

# KANSAS LEGISLATIVE RESEARCH DEPARTMENT

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November 17, 2014

**To:** Governor Sam Brownback and Legislative Coordinating Council  
**From:** Kansas Legislative Research Department and Kansas Division of the Budget  
**Re:** SGF Receipts Estimates for FY 2015, FY 2016, and FY 2017

Estimates for the State General Fund (SGF) are developed using a consensus process that involves the Legislative Research Department, Division of the Budget, Department of Revenue, and three consulting economists from state universities. This estimate is the base from which the Governor and the Legislature build the annual budget. The Consensus Group met on November 10, 2014, to revise the estimate for FY 2015 and develop the initial estimates for FY 2016 and FY 2017.

For FY 2015, the estimate was decreased by \$205.9 million, or 3.4 percent, below the previous estimate (made in April and subsequently adjusted for legislation enacted during the veto session). The revised estimate of \$5.769 billion represents 2.0 percent growth above final FY 2014 receipts.

The initial estimate for FY 2016 is \$5.811 billion, which is \$42.7 million, or 0.7 percent, above the newly revised FY 2015 figure. Factors influencing this forecast in addition to the state of the economy include the phasing in of various provisions of the new income tax law; as well as a large net change in transfers out of the SGF (in compliance with current statutory requirements for FY 2016).

The initial FY 2017 estimate of \$5.877 billion represents \$65.2 million growth (1.1 percent) above the new FY 2016 figure.

Table 1 compares the new FY 2015, FY 2016, and FY 2017 estimates with actual receipts from FY 2014. Table 2 shows the changes in the FY 2015 estimates.

## Economic Forecast for Kansas

Although the national economy is expected to continue to expand throughout the forecast period (nominal Gross Domestic Product is now expected to grow by 3.7 percent in 2014, 4.9 percent in 2015, and 5.1 percent for each of 2016 and 2017), a number of growing risks and uncertainties could alter that outlook. Volatility in energy prices, rising global tensions and recent announcements by key employers in this state are just a few of the variables that have warranted the attention of revenue estimators since the Consensus Group last convened in April. Nominal Kansas Gross State Product is forecast to grow by 3.6 percent in 2014, 4.3 percent in 2015, and 4.6 percent for each of 2016 and 2017.

## **Personal Income**

Kansas Personal Income (KPI) in 2014 is now expected to increase by 3.8 percent above the 2013 level, the same estimate that had been made in April. The new forecast calls for additional KPI growth of 4.2 percent in 2015 (also the same figure from April) and 4.4 percent in each of 2016 and 2017. The forecasted rate of growth in U.S. personal income remains higher than Kansas for all years (4.0 percent in 2014; 4.9 percent in 2015; and 5.1 percent in 2016 and 2017).

## **Kansas Income Tax Law**

No additional information was provided by the Department of Revenue that would significantly alter the fiscal notes that had been provided during both 2012 and 2013 regarding the estimated impact of multiple changes to the individual income tax enacted during those two years. The fully annualized impact of \$730.0 million for tax year 2013 changes was reflected for the first time in FY 2014. Individual income tax receipts are estimated to be lower by an additional \$153.0 million, \$113.0 million, and \$101.0 million, in FY 2015, FY 2016, and FY 2017, respectively, as a result of the legislation. The Consensus Group will work with the Department of Revenue to continue to monitor a number of features being phased in during upcoming years, including additional rate cuts and accelerated "haircuts" for itemized deductions.

## **Employment**

The most recent monthly data from the Kansas Department of Labor show that from September to September the Kansas labor force increased by over 12,400 jobs, or 1.0 percent, with the healthiest growth in professional and business services; and education and health services. The Kansas unemployment rate is expected to remain below the national rate – 4.5 percent in Kansas compared with 5.7 percent for the US in CY 2015; 4.6 percent in Kansas compared with 5.5 percent for the US in CY 2016; and 4.8 percent in Kansas compared with 5.4 percent nationally in CY 2017.

## **Agriculture**

In the agricultural sector, net farm income from grain is expected to decline during 2015 and 2016 but be offset in part by some growth in income from livestock production. However, some livestock producers are continuing to rebuild herds after the disastrous drought conditions in 2011-13 forced culling. Kansas agricultural land values are growing at a healthy pace.

## **Oil and Gas**

After being driven for several years by foreign demand, the price of oil has decreased significantly recently due in part to an international effort apparently designed to curtail domestic production. The forecasted price per taxable barrel of Kansas crude in FY 2015 has been reduced to \$80, or \$5 per barrel less than the estimate that had been made in April and nearly \$14 below the final average price from FY 2014. The FY 2016 price is expected to be \$72 per barrel before rebounding only modestly to \$74 in FY 2017. As always, significant political

tensions around the world provide a great deal of uncertainty about forecasting the price of this commodity. Gross oil production in Kansas, which had been declining steadily for many years, reversed that trend about nine years ago and began increasing. A potential acceleration in that increase from the Mississippian Lime oil play is not as great as had been originally forecast in 2012. The current forecast of 50 million barrels for FY 2015, 52.0 million for FY 2016, and 54.0 million for FY 2017 nevertheless compares favorably to the 33.5 million barrels produced in FY 2005. For FY 2015, an estimated 36.0 percent of all oil production is not subject to the severance tax as a result of various exemptions in that law.

The price of natural gas is expected to average \$3.70 per mcf for FY 2015 before increasing to \$3.55 per mcf for FY 2016 and FY 2017, based on an industry source's analysis of futures markets. (The previous price forecast for FY 2015 made in April was \$3.75 per mcf.) Factors considered for these estimates included the relationship between crude oil and gas prices, a review of rig count data, the current storage levels for gas, the overall economic outlook, and the impact of enhanced production from shale formations elsewhere in the United States. Estimated Kansas natural gas production in FY 2015 of 290.0 million cubic feet represented a significant decrease from the modern era peak of 730.0 million cubic feet in FY 1996 (largely as a result of depletion of reserves in the Hugoton Field). Production is expected to stabilize, at least through the end of the forecast period on FY 2017, at the FY 2015 level (290.0 million cubic feet).

### **Inflation Rate**

The Consumer Price Index for all Urban consumers (CPI-U) is expected to increase by 1.5 percent in 2014. The latest forecast calls for inflation to remain at very moderate levels of 1.8 percent in 2015; and 2.0 percent in both 2016 and 2017.

### **Interest Rates**

The Pooled Money Investment Board (PMIB) is authorized to make investments in U.S. Treasury and Agency securities, highly rated commercial paper and corporate bonds, repurchase agreements and certificates of deposit in Kansas banks. Low idle-fund balances in recent years have required the PMIB to maintain a highly liquid portfolio, which reduces the amount of return available to the pool. In FY 2014, the state earned only 0.14 percent on its SGF portfolio (compared with a 4.26 percent rate as recently as FY 2008). The average rates of return forecast for FY 2015 through FY 2017 remain very low (0.14 percent for FY 2015; 0.17 percent for FY 2016; and 0.20 percent for FY 2017) and reflect the expected continuation of historically low interest rates.

### Economic Forecasts

|                            | <u>CY 2014*</u> | <u>CY 2015*</u> | <u>CY 2016*</u> | <u>CY 2017*</u> |
|----------------------------|-----------------|-----------------|-----------------|-----------------|
| KPI Growth                 | 3.8%            | 4.2%            | 4.4%            | 4.4%            |
| Inflation (CPI-U)          | 1.5%            | 1.8%            | 2.0%            | 2.0%            |
|                            | <u>FY 2014</u>  | <u>FY 2015*</u> | <u>FY 2016*</u> | <u>FY 2017*</u> |
| SGF Interest               | 0.14%           | 0.14%           | 0.17%           | 0.20%           |
| Oil and Gas                |                 |                 |                 |                 |
| Oil Price per bbl (Kansas) | \$93.79         | \$80.00         | \$72.00         | \$74.00         |
| Gross Prod. (000)          | 47,411          | 50,000          | 52,000          | 54,000          |
| Gas Price per mcf          | \$3.87          | \$3.70          | \$3.55          | \$3.55          |
| Gas Taxable Value          | 974,861         | 944,240         | 903,386         | 903,386         |

\* Estimated

### State General Fund Receipts Estimates

**FY 2015.** The revised estimate of SGF receipts for FY 2015 is \$5.769 billion, a decrease of \$205.9 million below the previous estimate.

The estimate for the individual income tax was reduced by \$239.3 million, a small portion of which was offset by positive changes to estimates in other tax sources. Individual income taxes had been running over \$80.0 million below the previous FY 2015 forecast through October.

The overall revised estimate is approximately \$115.5 million, or 2.0 percent, above actual FY 2014 receipts. The FY 2015 estimates factor in a new round of individual income tax changes being implemented on January 1, which are estimated to reduce receipts by about \$153.0 million during the final half of the fiscal year.

Each individual SGF source was reevaluated independently, and consideration was given to revised and updated economic forecasts, collection information from the Departments of Revenue and Insurance, and year-to-date receipts.

On the positive side, the estimate for corporation income taxes was increased by \$30 million. Receipts thus far in FY 2015 reflected stronger than anticipated estimated payments, indicating improved expectations about corporate profits. Sales taxes, which had been more than \$4.5 million ahead of the previous estimate through October, were increased by \$11.8 million. Compensating use and insurance premiums tax estimates each were increased by approximately \$6.0 million.

In addition to the individual income tax, other reductions of note include the motor carrier fee (\$12.0 million) and the oil severance tax (\$8.2 million). As indicated previously, the forecasted price per barrel of crude oil is now significantly lower than it had been in April and thus has a negative impact on severance tax collections. Relative to the motor carrier fee, legislation enacted several years ago designed to replace the motor carrier property tax in a

revenue-neutral fashion with a new fee schedule beginning in calendar 2014 appears to be producing substantially less in receipts than had been anticipated.

Details of the current year's revised estimate are reflected in Table 2.

**FY 2016.** SGF receipts are estimated to be \$5.811 billion in FY 2016, a figure that is 0.7 percent above the new FY 2015 forecast. This estimate takes into account a further round of income tax rate cuts and itemized deduction changes that are being implemented in tax year 2015 and an increase of \$93.2 million in net transfers from the SGF which will occur absent any change in current law (including \$54.0 million in Local Ad Valorem Tax Reduction Fund transfers earmarked for property tax relief).

**FY 2017.** The estimate for FY 2017 (\$5.877 billion or 1.1 percent above the new FY 2016 figure) similarly factors in additional income tax reductions and increased state aid transfers for local units of government scheduled to occur under current law.

### **Accuracy of Consensus Revenue Estimates**

For 40 years, SGF revenue estimates for Kansas have been developed using the consensus revenue estimating process. Besides the three state agencies identified on the first page, the economists currently involved in the process are Joe Sicilian from the University of Kansas, Lance Bachmeier from Kansas State University, and Nancy McCarthy Snyder from Wichita State University. Each of the agencies and individuals involved in the process prepared independent estimates and met on November 10, 2014, to discuss estimates and come to a consensus for each fiscal year.

The table on the next page presents estimates compared to actual receipts since FY 1975, the fiscal year for which the current process was initiated. First, the adjusted original estimate is compared to actual collections and then the final estimate is compared to actual receipts.

### **Concluding Comments**

Consensus revenue estimates are based on current federal and state laws and their current interpretation. These estimates will be further adjusted in mid-April prior to the conclusion of the 2015 Legislative Session.

# STATE GENERAL FUND ESTIMATES

| Fiscal<br>Year | Adjusted              |                     | Actual<br>Receipts | Difference from<br>Original Estimate* |         | Difference from<br>Final Estimate** |         |
|----------------|-----------------------|---------------------|--------------------|---------------------------------------|---------|-------------------------------------|---------|
|                | Original<br>Estimate* | Final<br>Estimate** |                    | Amount                                | Percent | Amount                              | Percent |
| 1975           | \$ --                 | \$ 614.9            | \$ 627.6           | \$ --                                 | -- %    | \$ 12.7                             | -- %    |
| 1976           | 676.3                 | 699.7               | 701.2              | 24.9                                  | 3.7     | 1.4                                 | 0.2     |
| 1977           | 760.2                 | 760.7               | 776.5              | 16.3                                  | 2.1     | 15.8                                | 2.1     |
| 1978           | 830.1                 | 861.2               | 854.6              | 24.5                                  | 3.0     | (6.5)                               | (0.8)   |
| 1979           | 945.2                 | 1,019.3             | 1,006.8            | 61.6                                  | 6.5     | (12.5)                              | (1.2)   |
| 1980           | 1,019.3               | 1,095.9             | 1,097.8            | 78.5                                  | 7.7     | 1.9                                 | 0.2     |
| 1981           | 1,197.1               | 1,226.4             | 1,226.5            | 29.4                                  | 2.5     | 0.1                                 | --      |
| 1982           | 1,351.3               | 1,320.0             | 1,273.0            | (78.3)                                | (5.8)   | (47.0)                              | (3.6)   |
| 1983           | 1,599.2               | 1,366.9             | 1,363.6            | (235.6)                               | (14.7)  | (3.2)                               | (0.2)   |
| 1984           | 1,596.7               | 1,539.0             | 1,546.9            | (49.8)                                | (3.1)   | 7.9                                 | 0.5     |
| 1985           | 1,697.7               | 1,679.7             | 1,658.5            | (39.2)                                | (2.3)   | (21.3)                              | (1.3)   |
| 1986           | 1,731.2               | 1,666.4             | 1,641.4            | (89.8)                                | (5.2)   | (25.0)                              | (1.5)   |
| 1987           | 1,903.1               | 1,764.7             | 1,778.5            | (124.6)                               | (6.5)   | 13.8                                | 0.8     |
| 1988           | 1,960.0               | 2,031.5             | 2,113.1            | 153.1                                 | 7.8     | 81.6                                | 4.0     |
| 1989           | 2,007.8               | 2,206.9             | 2,228.3            | 220.5                                 | 11.0    | 21.4                                | 1.0     |
| 1990           | 2,241.2               | 2,283.3             | 2,300.5            | 59.3                                  | 2.6     | 17.2                                | 0.8     |
| 1991           | 2,338.8               | 2,360.6             | 2,382.3            | 43.5                                  | 1.9     | 21.7                                | 0.9     |
| 1992           | 2,478.7               | 2,454.5             | 2,465.8            | (12.9)                                | (0.5)   | 11.3                                | 0.5     |
| 1993           | 2,913.4               | 2,929.6             | 2,932.0            | 18.6                                  | 0.6     | 2.4                                 | 0.1     |
| 1994           | 3,040.1               | 3,126.8             | 3,175.7            | 135.6                                 | 4.5     | 48.9                                | 1.6     |
| 1995           | 3,174.4               | 3,243.9             | 3,218.8            | 44.4                                  | 1.4     | (25.1)                              | (0.8)   |
| 1996           | 3,428.0               | 3,409.2             | 3,448.3            | 20.3                                  | 0.6     | 39.0                                | 1.1     |
| 1997           | 3,524.8               | 3,642.4             | 3,683.8            | 159.0                                 | 4.5     | 41.4                                | 1.1     |
| 1998           | 3,714.4               | 3,971.0             | 4,023.7            | 309.3                                 | 8.3     | 52.7                                | 1.3     |
| 1999           | 3,844.7               | 4,051.9             | 3,978.4            | 133.7                                 | 3.5     | (73.4)                              | (1.8)   |
| 2000           | 4,204.1               | 4,161.0             | 4,203.1            | (1.0)                                 | 0.0     | 42.1                                | 1.0     |
| 2001           | 4,420.7               | 4,408.7             | 4,415.0            | (5.7)                                 | (0.1)   | 6.4                                 | 0.1     |
| 2002           | 4,674.5               | 4,320.6             | 4,108.9            | (565.6)                               | (12.1)  | (211.7)                             | (4.9)   |
| 2003           | 4,641.0               | 4,235.6             | 4,245.6            | (395.4)                               | (8.5)   | 9.9                                 | 0.2     |
| 2004           | 4,605.5               | 4,450.5             | 4,518.7            | (86.8)                                | (1.9)   | 68.2                                | 1.5     |
| 2005           | 4,490.5               | 4,793.8             | 4,841.3            | 350.8                                 | 7.8     | 47.5                                | 1.0     |
| 2006           | 4,834.0               | 5,308.7             | 5,394.4            | 560.4                                 | 11.6    | 85.7                                | 1.6     |
| 2007           | 5,144.0               | 5,721.3             | 5,809.0            | 665.0                                 | 12.9    | 87.8                                | 1.5     |
| 2008           | 5,700.4               | 5,736.3             | 5,693.3            | (7.0)                                 | (0.1)   | (42.9)                              | (0.7)   |
| 2009           | 6,185.7               | 5,709.7             | 5,587.4            | (598.3)                               | (9.7)   | (122.3)                             | (2.1)   |
| 2010           | 5,974.2               | 5,291.0             | 5,191.3            | (782.9)                               | (13.1)  | (99.7)                              | (1.9)   |
| 2011           | 5,851.0               | 5,775.0             | 5,882.1            | 31.1                                  | 0.5     | 107.1                               | 1.9     |
| 2012           | 6,098.9               | 6,404.3             | 6,412.8            | 313.9                                 | 5.1     | 8.5                                 | 0.1     |
| 2013           | 6,414.2               | 6,250.4             | 6,341.1            | (73.1)                                | (1.1)   | 90.7                                | 1.5     |
| 2014           | 5,947.0               | 5,986.5             | 5,653.2            | (293.8)                               | (4.9)   | (333.3)                             | (5.6)   |

\* The adjusted original estimate is the estimate made in November or December prior to the start of the next fiscal year in July and adjusted to account for legislation enacted, if any, which affected receipts to the SGF.

\*\* The final estimate made in March, April, or June is the adjusted original estimate plus or minus changes subsequently made by the Consensus Estimating Group. It also includes the estimated impact of legislation on receipts.

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

|                          | Consensus Estimate November 10, 2014 |                 |                     |                  |                     |                  |                     |                 |
|--------------------------|--------------------------------------|-----------------|---------------------|------------------|---------------------|------------------|---------------------|-----------------|
|                          | FY 2014 (Actual)                     |                 | FY 2015 (Revised)   |                  | FY 2016             |                  | FY 2017             |                 |
|                          | Amount                               | Percent Change  | Amount              | Percent Change   | Amount              | Percent Change   | Amount              | Percent Change  |
| <b>Property Tax/Fee:</b> |                                      |                 |                     |                  |                     |                  |                     |                 |
| Motor Carrier            | \$ 35,708                            | 23.8 %          | \$ 12,000           | (86.4) %         | \$ 12,000           | — %              | \$ 12,000           | — %             |
| <b>Income Taxes:</b>     |                                      |                 |                     |                  |                     |                  |                     |                 |
| Individual               | \$ 2,218,239                         | (24.3) %        | \$ 2,280,000        | 2.8 %            | \$ 2,300,000        | 0.9 %            | \$ 2,315,000        | 0.7 %           |
| Corporation              | 399,383                              | 7.6             | 455,000             | 13.9             | 470,000             | 3.3              | 485,000             | 3.2             |
| Financial Inst.          | 32,439                               | 1.1             | 38,000              | 17.1             | 39,000              | 2.6              | 41,000              | 5.1             |
| <b>Total</b>             | <b>\$ 2,650,061</b>                  | <b>(20.5) %</b> | <b>\$ 2,773,000</b> | <b>4.6 %</b>     | <b>\$ 2,809,000</b> | <b>1.3 %</b>     | <b>\$ 2,841,000</b> | <b>1.1 %</b>    |
| <b>Excise Taxes:</b>     |                                      |                 |                     |                  |                     |                  |                     |                 |
| Retail Sales             | \$ 2,102,239                         | (3.8) %         | \$ 2,180,000        | 3.7 %            | \$ 2,270,000        | 4.1 %            | \$ 2,360,000        | 4.0 %           |
| Compensating Use         | 344,017                              | 1.2             | 365,000             | 6.1              | 380,000             | 4.1              | 400,000             | 5.3             |
| Cigarette                | 90,612                               | (1.4)           | 89,000              | (1.8)            | 88,000              | (1.1)            | 87,000              | (1.1)           |
| Tobacco Products         | 7,201                                | 2.0             | 7,500               | 4.2              | 7,700               | 2.7              | 7,900               | 2.6             |
| Cereal Malt Bev.         | 1,685                                | (9.2)           | 1,700               | 0.9              | 1,700               | —                | 1,700               | —               |
| Liquor Gallonage         | 19,081                               | 0.1             | 19,200              | 0.6              | 19,300              | 0.5              | 19,400              | 0.5             |
| Liquor Enforcement       | 64,538                               | 6.7             | 67,000              | 3.8              | 68,000              | 1.5              | 69,000              | 1.5             |
| Liquor Drink             | 10,155                               | 3.6             | 10,400              | 2.4              | 10,500              | 1.0              | 10,600              | 1.0             |
| Corp. Franchise          | 6,632                                | 259.1           | 6,700               | 1.0              | 6,900               | 3.0              | 7,100               | 2.9             |
| Severance                | 125,758                              | 25.6            | 121,600             | (3.3)            | 115,900             | (4.7)            | 114,200             | (1.5)           |
| Gas                      | 37,003                               | 14.1            | 32,600              | (11.9)           | 31,400              | (3.7)            | 28,700              | (8.6)           |
| Oil                      | 88,755                               | 31.1            | 89,000              | 0.3              | 84,500              | (5.1)            | 85,500              | 1.2             |
| <b>Total</b>             | <b>\$ 2,771,918</b>                  | <b>(1.4) %</b>  | <b>\$ 2,868,100</b> | <b>3.5 %</b>     | <b>\$ 2,968,000</b> | <b>3.5 %</b>     | <b>\$ 3,076,900</b> | <b>3.7 %</b>    |
| <b>Other Taxes:</b>      |                                      |                 |                     |                  |                     |                  |                     |                 |
| Insurance Prem.          | \$ 172,758                           | 10.1 %          | \$ 176,000          | 1.9 %            | \$ 180,000          | 2.3 %            | \$ 182,000          | 1.1 %           |
| Miscellaneous            | 1,634                                | (18.7)          | 1,600               | (2.1)            | 1,600               | —                | 1,600               | —               |
| <b>Total</b>             | <b>\$ 174,392</b>                    | <b>9.7 %</b>    | <b>\$ 177,600</b>   | <b>1.8 %</b>     | <b>\$ 181,600</b>   | <b>2.3 %</b>     | <b>\$ 183,600</b>   | <b>1.1 %</b>    |
| <b>Total Taxes</b>       | <b>\$ 5,632,080</b>                  | <b>(11.1) %</b> | <b>\$ 5,830,700</b> | <b>3.5 %</b>     | <b>\$ 5,970,600</b> | <b>2.4 %</b>     | <b>\$ 6,113,500</b> | <b>2.4 %</b>    |
| <b>Other Revenues:</b>   |                                      |                 |                     |                  |                     |                  |                     |                 |
| Interest                 | \$ 11,525                            | 4.2 %           | \$ 12,000           | 4.1 %            | \$ 8,000            | (33.3) %         | \$ 8,100            | 1.3 %           |
| Net Transfers            | (39,957)                             | 34.5            | (129,300)           | (223.6)          | (222,500)           | (72.1)           | (301,700)           | (35.6)          |
| Agency Earnings          | 49,550                               | (14.4)          | 55,300              | 11.6             | 55,300              | —                | 56,700              | 2.5             |
| <b>Total</b>             | <b>\$ 21,117</b>                     | <b>166.4 %</b>  | <b>\$ (62,000)</b>  | <b>(393.6) %</b> | <b>\$ (159,200)</b> | <b>(156.8) %</b> | <b>\$ (236,900)</b> | <b>(48.8) %</b> |
| <b>Total Receipts</b>    | <b>\$ 5,653,197</b>                  | <b>(10.8) %</b> | <b>\$ 5,768,700</b> | <b>2.0 %</b>     | <b>\$ 5,811,400</b> | <b>0.7 %</b>     | <b>\$ 5,876,600</b> | <b>1.1 %</b>    |

**Table 2**  
**State General Fund Receipts**  
**FY 2015 Revised**  
**Comparison of November 2014 Estimate to June 2014 Estimate**  
*(Dollars in Thousands)*

|                      | FY 2015 CRE Est.<br>as Adj. for Legis. | FY 2015<br>CRE Estimate | Difference   |           |
|----------------------|----------------------------------------|-------------------------|--------------|-----------|
|                      |                                        |                         | Amount       | Pct. Chg. |
| Property Tax/Fee:    |                                        |                         |              |           |
| Motor Carrier        | \$ 24,000                              | \$ 12,000               | \$ (12,000)  | (50.0) %  |
| Income Taxes:        |                                        |                         |              |           |
| Individual           | \$ 2,519,288                           | \$ 2,280,000            | \$ (239,288) | (9.5) %   |
| Corporation          | 425,000                                | 455,000                 | 30,000       | 7.1       |
| Financial Inst.      | 37,450                                 | 38,000                  | 550          | 1.5       |
| Total                | \$ 2,981,738                           | \$ 2,773,000            | \$ (208,738) | (7.0) %   |
| Excise Taxes:        |                                        |                         |              |           |
| Retail Sales         | \$ 2,168,188                           | \$ 2,180,000            | \$ 11,812    | 0.5 %     |
| Compensating Use     | 358,984                                | 365,000                 | 6,016        | 1.7       |
| Cigarette            | 89,000                                 | 89,000                  | —            | —         |
| Tobacco Product      | 7,200                                  | 7,500                   | 300          | 4.2       |
| Cereal Malt Beverage | 1,800                                  | 1,700                   | (100)        | (5.6)     |
| Liquor Gallonage     | 19,200                                 | 19,200                  | —            | —         |
| Liquor Enforcement   | 66,000                                 | 67,000                  | 1,000        | 1.5       |
| Liquor Drink         | 10,300                                 | 10,400                  | 100          | 1.0       |
| Corporate Franchise  | 6,500                                  | 6,700                   | 200          | 3.1       |
| Severance            | 129,546                                | 121,600                 | (7,946)      | (6.1)     |
| Gas                  | 32,348                                 | 32,600                  | 252          | 0.8       |
| Oil                  | 97,198                                 | 89,000                  | (8,198)      | (8.4)     |
| Total                | \$ 2,856,718                           | \$ 2,868,100            | \$ 11,382    | 0.4 %     |
| Other Taxes:         |                                        |                         |              |           |
| Insurance Premium    | \$ 170,000                             | \$ 176,000              | \$ 6,000     | 3.5 %     |
| Miscellaneous        | 2,000                                  | 1,600                   | (400)        | (20.0)    |
| Total                | \$ 172,000                             | \$ 177,600              | \$ 5,600     | 3.3 %     |
| Total Taxes          | \$ 6,034,456                           | \$ 5,830,700            | \$ (203,756) | (3.4) %   |
| Other Revenues:      |                                        |                         |              |           |
| Interest             | \$ 10,000                              | \$ 12,000               | \$ 2,000     | 20.0 %    |
| Net Transfers        | (120,175)                              | (129,300)               | (9,125)      | (7.6)     |
| Agency Earnings      | 50,294                                 | 55,300                  | 5,006        | 10.0      |
| Total Other Revenue  | \$ (59,881)                            | \$ (62,000)             | \$ (2,119)   | (3.5) %   |
| Total Receipts       | \$ 5,974,575                           | \$ 5,768,700            | \$ (205,875) | (3.4) %   |