\$ 1,459,498.23	6.8%
Osborne	\$ 265,937.39	\$ 207,343.34		-22.0%	\$ 716,922.08	\$ 630,659.91	-12.0%
Ottawa	\$ 181,894.15	\$ 176,022.59		-3.2%	\$ 476,689.99	\$ 508,081.77	6.6%
Pawnee	\$ 352,357.36	\$ 332,929.38		-5.5%	\$ 992,081.83	\$ 956,861.88	-3.6%
Phillips	\$ 300,418.33	\$ 313,372.78		4.3%	\$ 910,266.92	\$ 907,816.01	-0.3%
Pottawatomie	\$ 2,425,372.51	\$ 2,474,053.18		2.0%	\$ 7,194,402.68	\$ 7,565,348.39	5.2%
Pratt	\$ 973,876.37	\$ 831,576.56		-14.6%	\$ 2,927,494.48	\$ 2,632,258.39	-10.1%
Rawlins	\$ 173,218.08	\$ 142,132.81		-17.9%	\$ 499,842.96	\$ 434,580.18	-13.1%
Reno	\$ 5,152,053.58	\$ 5,134,971.74		-0.3%	\$ 14,565,287.46	\$ 14,513,627.28	-0.4%
Republic	\$ 266,144.57	\$ 295,689.06		11.1%	\$ 763,416.87	\$ 810,712.70	6.2%
Rice	\$ 520,011.83	\$ 484,517.05		-6.8%	\$ 1,498,266.59	\$ 1,458,694.08	-2.6%
Riley	\$ 4,586,271.50	\$ 5,484,209.33		19.6%	\$ 13,703,302.48	\$ 14,493,822.60	5.8%
Rooks	\$ 475,727.36	\$ 336,938.17		-29.2%	\$ 1,365,190.14	\$ 1,002,131.60	-26.6%
Rush	\$ 118,595.69	\$ 134,251.31		13.2%	\$ 382,640.14	\$ 403,361.41	5.4%
Russell	\$ 521,529.75	\$ 454,198.29		-12.9%	\$ 1,523,463.54	\$ 1,358,355.06	-10.8%
Saline	\$ 5,392,266.63	\$ 5,584,885.86		3.6%	\$ 16,039,124.23	\$ 16,967,899.64	5.8%
Scott	\$ 390,133.71	\$ 434,393.01		11.3%	\$ 1,149,022.84	\$ 1,238,703.39	7.8%
Sedgwick	\$ 41,947,819.32	\$ 45,205,175.00		7.8%	\$ 124,297,800.36	\$ 136,560,681.12	9.9%
Seward	\$ 2,029,748.02	\$ 2,063,638.89		1.7%	\$ 6,084,318.50	\$ 6,369,317.36	4.7%
Shawnee	\$ 13,433,146.42	\$ 14,304,168.27		6.5%	\$ 40,915,830.57	\$ 43,118,397.01	5.4%
Sheridan	\$ 172,302.83	\$ 172,978.01		0.4%	\$ 529,787.01	\$ 501,328.23	-5.4%
Sherman	\$ 582,420.84	\$ 560,375.09		-3.8%	\$ 1,784,459.50	\$ 1,847,359.59	3.5%
Smith	\$ 196,476.30	\$ 192,993.38		-1.8%	\$ 586,253.87	\$ 553,249.52	-5.6%
Stafford	\$ 272,524.50	\$ 214,082.57		-21.4%	\$ 699,246.61	\$ 607,850.98	-13.1%
Stanton	\$ 99,126.94	\$ 130,431.14		31.6%	\$ 332,319.78	\$ 394,332.00	18.7%
Stevens	\$ 424,045.25	\$ 394,221.23		-7.0%	\$ 1,269,666.90	\$ 1,216,030.68	-4.2%
Sumner	\$ 1,129,325.65	\$ 1,164,788.37		3.1%	\$ 3,283,283.12	\$ 3,370,381.63	2.7%
Thomas	\$ 882,169.10	\$ 996,270.51		12.9%	\$ 2,919,850.76	\$ 2,999,058.14	2.7%
Trego	\$ 221,954.77	\$ 240,406.02		8.3%	\$ 652,258.27	\$ 767,108.24	17.6%
Wabaunsee	\$ 183,939.91	\$ 212,090.20		15.3%	\$ 559,527.43	\$ 586,221.31	4.8%
Wallace	\$ 83,222.08	\$ 93,042.70		11.8%	\$ 289,776.42	\$ 268,733.28	-7.3%
Washington	\$ 229,548.80	\$ 269,346.69		17.3%	\$ 662,402.32	\$ 695,104.56	4.9%
Wichita	\$ 134,425.34	\$ 120,970.08		-10.0%	\$ 404,793.95	\$ 363,771.87	-10.1%
Wilson	\$ 454,609.18	\$ 479,715.66		5.5%	\$ 1,170,579.77	\$ 1,235,660.41	5.6%
Woodson	\$ 149,560.58	\$ 120,166.84		-19.7%	\$ 405,737.45	\$ 349,741.73	-13.8%
Wyandotte	\$ 10,829,036.52	\$ 12,336,774.04		13.9%	\$ 33,697,074.99	\$ 37,315,447.57	10.7%
Not Designated	\$ 700,445.65	\$ 740,640.58		5.7%	\$ 1,944,918.19	\$ 2,068,833.15	6.4%
Total	\$ 216,638,593.63	\$ 229,329,981.18		5.9%	\$ 647,258,014.95	\$ 687,186,935.81	6.2%

Percentages not comparable due to state sales tax rate increased July 1, 2015 from 6.15% to 6.5%

Kansas Department of Revenue
Sales and Use Tax Receipts
Iowa, Missouri, Nebraska, and Kansas

<u>Month</u>	Nebraska		
	Sales and Use Net	2015	% Change
January	\$168.9	\$163.8	-3.0%
February	\$103.8	\$110.3	6.3%
March	\$123.0	\$112.8	-8.3%
April	\$133.3	\$144.0	8.0%
May	\$112.2	\$113.2	0.9%
June	\$125.8	\$113.0	-10.2%
July	\$142.2	\$146.0	2.7%
August	\$130.4	\$128.2	-1.7%
September	\$135.2	\$128.1	-5.3%
October	\$134.3	\$134.7	0.3%
November	\$110.6	\$119.5	8.0%
December	\$125.7	\$110.1	-12.4%

CY Total

\$1,545.4 \$1,523.7 -1.4%

Source: http://www.revenue.nebraska.gov/research/gen_fund.html

<u>Month</u>	Kansas		
	Sales and Use Net	2015	% Change
January	\$231.6	\$235.7	1.8%
February	\$181.0	\$188.3	4.0%
March	\$186.7	\$188.2	0.8%
April	\$204.6	\$207.0	1.2%
May	\$202.7	\$203.3	0.3%
June	\$209.5	\$202.7	-3.2%
July	\$214.8	\$220.5	2.7%
August	\$208.6	\$233.8	12.1%
September	\$209.2	\$226.3	8.2%
October	\$214.2	\$225.4	5.2%
November	\$197.7	\$219.1	10.8%
December	\$215.0	\$221.1	2.8%

CY Total

\$2,475.6 \$2,571.4 3.9%

Kansas Department of Revenue
Sales and Use Tax Receipts
Iowa, Missouri, Nebraska, and Kansas

Iowa			
Month	Sales and Use Net		% Change
	2014	2015	
January	\$170.6	\$159.2	-6.7%
February	\$314.8	\$347.2	10.3%
March	\$160.0	\$150.1	-6.2%
April	\$151.2	\$159.2	5.3%
May	\$324.0	\$343.9	6.1%
June	\$192.0	\$186.6	-2.8%
July	\$180.4	\$183.9	1.9%
August	\$329.0	\$332.4	1.0%
September	\$201.3	\$189.8	-5.7%
October	\$181.6	\$174.8	-3.7%
November	\$297.7	\$367.2	23.3%
December	\$216.8	\$188.8	-12.9%
CY Total	\$2,719.4	\$2,783.1	2.3%

Source: <http://www.dom.state.ia.us/local/tif/>

Missouri			
Month	Sales and Use Gross		% Change
	2014	2015	
January	\$164.7	\$163.6	-0.7%
February	\$167.1	\$181.8	8.8%
March	\$142.8	\$153.1	7.2%
April	\$156.0	\$140.9	-9.7%
May	\$164.3	\$177.9	8.3%
June	\$194.8	\$187.9	-3.5%
July	\$150.9	\$148.2	-1.8%
August	\$192.5	\$212.8	10.5%
September	\$169.4	\$162.9	-3.8%
October	\$153.2	\$152.7	-0.3%
November	\$158.2	\$170.4	7.7%
December	\$184.9	\$193.1	4.4%
CY Total	\$1,998.8	\$2,045.3	2.3%

Source: <http://oa.mo.gov/budget-planning/revenue-information>

Kansas Economic Activity

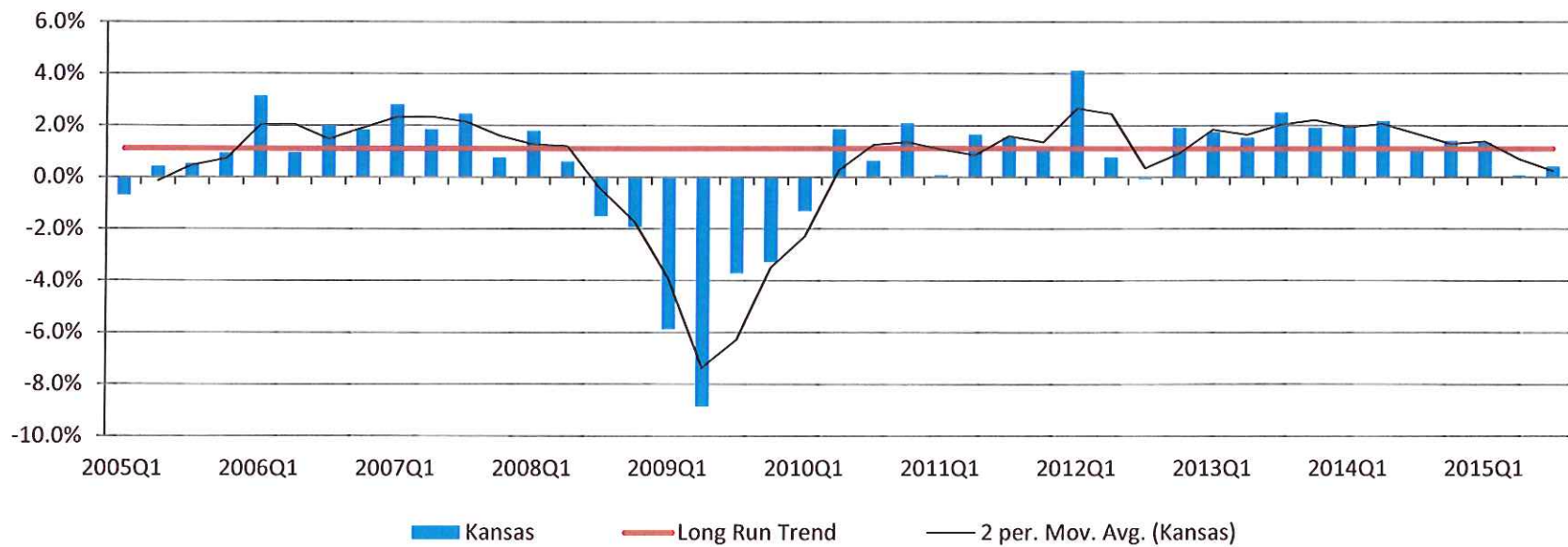
Senate Commerce Committee

Michael Austin

*Economic Research Fellow and Financial
Economist*

Kansas Economic Activity

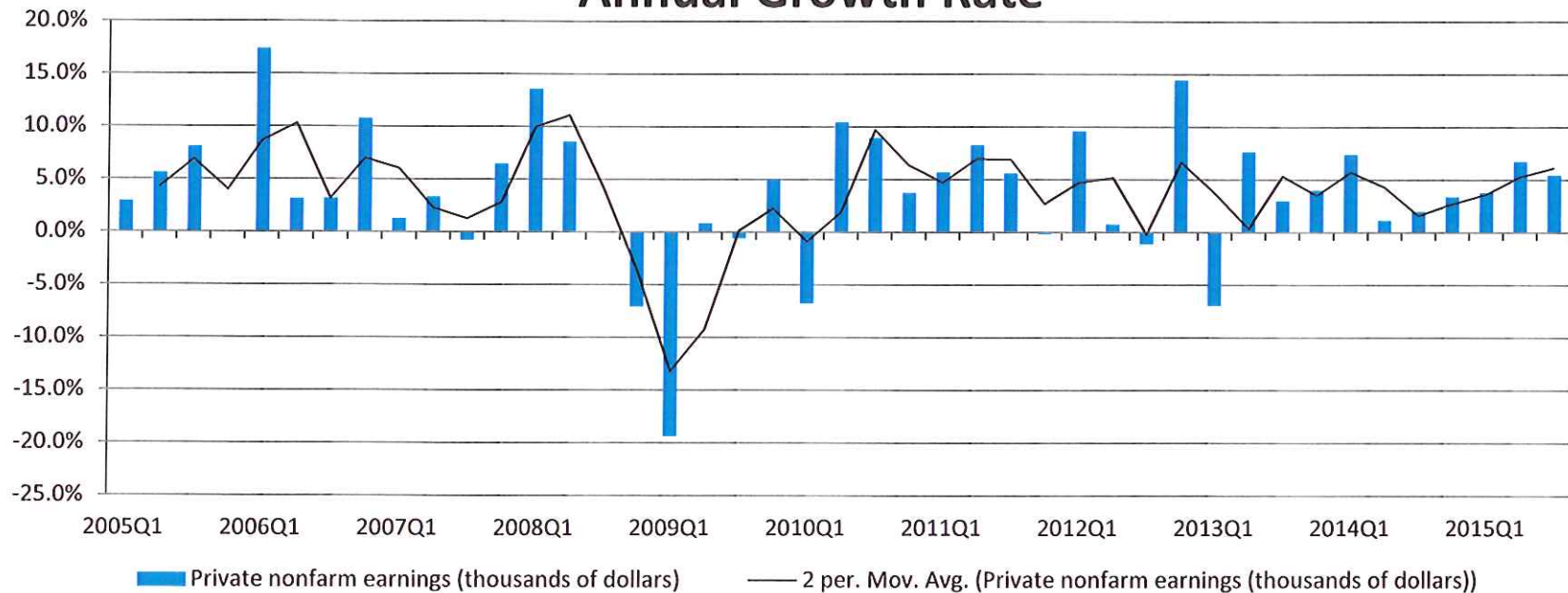
Total Private Payrolls Kansas Annual Growth Rate



Source: U.S. D.O.L. Bureau of Labor Statistics

Kansas Economic Activity

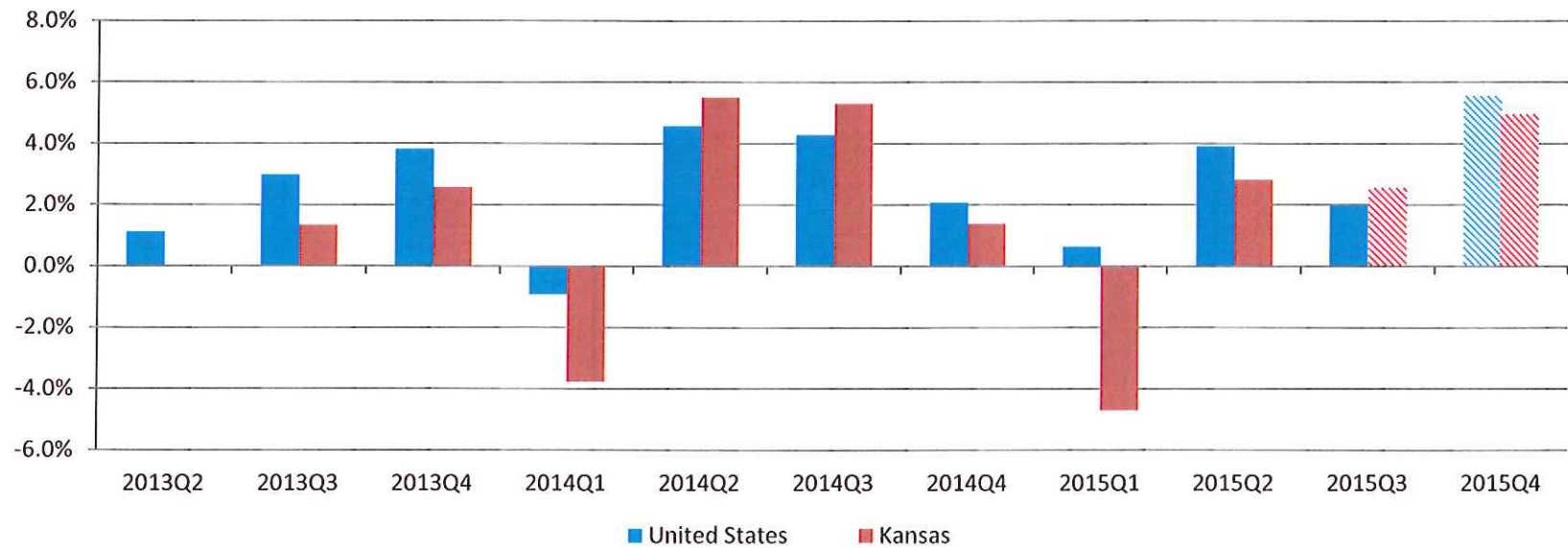
Private Nonfarm Earnings Kansas Annual Growth Rate



Source: U.S. Bureau of Economic Analysis

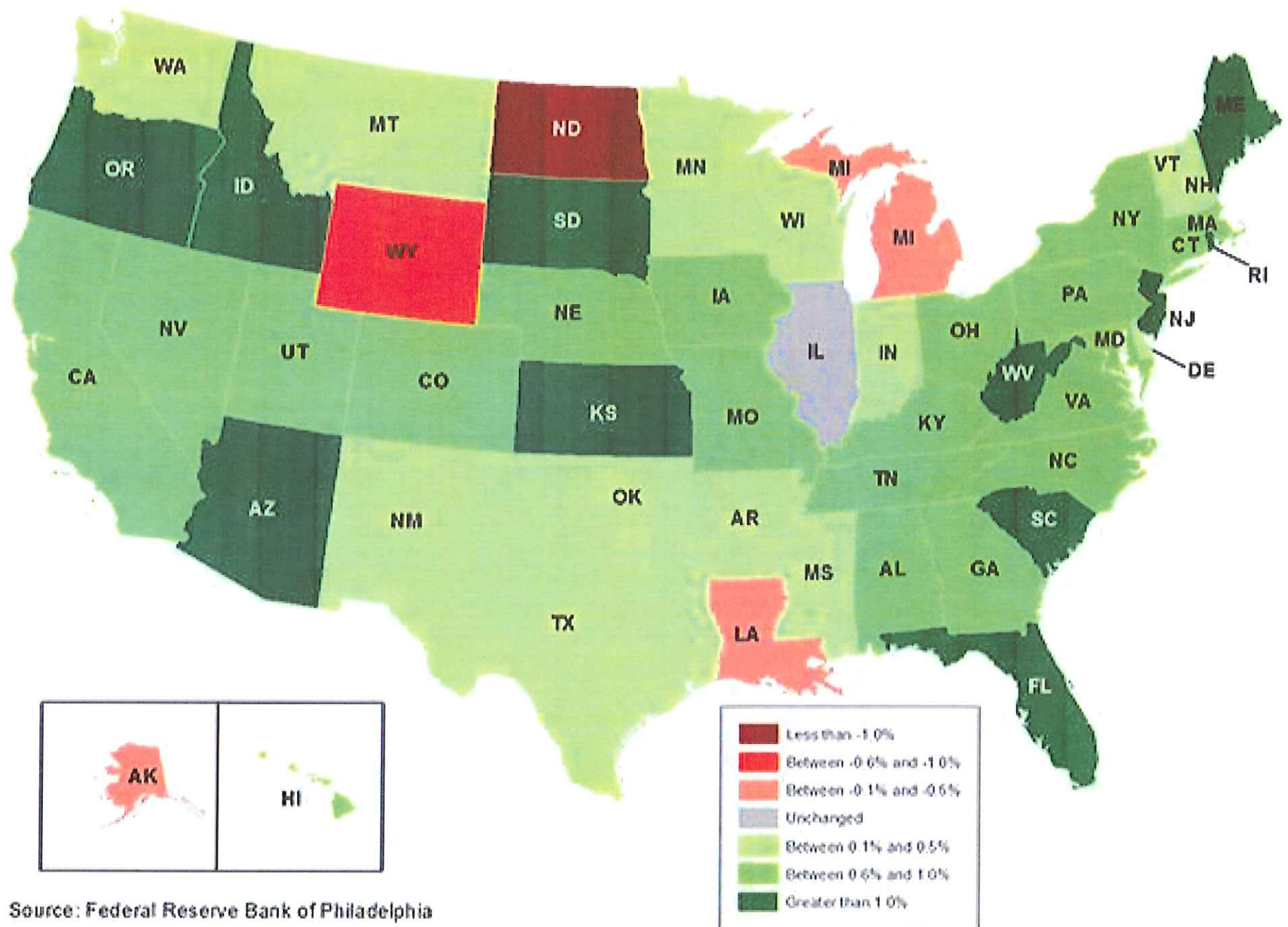
Kansas Economic Activity

Real GDP Kansas Annual Growth Rate



Source: U.S. Bureau of Economic Analysis

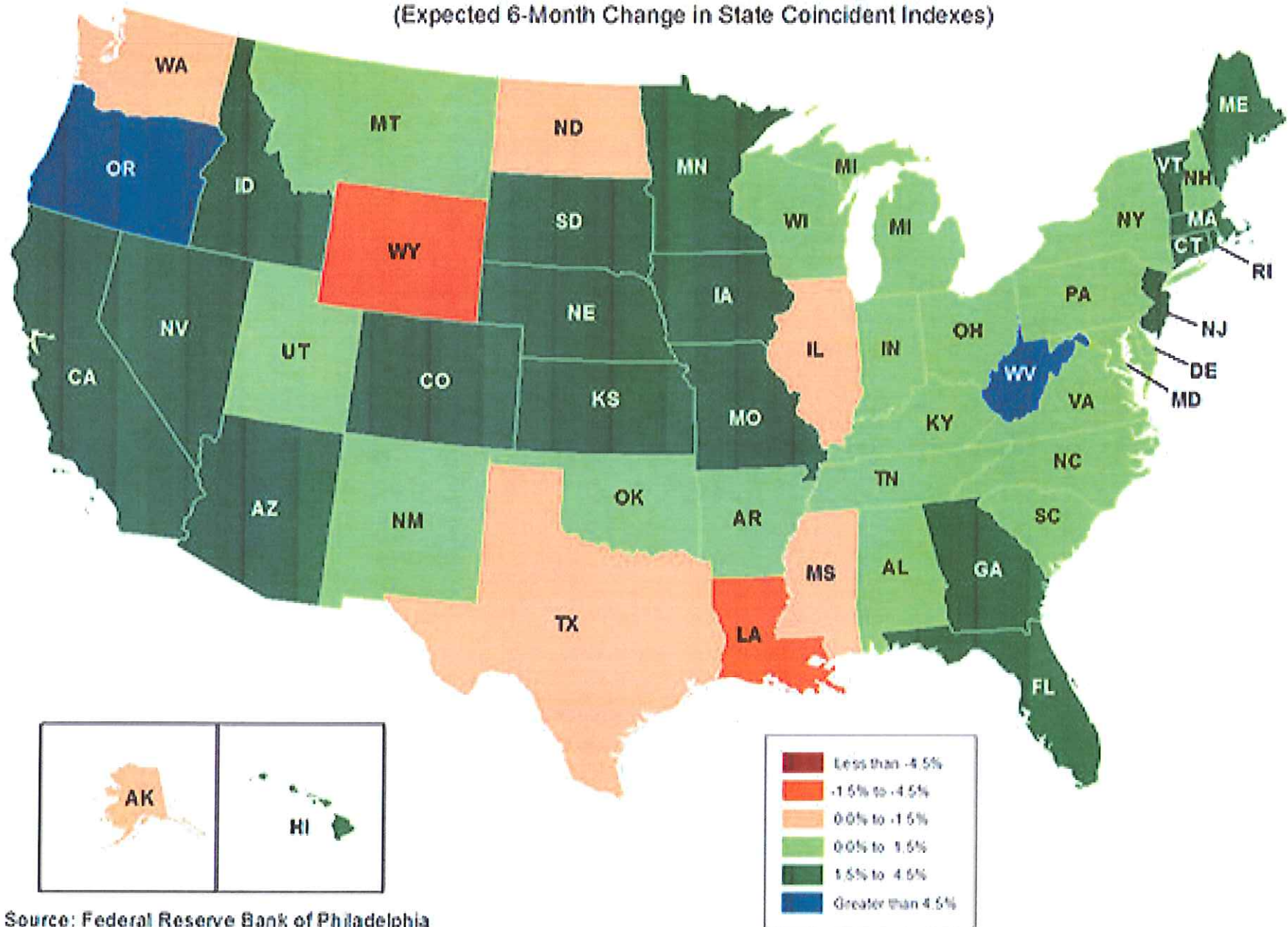
November 2015 State Coincident Indexes: Three-Month Change



Source: Federal Reserve Bank of Philadelphia

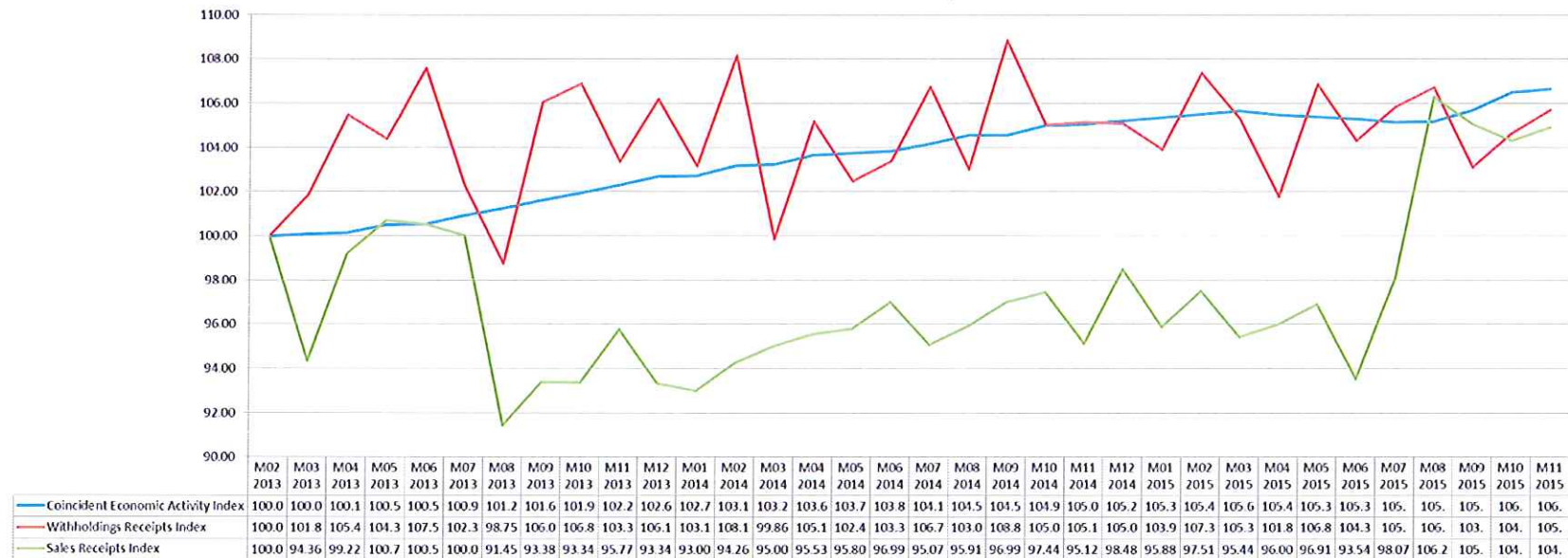
November 2015 State Leading Indexes

(Expected 6-Month Change in State Coincident Indexes)



Kansas Economic Activity

Kansas Economic Activity
Values are Indexed to February 2013



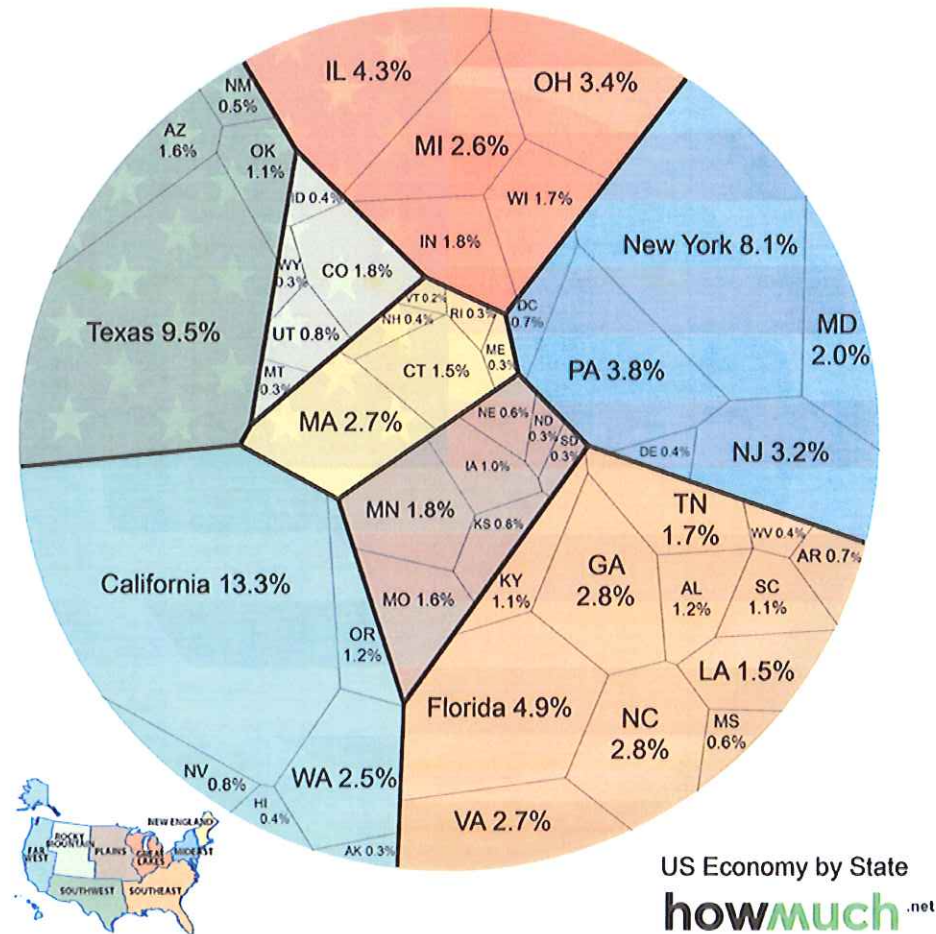
Data is Seasonally Adjusted

Source: Kansas Department of Revenue, Office of Policy and Research

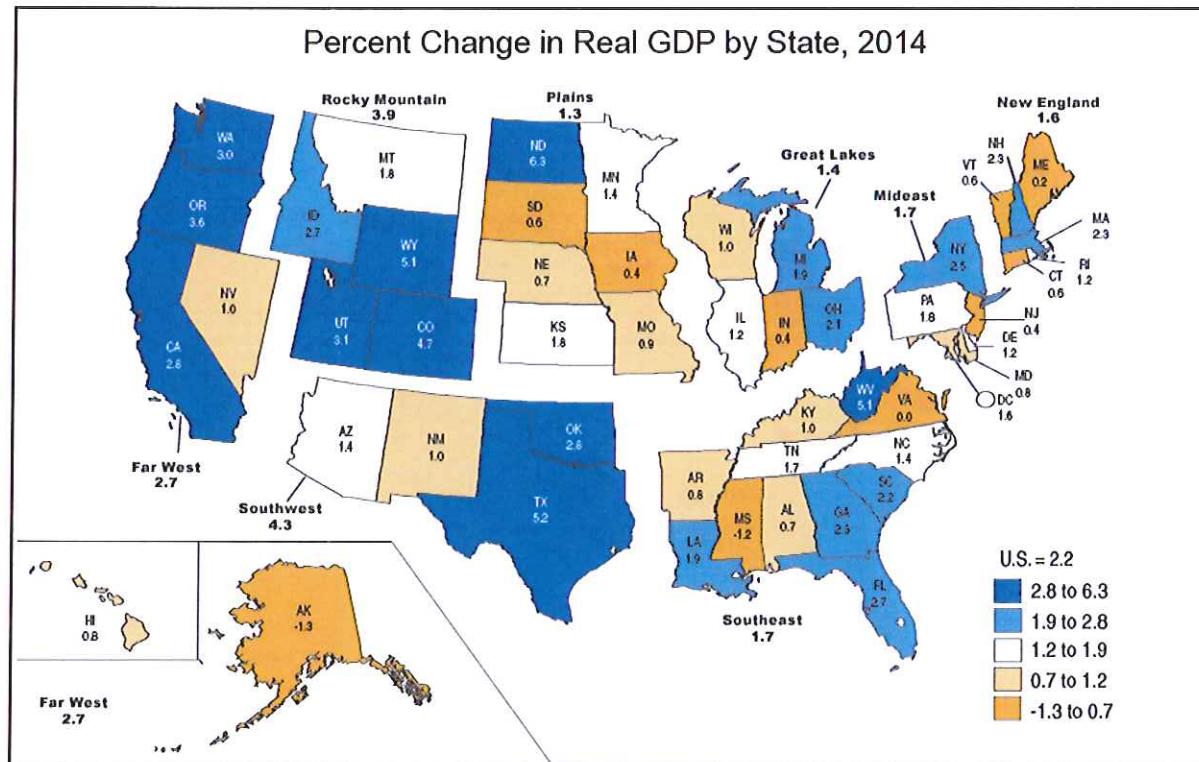
Kansas Economic Activity

ECONOMIC HEADWINDS

Economic Headwinds

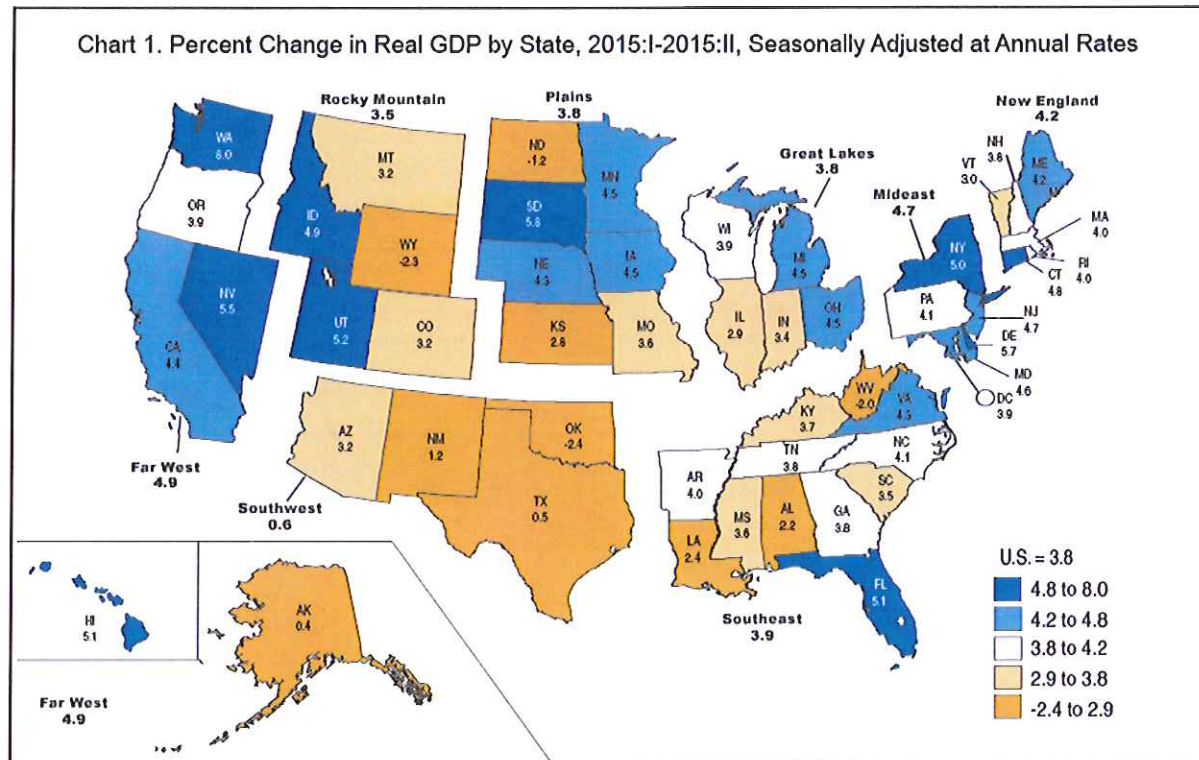


Economic Headwinds



U.S. Bureau of Economic Analysis

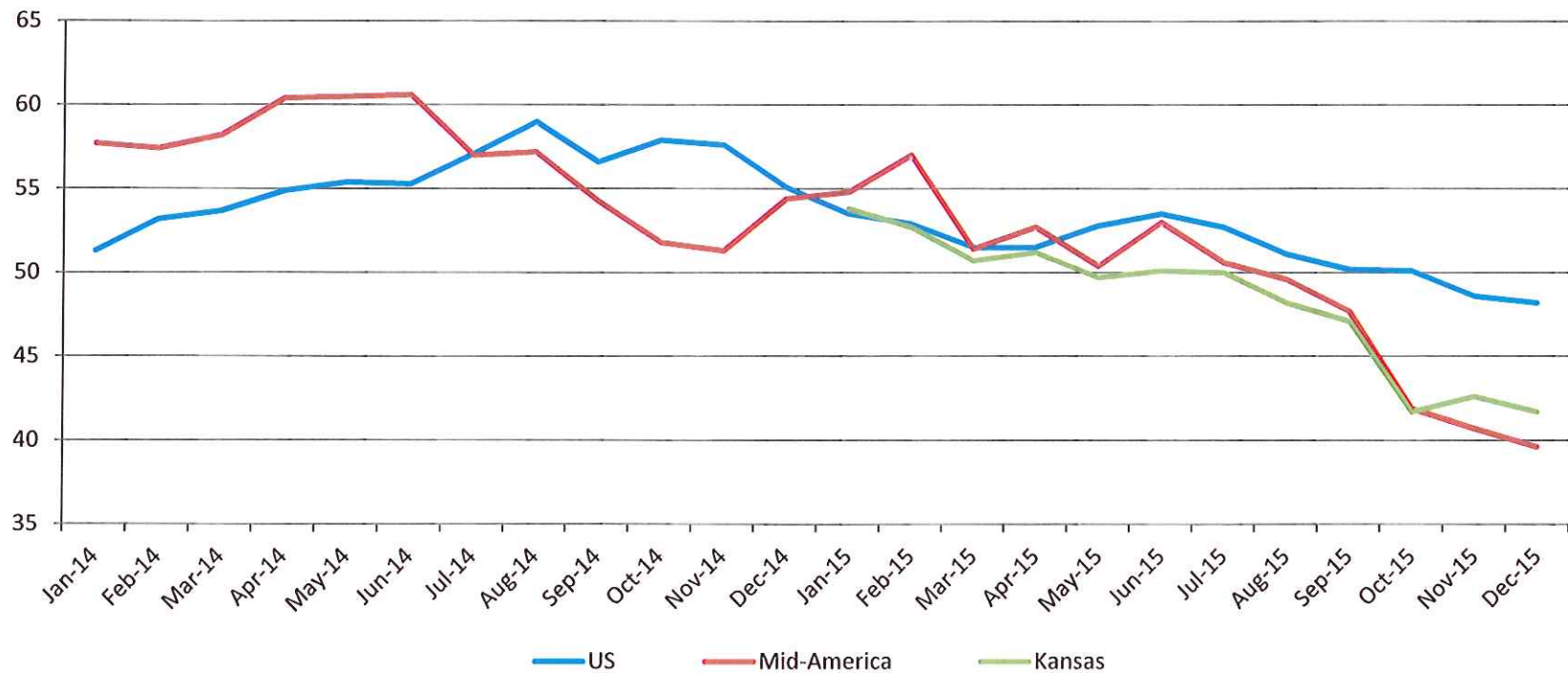
Economic Headwinds



U.S. Bureau of Economic Analysis

Economic Headwinds

Mid-America & Rural Mainstreet Indicators Leading Index (50.0 = Growth Neutral)

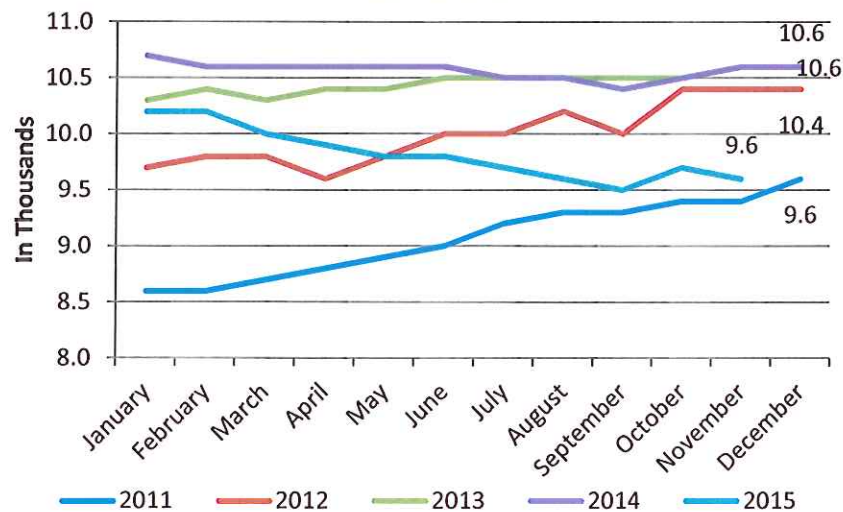


Source: Creighton University, Institute for Economic Inquiry

Economic Headwinds

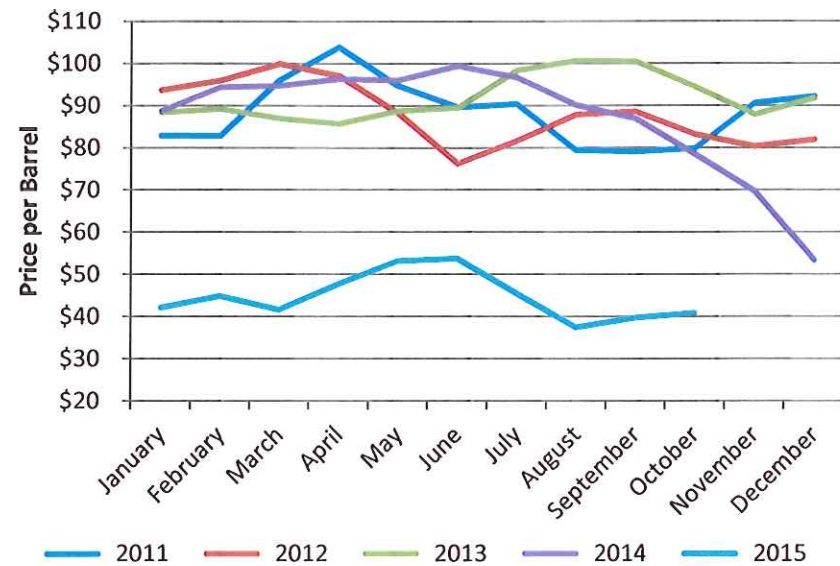
As of September 2015, Kansas ranked 10th in crude oil production, producing 3.525 Million barrels.

Mining and Logging Payrolls Kansas



Source: U.S. D.O.L. Bureau of Labor Statistics

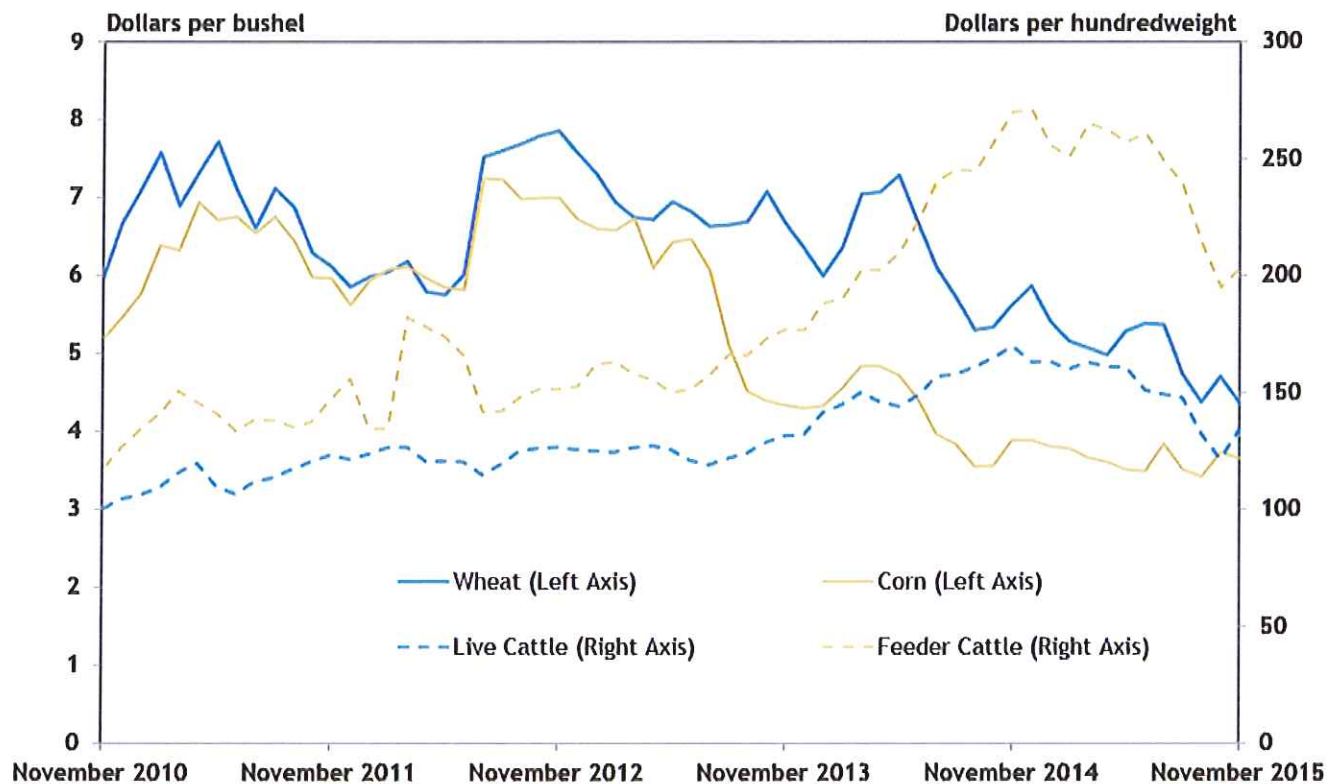
Crude Oil First Purchase Price Kansas



Source: U.S. Energy Information Administration

Economic Headwinds

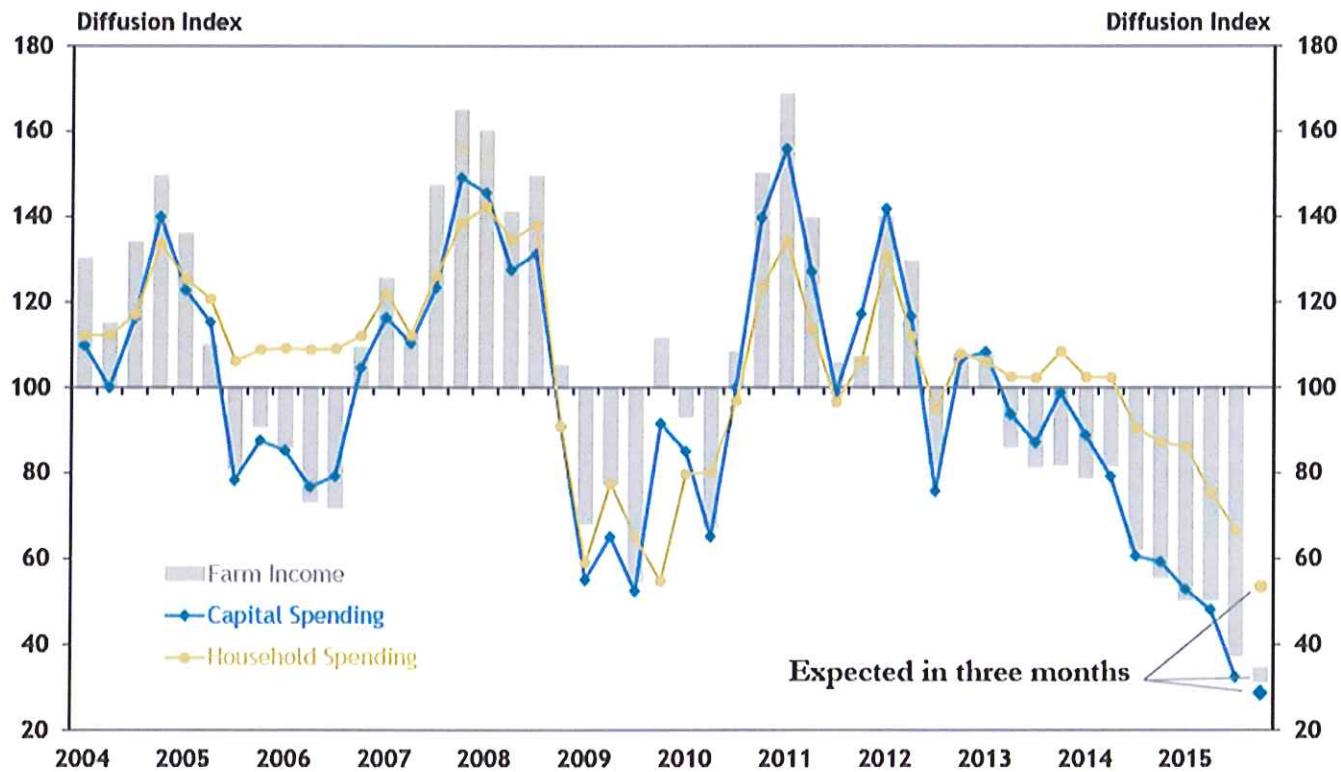
U.S. Agricultural Commodity Prices



Source: USDA.

Economic Headwinds

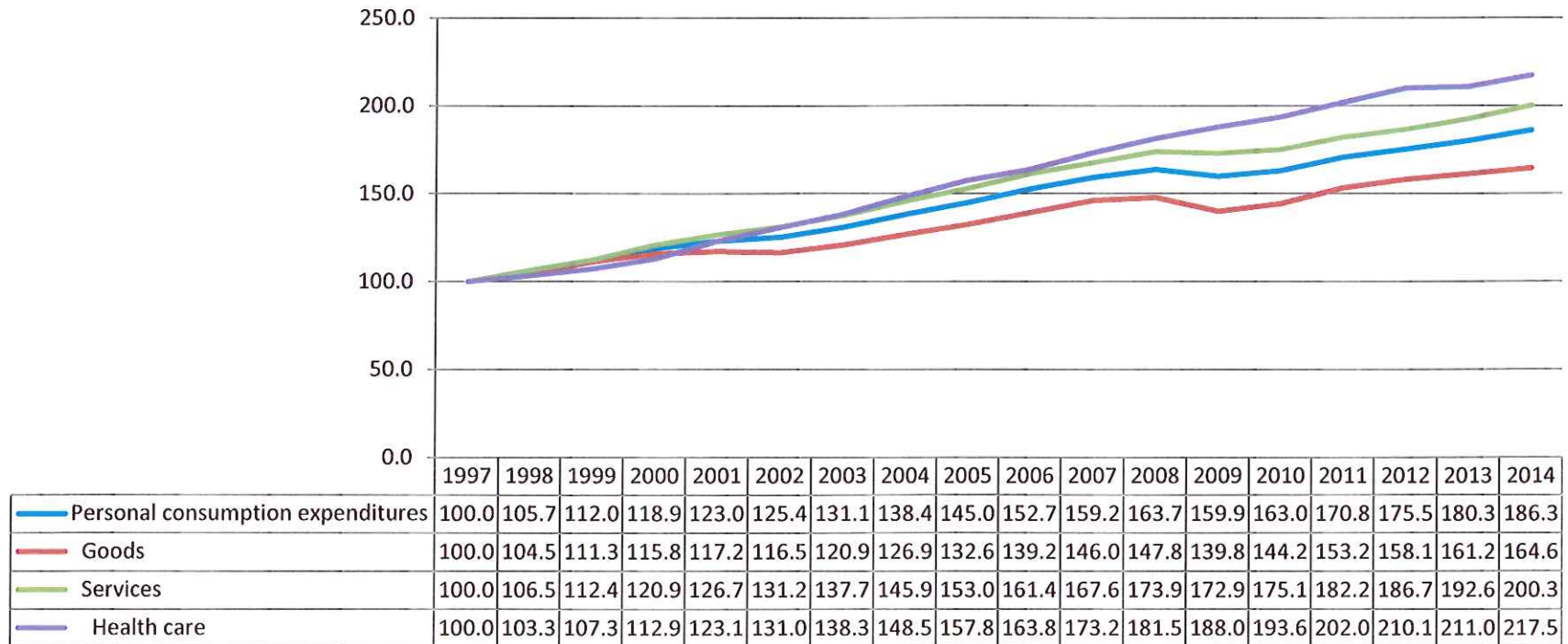
Kansas and Western Missouri Farm Income and Spending



Source: Federal Reserve Bank of Kansas City.

Economic Headwinds

Per Capita Personal Consumption Expenditures Kansas Indexed to 1997 Values

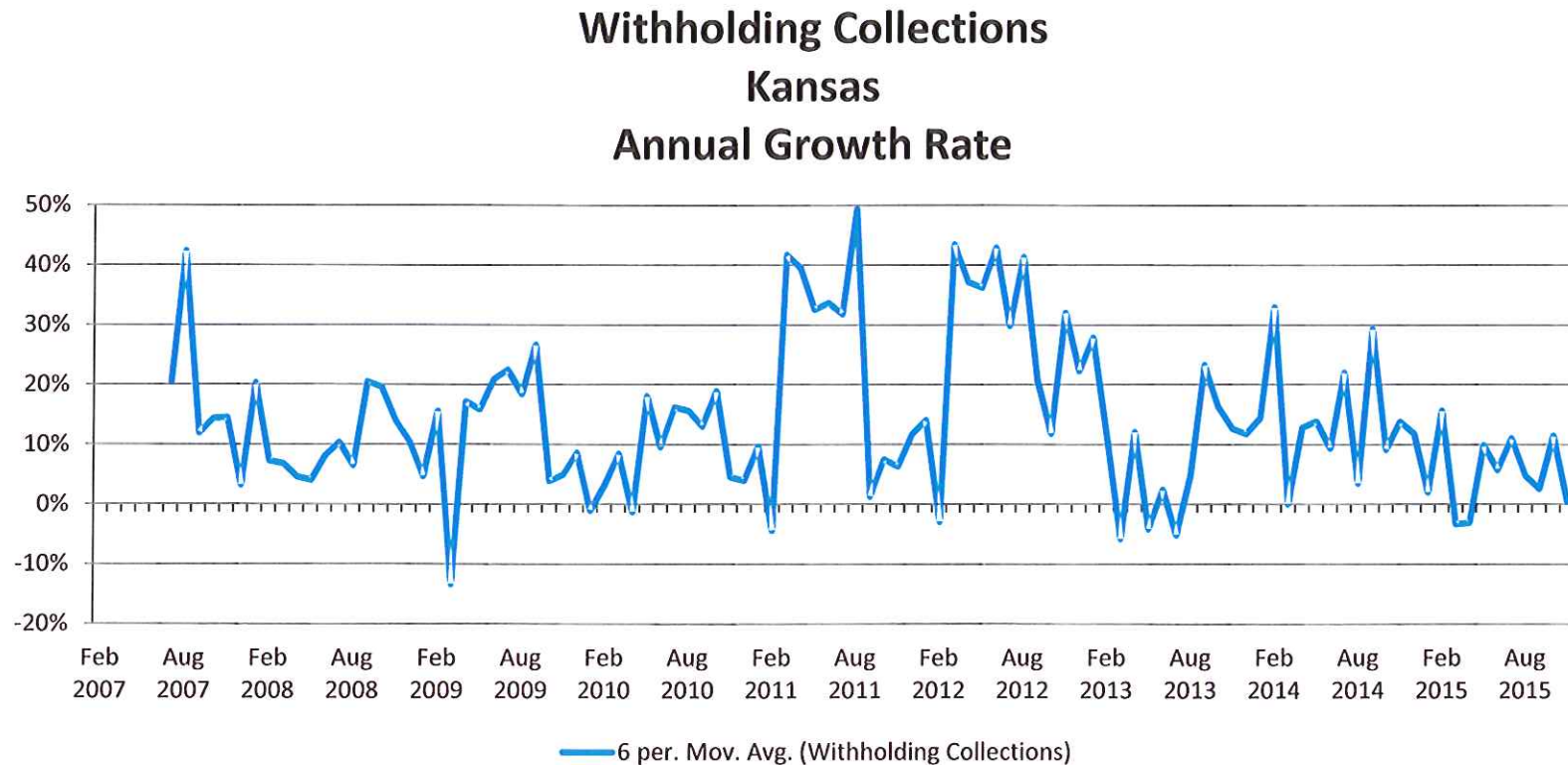


Source: U.S. Bureau of Economic Analysis

Kansas Economic Activity

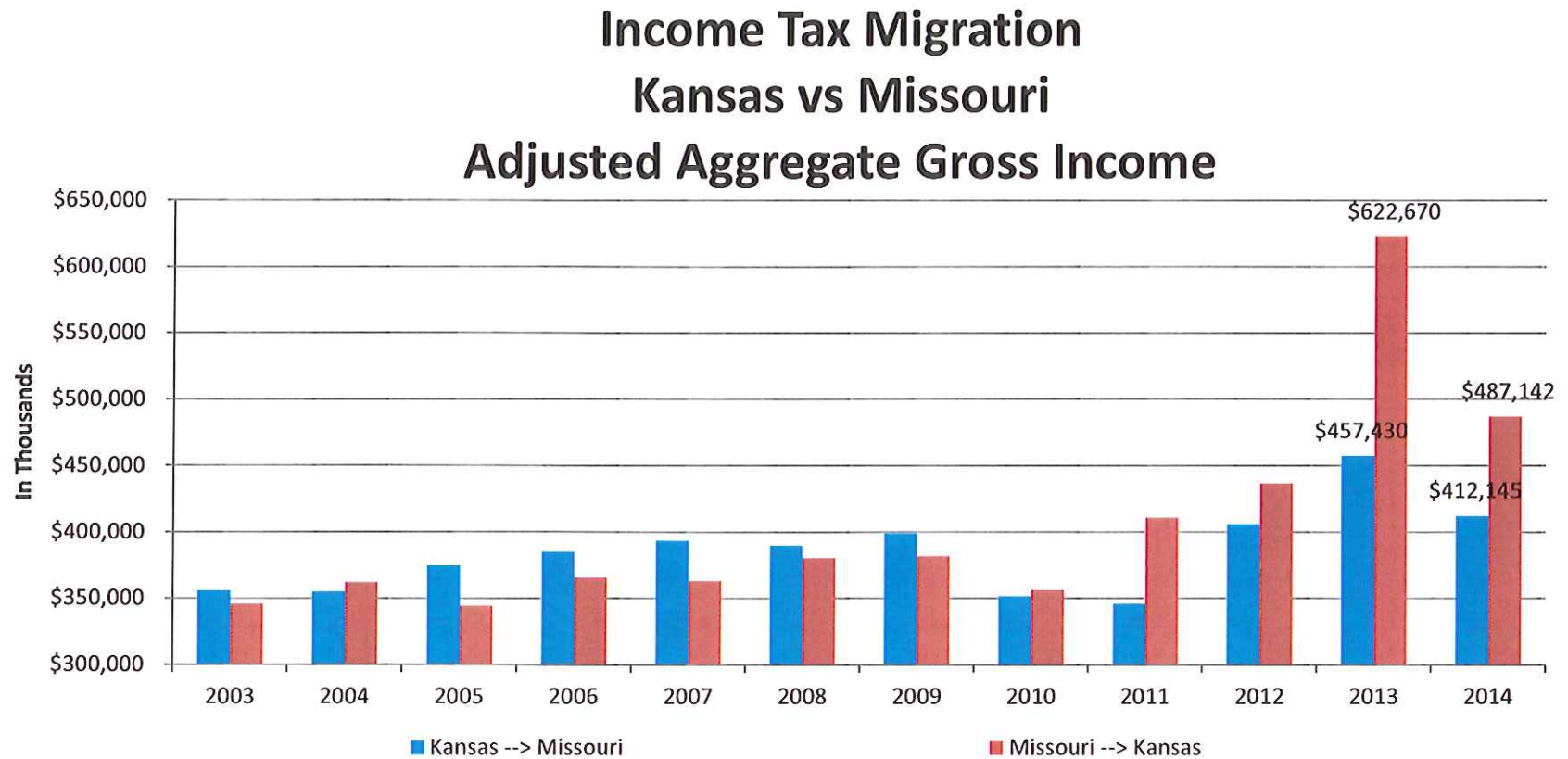
PERSONAL INCOME AND INCOME TAXES

Personal Income and Income Taxes



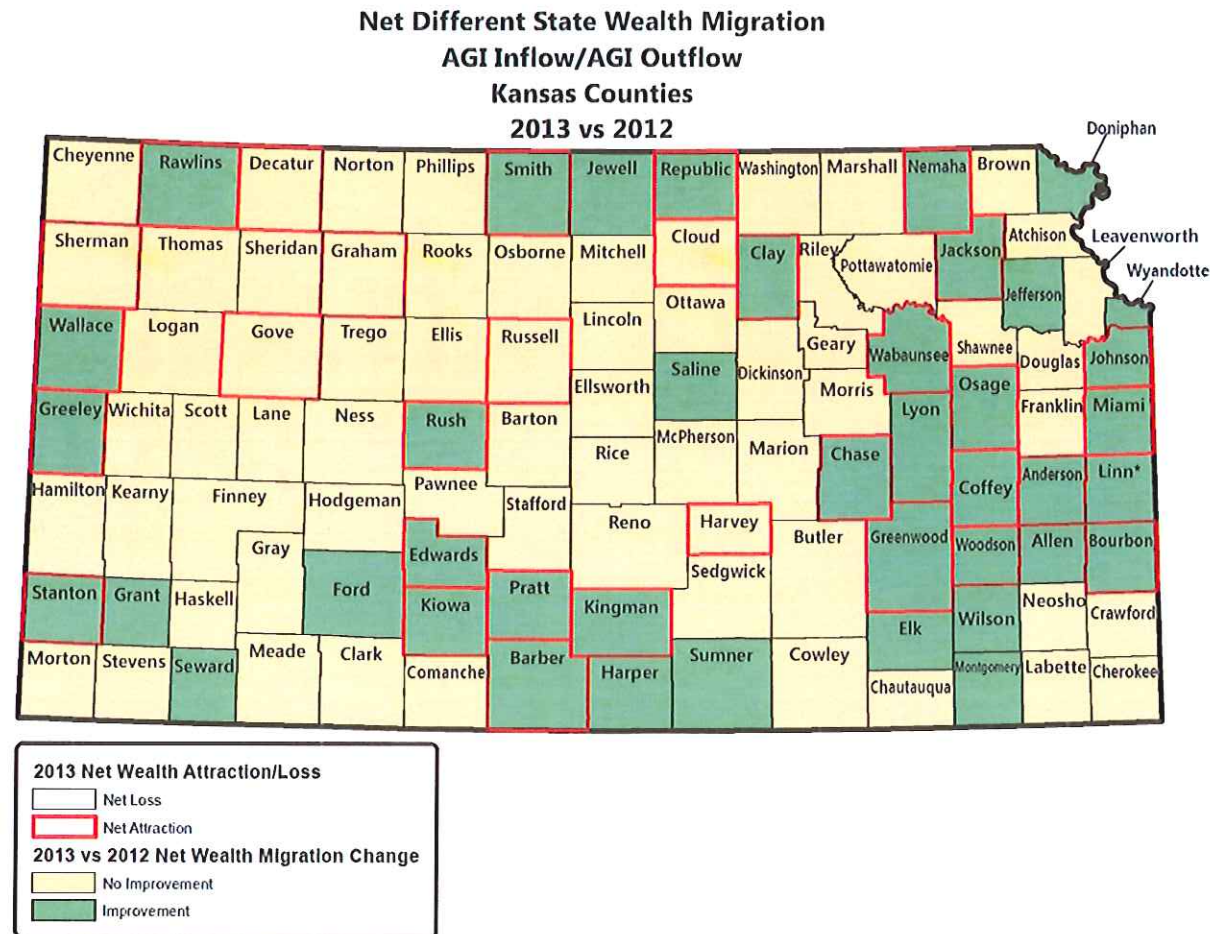
Source: Kansas Department of Revenue, Office of Policy and Research

Personal Income and Income Taxes



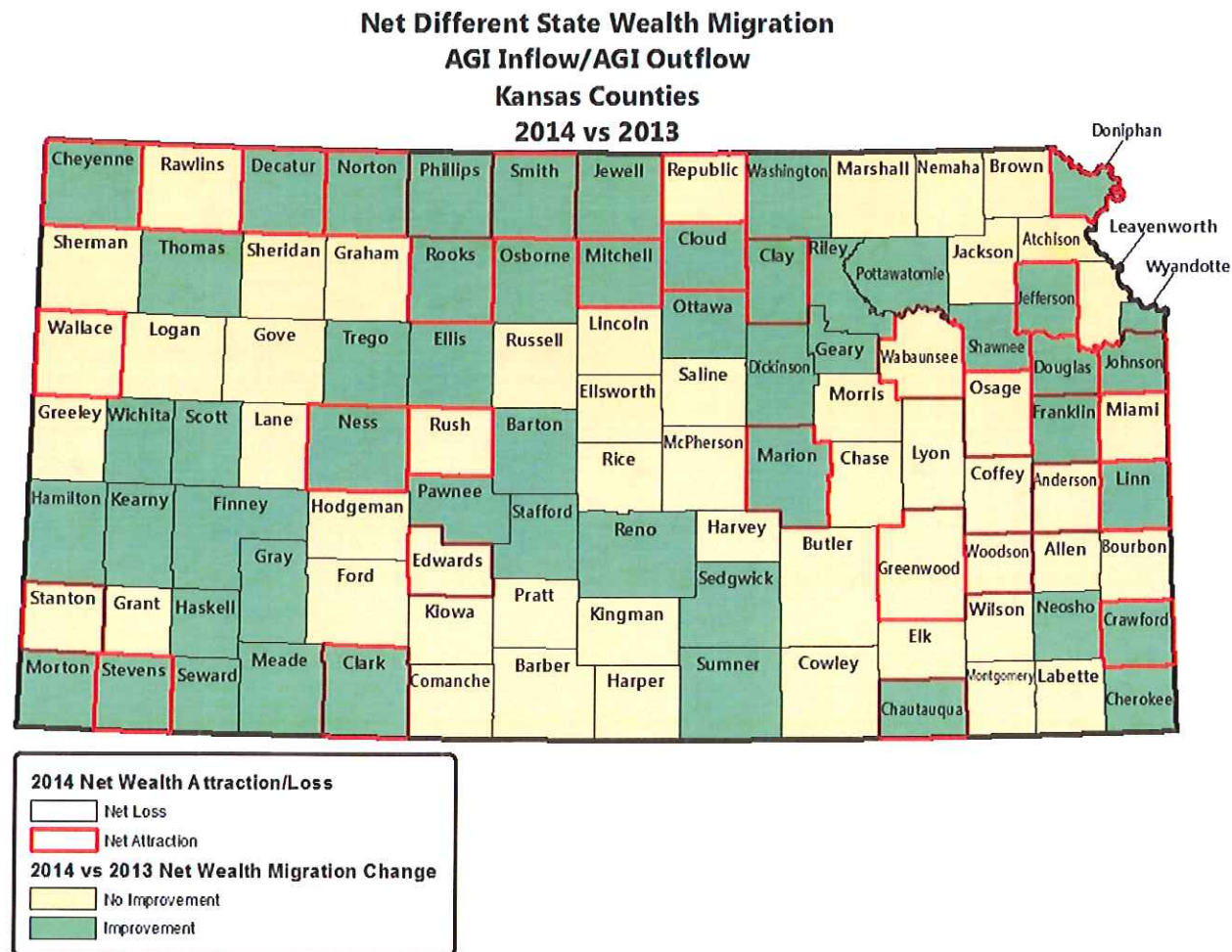
Source: Internal Revenue Service, Kansas Department of Revenue - Office of Policy and Research

Personal Income and Income Taxes



* Linn County does not have a ratio equal to 1, however since it is surrounded by counties that do, it appears to have a border.
Source: Internal Revenue Service, Kansas Department of Revenue, Office of Policy and Research

Personal Income and Income Taxes



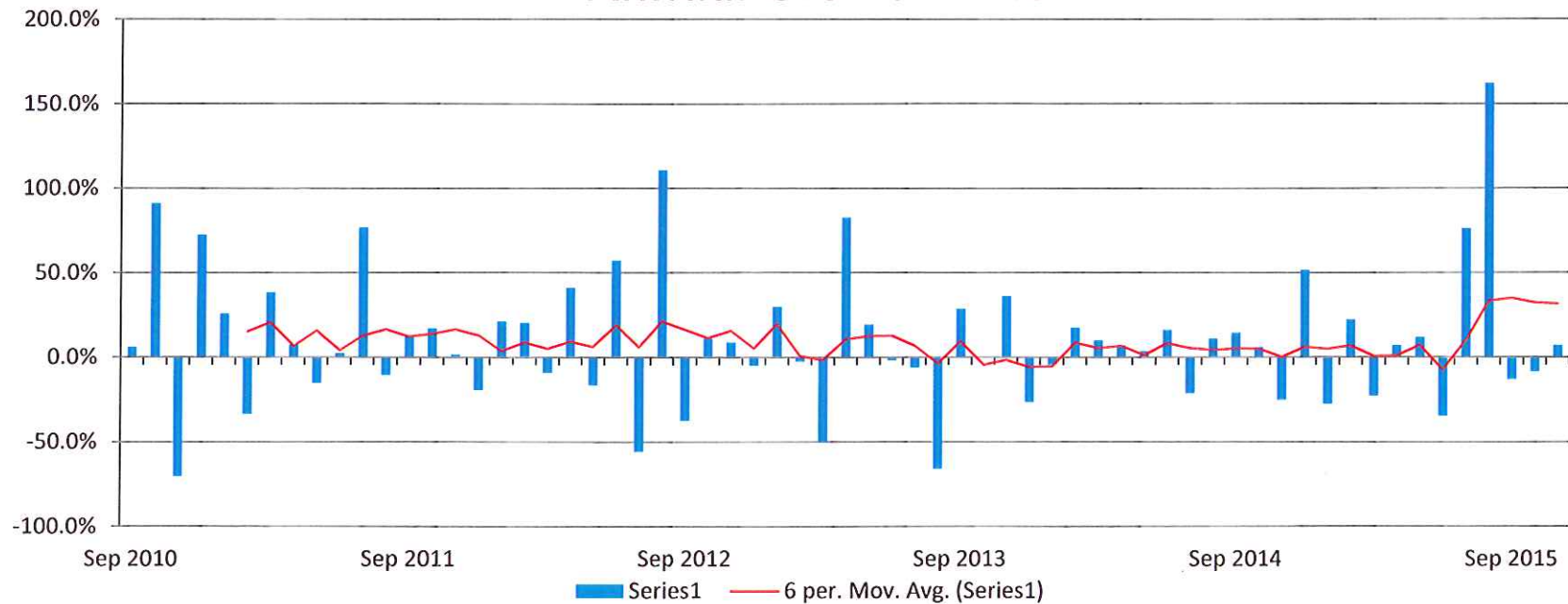
Source Internal Revenue Service, Kansas Department of Revenue, Office of Policy and Research

Kansas Economic Activity

CONSUMER SPENDING AND SALES TAXES

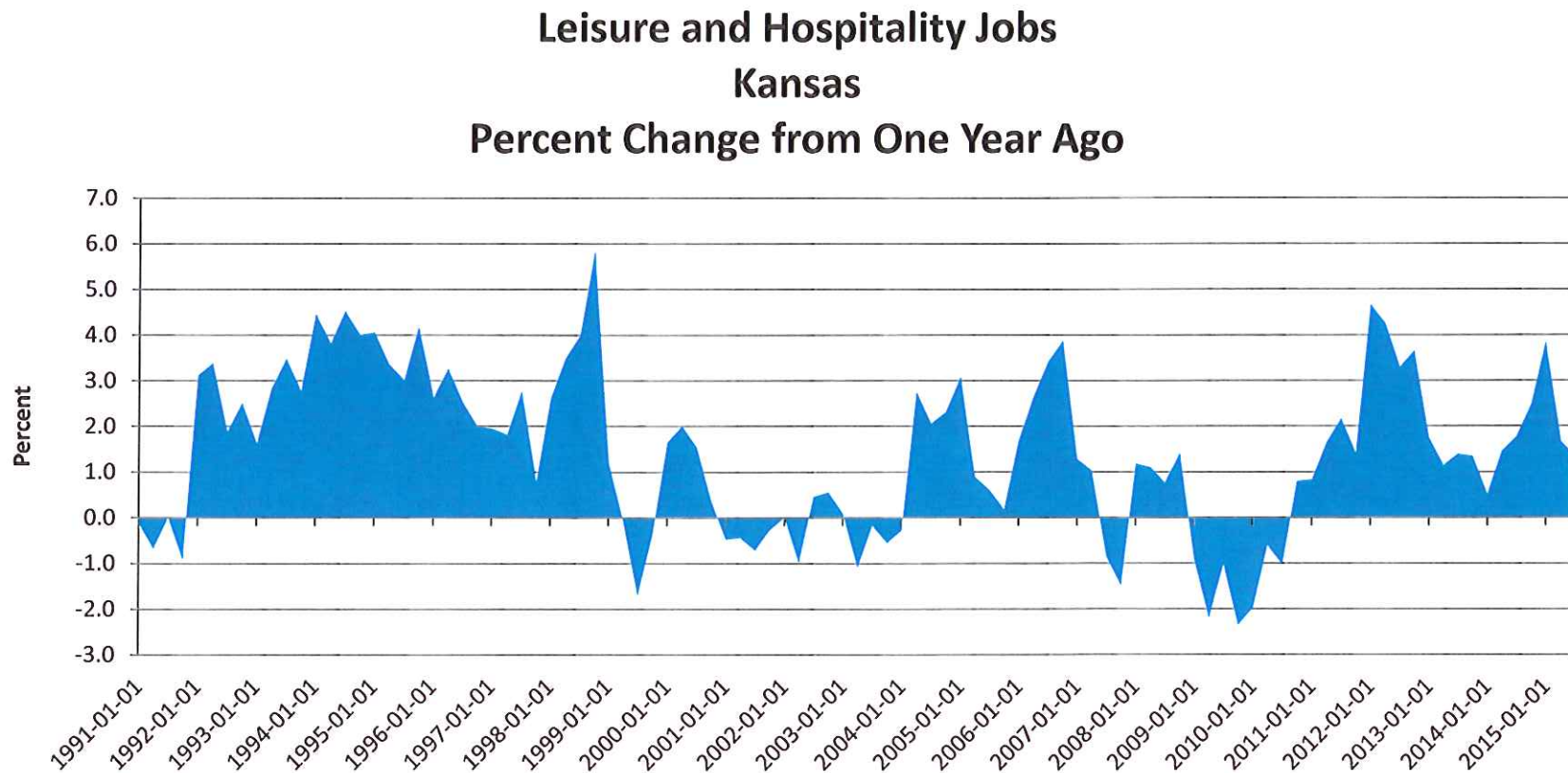
Consumer Spending and Sales Taxes

Sales Receipts Kansas Annual Growth Rate



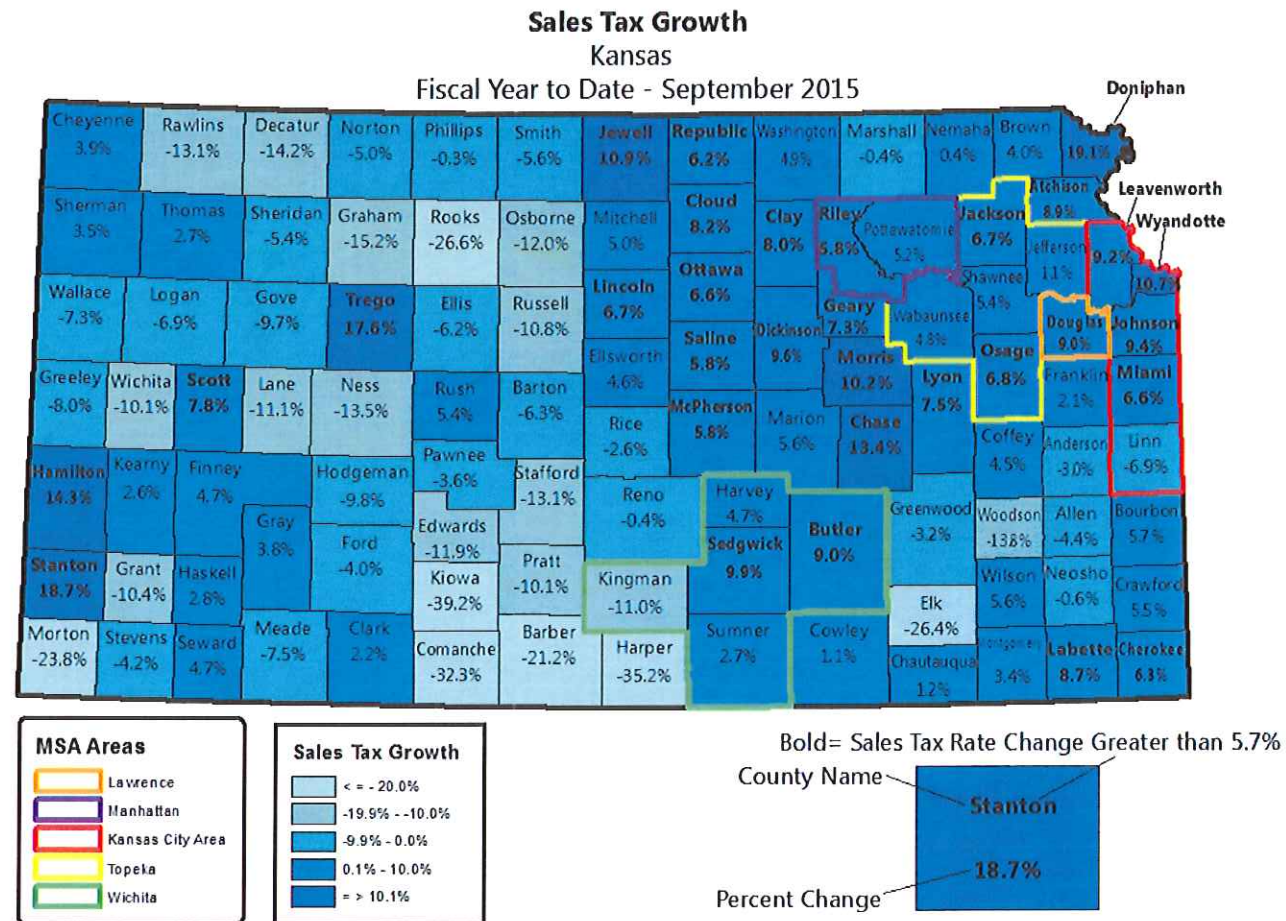
Source: U.S. Bureau of Economic Analysis

Consumer Spending and Sales Taxes



Source: U.S. D.O.L. Bureau of Labor Statistics

Consumer Spending and Sales Taxes



State of Kansas grew 6.2% in state and local taxes in Fiscal Year to Date - September 2015

Source: Kansas Department of Revenue, Office of Policy and Research

Kansas Economic Activity

KCHEALTHYKIDS STUDY ON FOOD SALES AND CROSS-BORDER SHOPPING

KCHEALTHYKIDS STUDY

- *“In Kansas, among 105 counties, seventy counties share at least one border with another state.”*
- The purpose of the study is to estimate the impact of sales tax differentials on food sales in Kansas counties, with particular emphasis on border Kansas counties.
- The study found that food tax rate differentials negatively food consumption; For every 1 unit increase in the tax difference food sales volume decreases by 9.769% per person per year.
 - *“On the average, per capita food consumption is \$1,042 per capita, thus for every one percent increase in food tax difference, food consumption drops by about \$101 per person, controlling for other factors.”*
- There are many issues with the report and it's applications as a policy measure.

KCHEALTHYKIDS STUDY

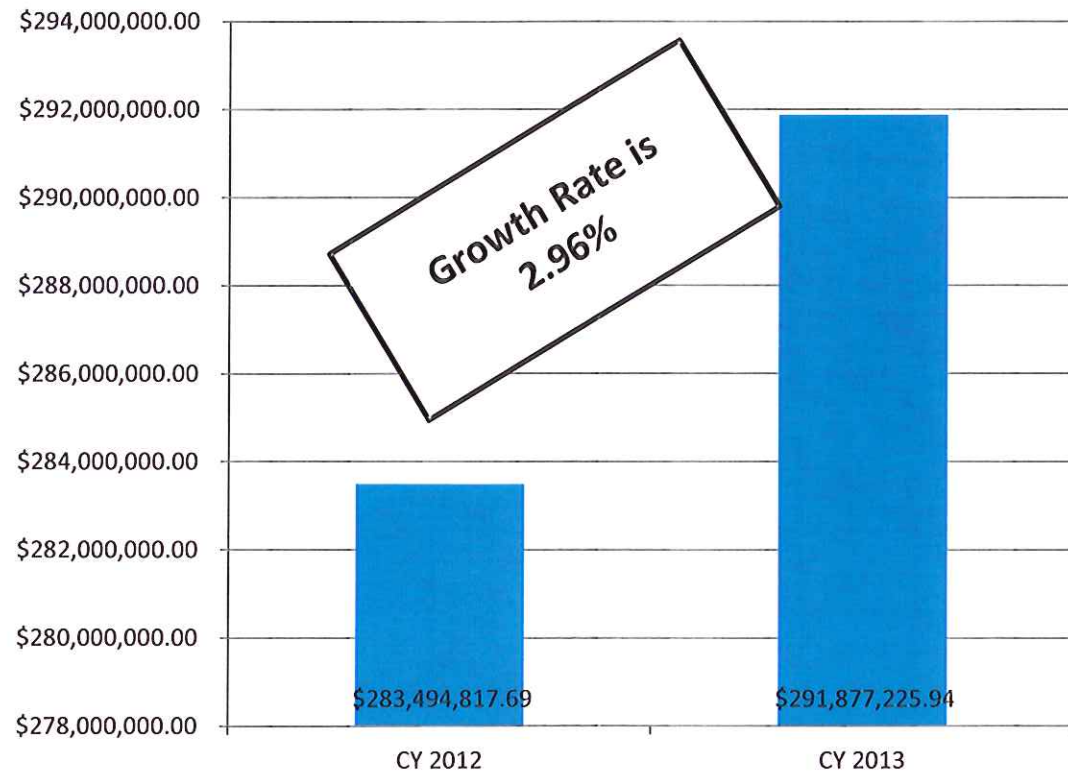
1. Counties with a higher sales tax rate may see lower food sales, however that does not mean people are crossing county lines.
 1. The study does not suggest causality between local tax rates and food sales
 2. The study does not adjust for a "convenience" measure, especially for rural counties
 3. Not all groceries are sold under the NAICS 445-Food and Beverage Stores. As an example, Walmart and other large Supermarkets may be considered in NAICS 452 – General Merchandise Stores. Ergo the magnitude of the food sales elasticity may be over-stated.
 4. The study does not look at food sales over time, and so it may mis-state findings that have been a trend regardless of tax rates.
 5. This model also assumes that persons are completely knowledgeable about sales taxes and state/local government decisions about it.
2. The study does not prove that lowering food sales tax will reverse "people crossing county lines"
3. Nebraska, Oklahoma, and Colorado have had low sales tax on food for decades, collectively. Is it not reasonable to believe that persons have been shopping for groceries in different counties/states due to lower tax rates for decades.
4. The study implies that EITC and the food sales tax credit have had no effect.
5. The study implies that the low income tax exclusion will have no effect.
6. If this study is to be believed as being true, then the effects on food sales lost are very small. The average tax differential is 0.4%. Using their elasticity, that means that loss in food sales is on average \$40.00/per capita/per year.

KCHEALTHYKIDS STUDY

The study does not use food sales tax revenue from the Kansas Department of Revenue

Actual data from KDOR show growth in food sales tax that exceeds inflation (adjusted for sales tax drop)

State and Local Sales Collections Kansas Grocery Stores



Source: Kansas Department of Revenue, Office of Policy and Research

KCHEALTHYKIDS STUDY

- Policy implications of the study
 - Revenue Neutrality vs Net Economic Good
 - Cheaper Price of one Good vs Lower Income

Questions?

Thank You