

Update on Revenue Receipts and the Kansas Economy

Kansas Department of Revenue
Senate Ways and Means Committee
Thursday, February 4, 2016

KANSAS DEPARTMENT OF REVENUE

SENATE WAYS AND MEANS COMMITTEE

Thursday, February 4, 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%.

I. 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 January we are up 1.8% 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. December sales for these taxpayers were down about .5%.

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.

Fiscal Year to date 2016, through January, we have taken in \$3.3 billion in State General Fund tax receipts. This is approximately \$34 million under estimates or 1%.

II. Economic Trends

- Unemployment rate is at 3.9% 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.
- 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

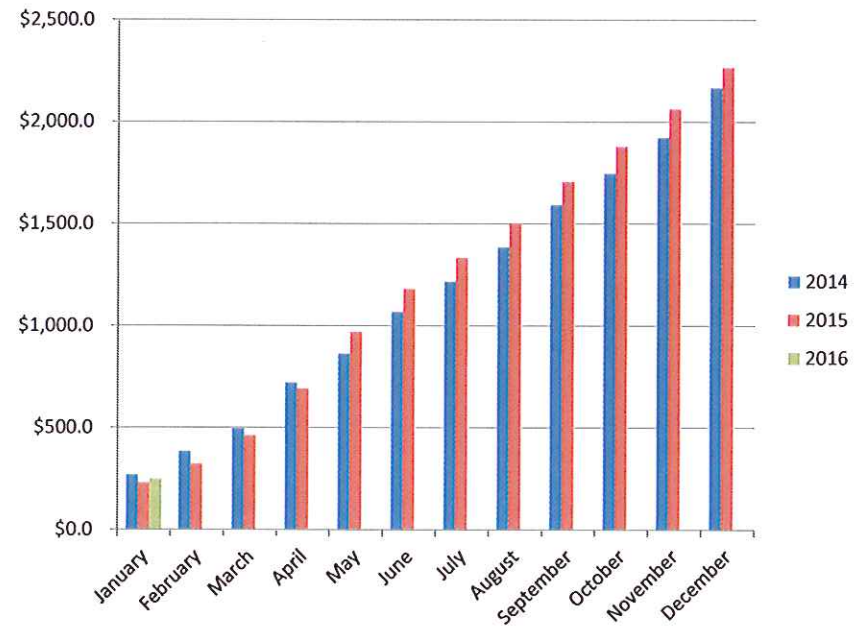
Kansas Department of Revenue
Individual Income Tax Receipts

dollars are in millions

| | 2014 | 2015 | % Change | 2016 | % Change |
|-----------|-----------|-----------|----------|----------|----------|
| January | \$269.5 | \$229.8 | -14.7% | \$ 248.4 | 8.1% |
| 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% | | |

| | 2014 | 2015 |
|-----------|------|------|
| Tax Rates | 2.7% | 2.7% |
| | 4.8% | 4.6% |

Individual Income Tax Receipts
Cumulative by Month



Withholding Tax Receipts Cumulative by Month

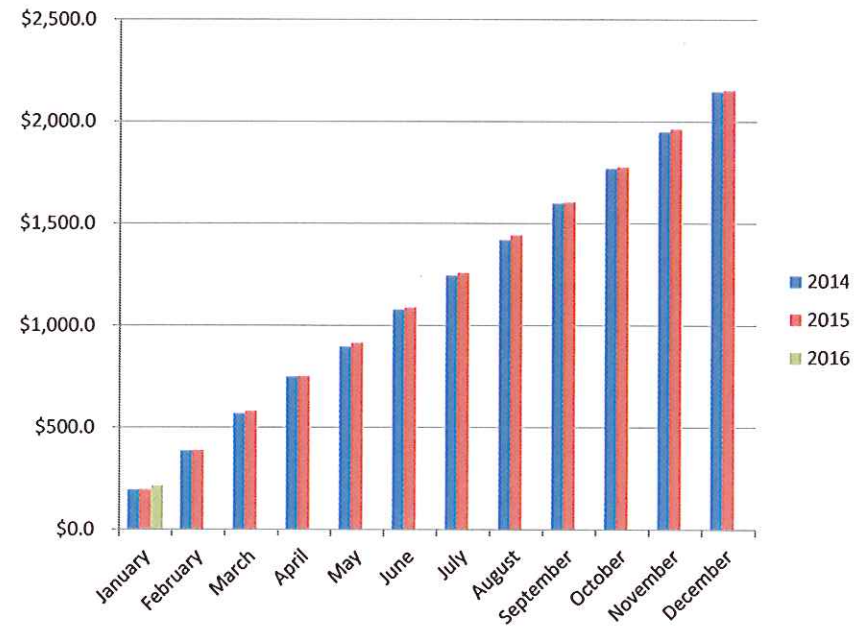
Kansas Department of Revenue Withholding Tax Receipts

dollars are in millions

| | 2014 | 2015 | % Change | 2016 | % Change |
|-----------|-----------|-----------|----------|----------|----------|
| January | \$196.1 | \$196.4 | 0.2% | \$ 214.2 | 9.1% |
| 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% | | |

| | 2014 | 2015 | 2016 |
|-----------|------|------|------|
| Tax Rates | 2.7% | 2.7% | 2.7% |
| | 4.8% | 4.6% | 4.6% |

Withholding tax Receipts Cumulative by Month

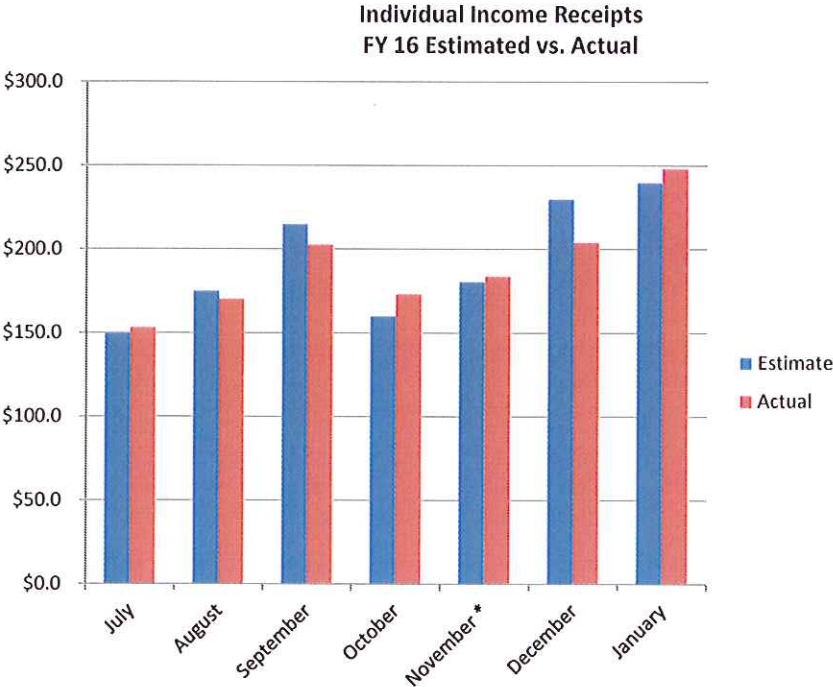


Individual Income Receipts FY 16 Estimated vs Actual

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% |
| January | \$240.0 | \$248.2 | 3.4% |

* New Consensus Estimate

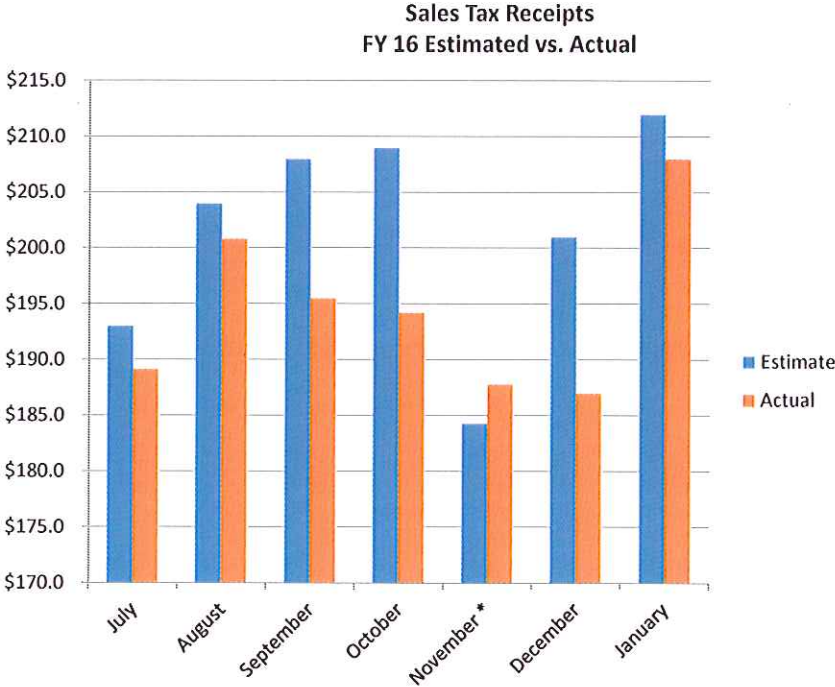


Sales Tax Receipts FY 16 Estimated vs Actual

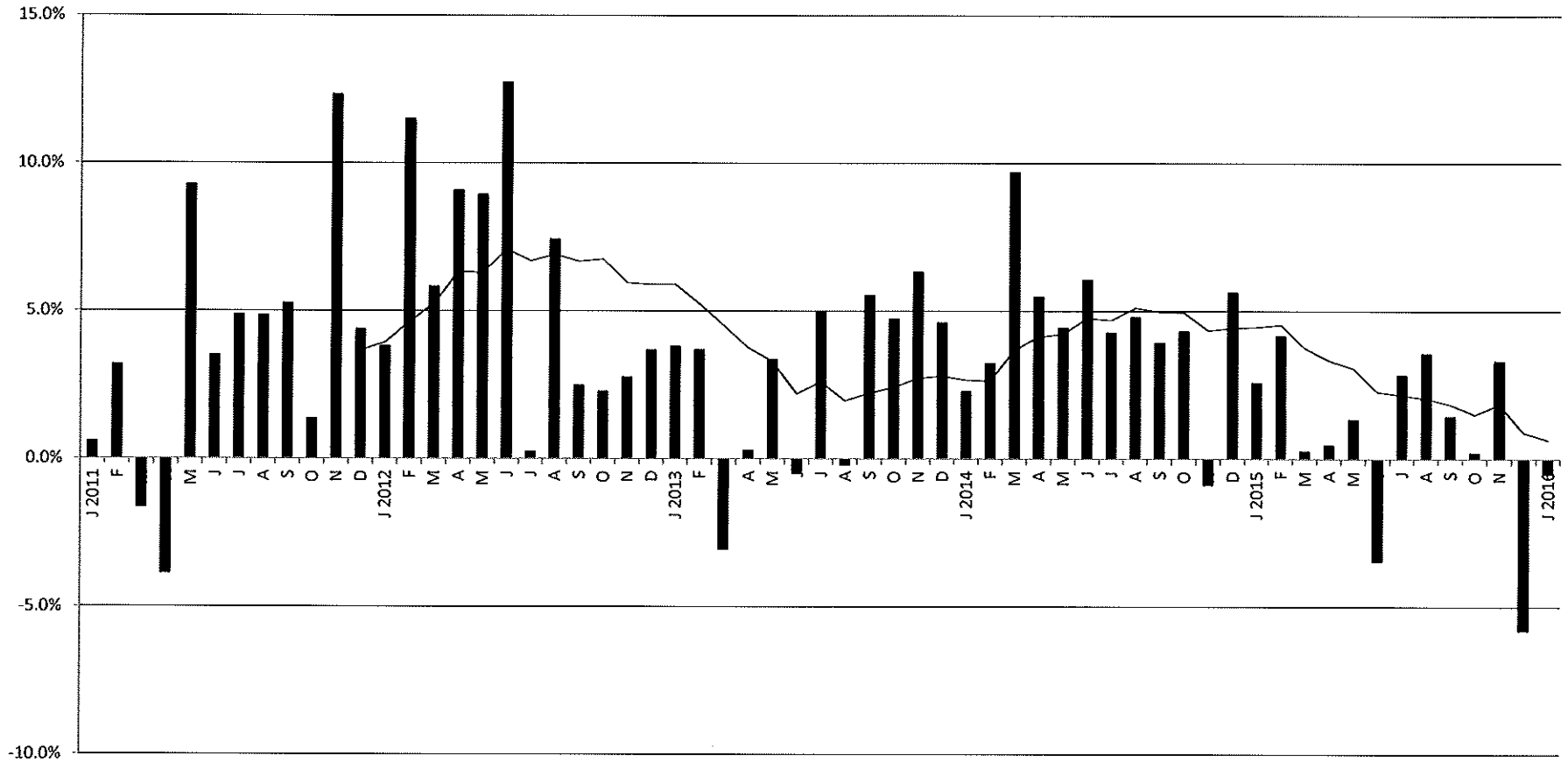
Kansas Department of Revenue
Sales Tax
FY 2016 Estimates Compared to Actual Receipts
dollars are in millions

| | 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% |
| January | \$212.0 | \$208.0 | -1.9% |

* New Consensus Estimate





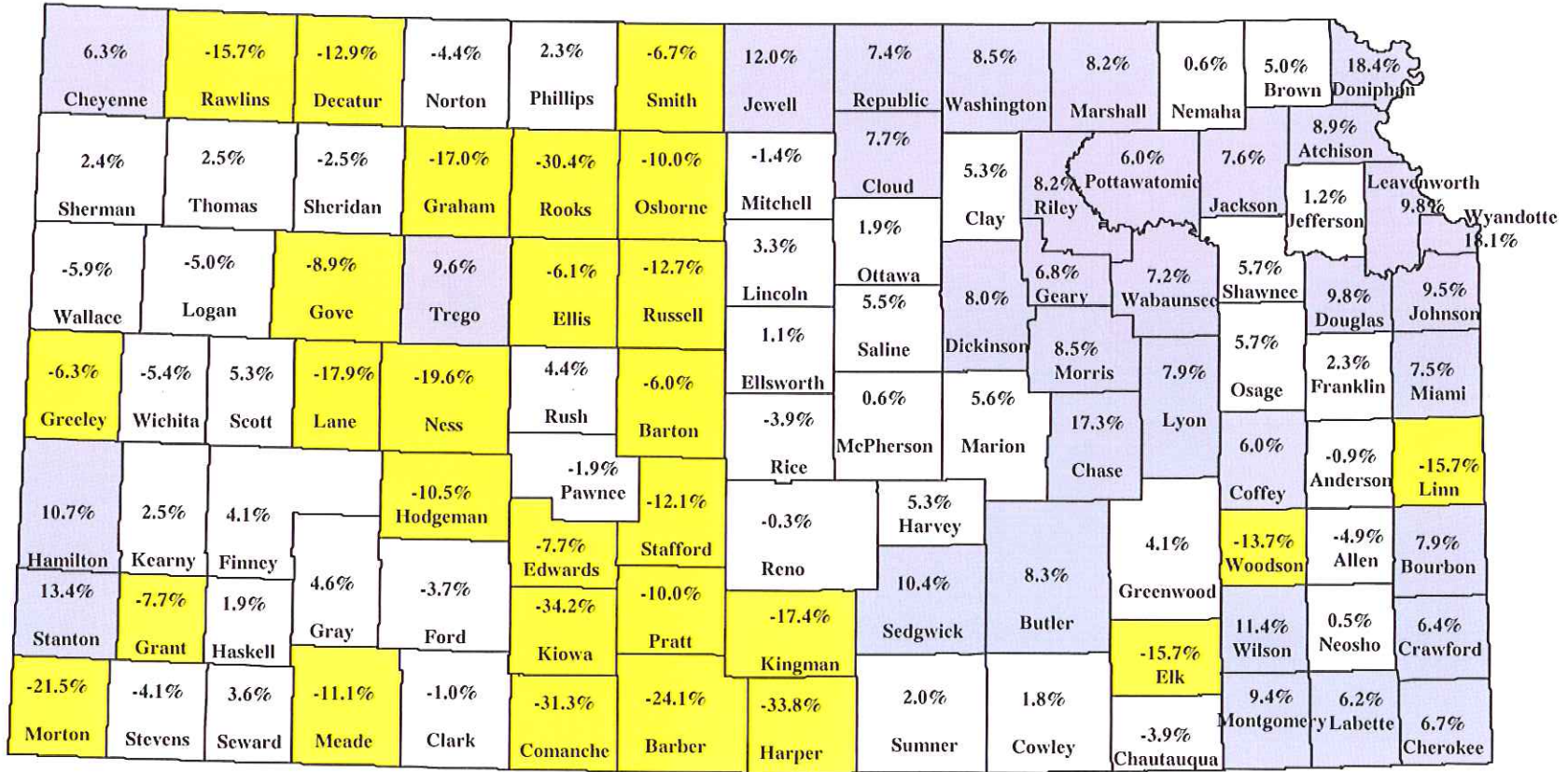
Kansas Department of Revenue Percent Change in Taxable Sales from Same Month of Previous Year



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

The sales tax rate increased from 6.15% to 6.50% July 1, 2015, creating a total statewide 5.7% increase during July – October 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 | Month of | Per Cent Change* | Fiscal Year to Date | | Per Cent Change* |
|-------------|------------------|------------------|---------------------|--|--|---------------------|
| | October-14 | October-15 | | Fiscal Year 2015 (July 14 - October 2014) | Fiscal Year 2016 (July 15 - October 15) | |
| Allen | \$ 908,216.68 | \$ 849,014.00 | -6.5% | \$ 3,585,084.32 | \$ 3,408,002.54 | -4.9% |
| Anderson | \$ 378,191.86 | \$ 400,090.90 | 5.8% | \$ 1,560,152.65 | \$ 1,546,683.18 | -0.9% |
| Atchison | \$ 761,638.70 | \$ 829,110.51 | 8.9% | \$ 3,051,612.03 | \$ 3,324,028.47 | 8.9% |
| Barber | \$ 550,543.56 | \$ 371,803.40 | -32.5% | \$ 2,163,413.11 | \$ 1,642,254.46 | -24.1% |
| Barton | \$ 2,533,353.57 | \$ 2,403,063.18 | -5.1% | \$ 10,543,948.99 | \$ 9,908,233.82 | -6.0% |
| Bourbon | \$ 708,457.03 | \$ 810,062.40 | 14.3% | \$ 2,860,815.95 | \$ 3,085,396.36 | 7.9% |
| Brown | \$ 531,370.78 | \$ 574,079.11 | 8.0% | \$ 2,163,224.62 | \$ 2,271,378.10 | 5.0% |
| Butler | \$ 3,658,734.28 | \$ 3,879,186.48 | 6.0% | \$ 14,568,961.31 | \$ 15,764,706.53 | 8.3% |
| Chase | \$ 80,765.14 | \$ 105,855.69 | 31.1% | \$ 363,997.88 | \$ 427,147.65 | 17.3% |
| Chautauqua | \$ 133,127.53 | \$ 107,072.96 | -19.6% | \$ 540,277.67 | \$ 519,007.71 | -3.9% |
| Cherokee | \$ 598,945.69 | \$ 647,082.07 | 8.0% | \$ 2,470,391.50 | \$ 2,635,697.58 | 6.7% |
| Cheyenne | \$ 126,719.91 | \$ 144,859.89 | 14.3% | \$ 547,240.15 | \$ 581,892.78 | 6.3% |
| Clark | \$ 92,338.86 | \$ 82,312.98 | -10.9% | \$ 377,755.90 | \$ 374,101.81 | -1.0% |
| Clay | \$ 436,343.06 | \$ 424,555.97 | -2.7% | \$ 1,707,224.76 | \$ 1,797,265.13 | 5.3% |
| Cloud | \$ 657,207.03 | \$ 699,077.81 | 6.4% | \$ 2,590,335.05 | \$ 2,790,583.34 | 7.7% |
| Coffey | \$ 490,162.52 | \$ 543,197.98 | 10.8% | \$ 1,989,412.78 | \$ 2,109,265.18 | 6.0% |
| Comanche | \$ 191,355.53 | \$ 137,053.61 | -28.4% | \$ 768,977.48 | \$ 528,128.02 | -31.3% |
| Cowley | \$ 1,882,080.85 | \$ 1,954,936.34 | 3.9% | \$ 7,792,527.02 | \$ 7,931,795.90 | 1.8% |
| Crawford | \$ 2,157,833.55 | \$ 2,354,677.33 | 9.1% | \$ 8,962,983.24 | \$ 9,536,151.77 | 6.4% |
| Decatur | \$ 130,962.47 | \$ 119,922.05 | -8.4% | \$ 591,272.56 | \$ 515,010.87 | -12.9% |
| Dickinson | \$ 974,041.21 | \$ 1,007,585.49 | 3.4% | \$ 3,786,602.77 | \$ 4,089,205.10 | 8.0% |
| Doniphan | \$ 233,583.11 | \$ 271,999.41 | 16.4% | \$ 910,009.67 | \$ 1,077,673.79 | 18.4% |
| Douglas | \$ 7,546,451.59 | \$ 8,489,784.57 | 12.5% | \$ 30,918,845.68 | \$ 33,958,280.97 | 9.8% |
| Edwards | \$ 134,305.51 | \$ 142,311.40 | 6.0% | \$ 565,826.14 | \$ 522,292.73 | -7.7% |
| Elk | \$ 87,460.71 | \$ 112,508.69 | 28.6% | \$ 452,007.97 | \$ 380,844.33 | -15.7% |
| Ellis | \$ 3,482,026.72 | \$ 3,274,505.25 | -6.0% | \$ 14,270,386.62 | \$ 13,393,089.59 | -6.1% |
| Ellsworth | \$ 380,385.33 | \$ 348,478.92 | -8.4% | \$ 1,424,335.55 | \$ 1,440,591.60 | 1.1% |
| Finney | \$ 3,769,450.10 | \$ 3,854,411.68 | 2.3% | \$ 14,793,159.82 | \$ 15,396,215.10 | 4.1% |
| Ford | \$ 2,927,836.51 | \$ 2,837,197.02 | -3.1% | \$ 11,281,487.80 | \$ 10,859,105.18 | -3.7% |
| Franklin | \$ 1,428,919.94 | \$ 1,467,248.35 | 2.7% | \$ 5,758,641.30 | \$ 5,889,548.47 | 2.3% |
| Geary | \$ 2,064,516.29 | \$ 2,176,994.68 | 5.4% | \$ 8,362,313.91 | \$ 8,931,718.41 | 6.8% |
| Gove | \$ 275,255.41 | \$ 256,955.24 | -6.6% | \$ 1,074,607.50 | \$ 978,483.25 | -8.9% |
| Graham | \$ 227,952.59 | \$ 176,856.11 | -22.4% | \$ 911,264.79 | \$ 756,203.02 | -17.0% |
| Grant | \$ 459,084.72 | \$ 463,695.24 | 1.0% | \$ 1,915,330.03 | \$ 1,768,779.84 | -7.7% |
| Gray | \$ 267,635.48 | \$ 283,641.43 | 6.0% | \$ 1,135,630.18 | \$ 1,184,663.64 | 4.3% |
| Greeley | \$ 65,819.46 | \$ 65,929.51 | 0.2% | \$ 316,675.89 | \$ 296,805.47 | -6.3% |
| Greenwood | \$ 251,700.85 | \$ 316,691.56 | 25.8% | \$ 1,006,225.95 | \$ 1,047,297.01 | 4.1% |
| Hamilton | \$ 142,905.18 | \$ 144,083.63 | 0.8% | \$ 528,926.35 | \$ 585,335.30 | 10.7% |
| Harper | \$ 572,648.23 | \$ 404,446.89 | -29.4% | \$ 2,450,253.09 | \$ 1,621,533.26 | -33.8% |
| Harvey | \$ 1,859,539.35 | \$ 1,991,862.67 | 7.1% | \$ 7,714,413.99 | \$ 8,123,122.72 | 5.3% |
| Haskell | \$ 252,801.98 | \$ 250,290.30 | -1.0% | \$ 1,044,490.83 | \$ 1,063,987.95 | 1.9% |
| Hodgeman | \$ 79,216.45 | \$ 69,325.44 | -12.5% | \$ 327,188.90 | \$ 292,934.89 | -10.5% |
| Jackson | \$ 504,156.09 | \$ 555,409.51 | 10.2% | \$ 2,063,301.29 | \$ 2,219,234.27 | 7.6% |
| Jefferson | \$ 531,232.22 | \$ 538,415.67 | 1.4% | \$ 2,072,657.03 | \$ 2,096,493.22 | 1.2% |
| Jewell | \$ 86,572.00 | \$ 99,882.83 | 15.4% | \$ 358,374.11 | \$ 401,266.39 | 12.0% |
| Johnson | \$ 52,561,918.94 | \$ 57,718,321.55 | 9.8% | \$ 215,956,370.33 | \$ 236,538,496.44 | 9.5% |
| Kearny | \$ 142,313.94 | \$ 145,734.39 | 2.4% | \$ 601,398.41 | \$ 616,686.54 | 2.5% |
| Kingman | \$ 495,824.82 | \$ 327,145.50 | -34.0% | \$ 1,798,704.69 | \$ 1,486,367.48 | -17.4% |
| Kiowa | \$ 176,141.71 | \$ 147,653.08 | -16.2% | \$ 812,278.78 | \$ 534,543.45 | -34.2% |
| Labette | \$ 1,076,464.84 | \$ 1,068,536.73 | -0.7% | \$ 4,119,744.84 | \$ 4,375,569.57 | 6.2% |
| Lane | \$ 128,058.13 | \$ 82,108.69 | -35.9% | \$ 471,419.28 | \$ 387,188.27 | -17.9% |
| Leavenworth | \$ 3,057,552.39 | \$ 3,406,883.67 | 11.4% | \$ 12,317,600.13 | \$ 13,519,623.28 | 9.8% |
| Lincoln | \$ 101,795.18 | \$ 93,556.81 | -8.1% | \$ 441,978.30 | \$ 456,624.59 | 3.3% |
| Linn | \$ 588,255.42 | \$ 381,474.95 | -35.2% | \$ 1,889,953.69 | \$ 1,593,843.30 | -15.7% |
| Logan | \$ 264,775.40 | \$ 266,762.45 | 0.8% | \$ 1,042,100.99 | \$ 990,444.64 | -5.0% |
| Lyon | \$ 2,188,420.06 | \$ 2,390,480.24 | 9.2% | \$ 8,870,923.47 | \$ 9,573,768.53 | 7.9% |
| Marion | \$ 473,767.83 | \$ 498,739.26 | 5.3% | \$ 1,855,863.99 | \$ 1,960,445.50 | 5.6% |
| Marshall | \$ 627,888.75 | \$ 732,300.03 | 16.6% | \$ 2,662,708.18 | \$ 2,880,335.68 | 8.2% |
| McPherson | \$ 2,182,920.73 | \$ 2,264,963.47 | 3.8% | \$ 9,256,961.00 | \$ 9,309,024.20 | 0.6% |
| Meade | \$ 236,280.68 | \$ 186,385.85 | -21.1% | \$ 887,939.68 | \$ 789,405.49 | -11.1% |

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

| County Name | Month of | | Fiscal Year to Date | | Per Cent Change* | Fiscal Year 2016 | | Per Cent Change* |
|----------------|-------------------|-------------------|--|------------------------|---------------------|--|-------------------|---------------------|
| | October-14 | October-15 | Fiscal Year 2015 (July 14 - October 2014) | (July 15 - October 15) | | Fiscal Year 2016 (July 15 - October 15) | | |
| Miami | \$ 1,554,603.85 | \$ 1,717,808.50 | \$ 6,463,409.72 | \$ 6,950,028.14 | 10.5% | \$ 6,463,409.72 | \$ 6,950,028.14 | 7.5% |
| Mitchell | \$ 571,562.48 | \$ 471,172.48 | \$ 2,034,559.20 | \$ 2,006,635.83 | -17.6% | \$ 2,034,559.20 | \$ 2,006,635.83 | -1.4% |
| Montgomery | \$ 1,952,856.22 | \$ 2,513,087.94 | \$ 8,177,315.60 | \$ 8,946,211.43 | 28.7% | \$ 8,177,315.60 | \$ 8,946,211.43 | 9.4% |
| Morris | \$ 253,166.04 | \$ 260,771.04 | \$ 1,023,451.97 | \$ 1,109,979.71 | 3.0% | \$ 1,023,451.97 | \$ 1,109,979.71 | 8.5% |
| Morton | \$ 166,912.32 | \$ 144,167.79 | \$ 745,466.12 | \$ 585,075.05 | -13.6% | \$ 745,466.12 | \$ 585,075.05 | -21.5% |
| Nemaha | \$ 604,377.88 | \$ 612,286.43 | \$ 2,476,911.05 | \$ 2,491,504.84 | 1.3% | \$ 2,476,911.05 | \$ 2,491,504.84 | 0.6% |
| Neosho | \$ 951,073.00 | \$ 992,170.47 | \$ 4,022,441.75 | \$ 4,043,742.04 | 4.3% | \$ 4,022,441.75 | \$ 4,043,742.04 | 0.5% |
| Ness | \$ 407,860.78 | \$ 258,624.74 | \$ 1,554,921.41 | \$ 1,250,446.90 | -36.6% | \$ 1,554,921.41 | \$ 1,250,446.90 | -19.6% |
| Osage | \$ 291,513.51 | \$ 285,151.61 | \$ 1,246,818.58 | \$ 1,192,281.13 | -2.2% | \$ 1,246,818.58 | \$ 1,192,281.13 | -4.4% |
| Osborne | \$ 448,774.12 | \$ 459,413.32 | \$ 1,815,831.31 | \$ 1,918,911.55 | 2.4% | \$ 1,815,831.31 | \$ 1,918,911.55 | 5.7% |
| Ottawa | \$ 227,916.35 | \$ 219,795.33 | \$ 944,838.43 | \$ 850,455.24 | -3.6% | \$ 944,838.43 | \$ 850,455.24 | -10.0% |
| Pawnee | \$ 177,490.51 | \$ 158,837.23 | \$ 654,180.50 | \$ 666,919.00 | -10.5% | \$ 654,180.50 | \$ 666,919.00 | 1.9% |
| Phillips | \$ 317,716.39 | \$ 328,504.29 | \$ 1,309,798.22 | \$ 1,285,366.17 | 3.4% | \$ 1,309,798.22 | \$ 1,285,366.17 | -1.9% |
| Pottawatomie | \$ 273,083.34 | \$ 302,894.39 | \$ 1,183,350.26 | \$ 1,210,710.40 | 10.9% | \$ 1,183,350.26 | \$ 1,210,710.40 | 2.3% |
| Pratt | \$ 2,375,683.92 | \$ 2,576,927.75 | \$ 9,570,086.60 | \$ 10,142,276.14 | 8.5% | \$ 9,570,086.60 | \$ 10,142,276.14 | 6.0% |
| Rawlins | \$ 953,856.26 | \$ 859,956.90 | \$ 3,881,350.74 | \$ 3,492,215.29 | -9.8% | \$ 3,881,350.74 | \$ 3,492,215.29 | -10.0% |
| Reno | \$ 157,189.76 | \$ 119,199.07 | \$ 657,032.72 | \$ 553,779.25 | -24.2% | \$ 657,032.72 | \$ 553,779.25 | -15.7% |
| Republic | \$ 4,541,729.31 | \$ 4,539,753.32 | \$ 19,107,016.77 | \$ 19,053,380.60 | 0.0% | \$ 19,107,016.77 | \$ 19,053,380.60 | -0.3% |
| Rice | \$ 246,923.22 | \$ 274,431.91 | \$ 1,010,340.09 | \$ 1,085,144.61 | 11.1% | \$ 1,010,340.09 | \$ 1,085,144.61 | 7.4% |
| Riley | \$ 524,911.77 | \$ 485,318.68 | \$ 2,023,078.36 | \$ 1,944,012.76 | -7.5% | \$ 2,023,078.36 | \$ 1,944,012.76 | -3.9% |
| Rooks | \$ 4,004,334.87 | \$ 4,673,290.34 | \$ 17,707,637.35 | \$ 19,167,112.94 | 16.7% | \$ 17,707,637.35 | \$ 19,167,112.94 | 8.2% |
| Rush | \$ 515,496.10 | \$ 306,324.94 | \$ 1,880,686.24 | \$ 1,308,456.54 | -40.6% | \$ 1,880,686.24 | \$ 1,308,456.54 | -30.4% |
| Russell | \$ 116,917.31 | \$ 118,060.78 | \$ 499,557.45 | \$ 521,422.19 | 1.0% | \$ 499,557.45 | \$ 521,422.19 | 4.4% |
| Saline | \$ 519,450.73 | \$ 425,886.09 | \$ 2,042,914.27 | \$ 1,784,241.15 | -18.0% | \$ 2,042,914.27 | \$ 1,784,241.15 | -12.7% |
| Scott | \$ 5,315,214.04 | \$ 5,553,932.93 | \$ 21,354,338.27 | \$ 22,521,832.57 | 4.5% | \$ 21,354,338.27 | \$ 22,521,832.57 | 5.5% |
| Seaward | \$ 357,975.16 | \$ 348,417.66 | \$ 1,506,998.00 | \$ 1,587,121.05 | -2.7% | \$ 1,506,998.00 | \$ 1,587,121.05 | 5.3% |
| Shawnee | \$ 39,614,008.56 | \$ 44,349,024.61 | \$ 163,911,808.92 | \$ 180,909,705.73 | 12.0% | \$ 163,911,808.92 | \$ 180,909,705.73 | 10.4% |
| Sheridan | \$ 2,036,460.07 | \$ 2,047,120.86 | \$ 8,120,778.57 | \$ 8,416,438.22 | 0.5% | \$ 8,120,778.57 | \$ 8,416,438.22 | 3.6% |
| Sherman | \$ 13,166,145.58 | \$ 14,034,677.64 | \$ 54,081,976.15 | \$ 57,153,074.65 | 6.6% | \$ 54,081,976.15 | \$ 57,153,074.65 | 5.7% |
| Smith | \$ 150,618.34 | \$ 161,764.49 | \$ 680,405.35 | \$ 663,092.72 | 7.4% | \$ 680,405.35 | \$ 663,092.72 | -2.5% |
| Stafford | \$ 559,554.29 | \$ 551,896.90 | \$ 2,344,013.79 | \$ 2,399,256.49 | -1.4% | \$ 2,344,013.79 | \$ 2,399,256.49 | 2.4% |
| Stanton | \$ 201,739.44 | \$ 181,733.31 | \$ 787,993.31 | \$ 734,982.83 | -9.9% | \$ 787,993.31 | \$ 734,982.83 | -6.7% |
| Stevens | \$ 207,735.70 | \$ 189,613.54 | \$ 906,982.31 | \$ 797,464.52 | -8.7% | \$ 906,982.31 | \$ 797,464.52 | -12.1% |
| Summer | \$ 115,780.16 | \$ 113,743.69 | \$ 448,099.94 | \$ 508,075.69 | -1.8% | \$ 448,099.94 | \$ 508,075.69 | 13.4% |
| Thomas | \$ 383,825.54 | \$ 370,295.86 | \$ 1,653,492.44 | \$ 1,586,316.54 | -3.5% | \$ 1,653,492.44 | \$ 1,586,316.54 | -4.1% |
| Trego | \$ 1,088,879.84 | \$ 1,089,653.19 | \$ 4,372,162.96 | \$ 4,460,034.82 | 0.1% | \$ 4,372,162.96 | \$ 4,460,034.82 | 2.0% |
| Wabaunsee | \$ 892,039.56 | \$ 908,147.78 | \$ 3,811,890.32 | \$ 3,907,205.92 | 1.8% | \$ 3,811,890.32 | \$ 3,907,205.92 | 2.5% |
| Wallace | \$ 238,148.39 | \$ 208,549.73 | \$ 890,406.66 | \$ 975,657.97 | -12.4% | \$ 890,406.66 | \$ 975,657.97 | 9.6% |
| Washington | \$ 174,063.22 | \$ 200,437.21 | \$ 733,590.65 | \$ 786,658.52 | 15.2% | \$ 733,590.65 | \$ 786,658.52 | 7.2% |
| Wichita | \$ 81,020.71 | \$ 80,277.47 | \$ 370,797.13 | \$ 349,010.75 | -0.9% | \$ 370,797.13 | \$ 349,010.75 | -5.9% |
| Wilson | \$ 225,317.72 | \$ 267,996.75 | \$ 887,720.04 | \$ 963,101.31 | 18.9% | \$ 887,720.04 | \$ 963,101.31 | 8.5% |
| Woodson | \$ 122,958.83 | \$ 135,241.16 | \$ 527,752.78 | \$ 499,013.03 | 10.0% | \$ 527,752.78 | \$ 499,013.03 | -5.4% |
| Wyandotte | \$ 332,120.76 | \$ 438,999.08 | \$ 1,502,700.53 | \$ 1,674,659.49 | 32.2% | \$ 1,502,700.53 | \$ 1,674,659.49 | 11.4% |
| Not Designated | \$ 140,127.00 | \$ 121,440.56 | \$ 545,864.45 | \$ 471,182.29 | -13.3% | \$ 545,864.45 | \$ 471,182.29 | -13.7% |
| | \$ 8,439,400.89 | \$ 12,458,993.14 | \$ 42,136,475.88 | \$ 49,774,440.71 | 47.6% | \$ 42,136,475.88 | \$ 49,774,440.71 | 18.1% |
| Total | \$ 641,286.53 | \$ 657,988.97 | \$ 2,586,204.72 | \$ 2,726,822.12 | 2.6% | \$ 2,586,204.72 | \$ 2,726,822.12 | 5.4% |
| Total | \$ 206,555,944.82 | \$ 224,322,344.69 | \$ 853,813,959.77 | \$ 911,509,280.50 | 8.6% | \$ 853,813,959.77 | \$ 911,509,280.50 | 6.8% |

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, Oklahoma, and Kansas

| Month | Iowa | | |
|-----------------|-------------------|------------------|-------------|
| | 2014 | 2015 | % Change |
| | Sales and Use Net | | |
| 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/tfif/>

| Month | Missouri | | |
|-----------------|---------------------|------------------|-------------|
| | 2014 | 2015 | % Change |
| | Sales and Use Gross | | |
| 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 Department of Revenue
Sales and Use Tax Receipts
Iowa, Missouri, Nebraska, Oklahoma, and Kansas**

| Month | Nebraska Sales and Use Net | | |
|-----------|-------------------------------|---------|----------|
| | 2014 | 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

| Month | Oklahoma Sales Tax | | |
|-----------|-----------------------|---------|----------|
| | 2014 | 2015 | % Change |
| January | \$169.5 | \$185.6 | 9.5% |
| February | \$151.7 | \$159.0 | 4.8% |
| March | \$153.6 | \$150.8 | -1.8% |
| April | \$164.9 | \$164.6 | -0.2% |
| May | \$170.1 | \$160.5 | -5.6% |
| June | \$170.6 | \$163.3 | -4.3% |
| July | \$172.8 | \$169.0 | -2.2% |
| August | \$172.3 | \$161.7 | -6.2% |
| September | \$171.9 | \$154.8 | -9.9% |
| October | \$169.9 | \$160.5 | -5.5% |
| November | \$174.1 | \$160.5 | -7.8% |
| December | \$175.0 | \$163.1 | -6.8% |

CY Total \$2,016.4 \$1,953.4 -3.1%

Source: <https://www.ok.gov/OSF/>

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

| | Kansas | | |
|-----------|-------------------|-------------|----------|
| Month | <u>2014</u> | <u>2015</u> | % Change |
| | Sales and Use Net | | |
| 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 Economic Activity

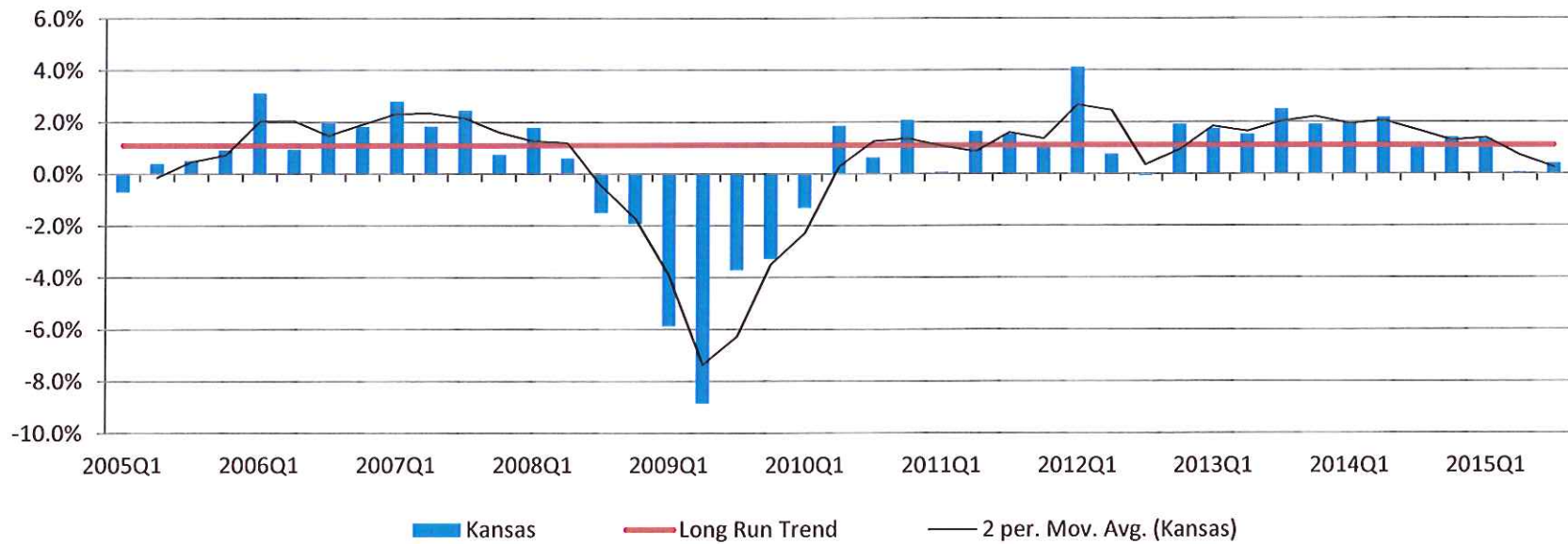
Senate Ways and Means Committee

Michael Austin

*Economic Research Fellow and Financial
Economist*

Kansas Economic Activity

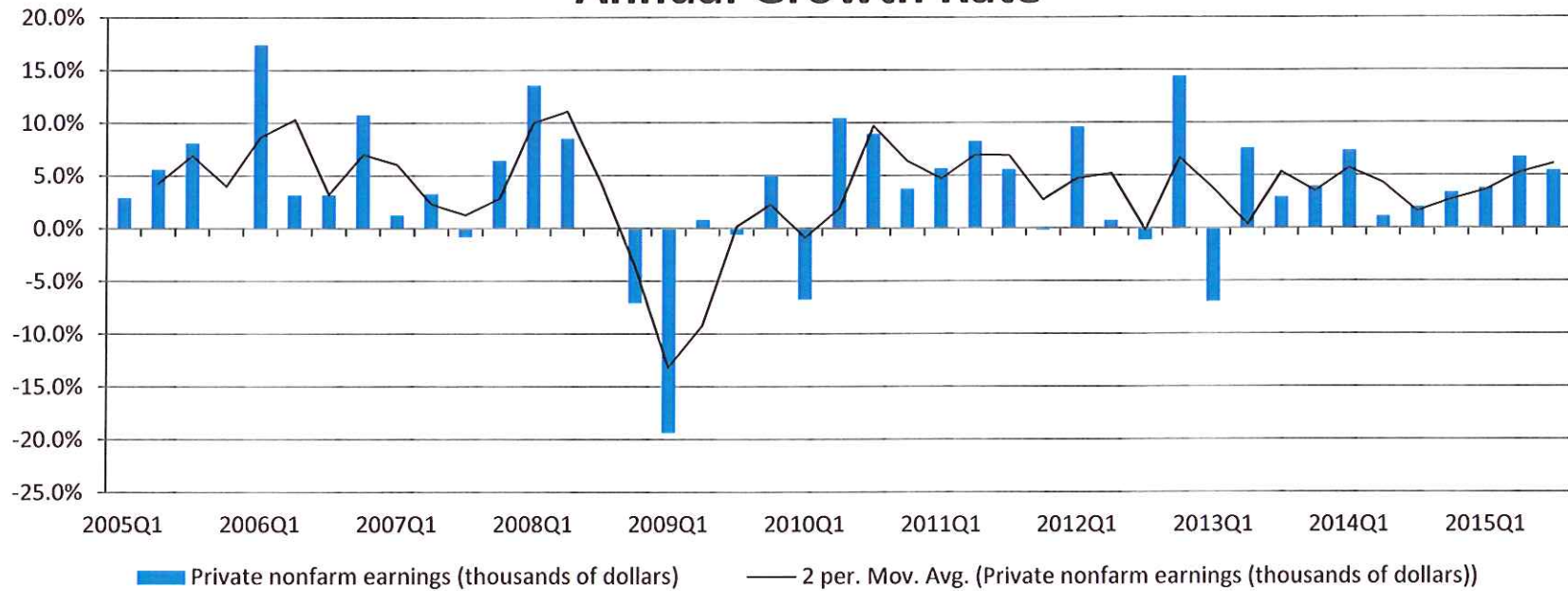
Total Private Payrolls Kansas Annual Growth Rate



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

Kansas Economic Activity

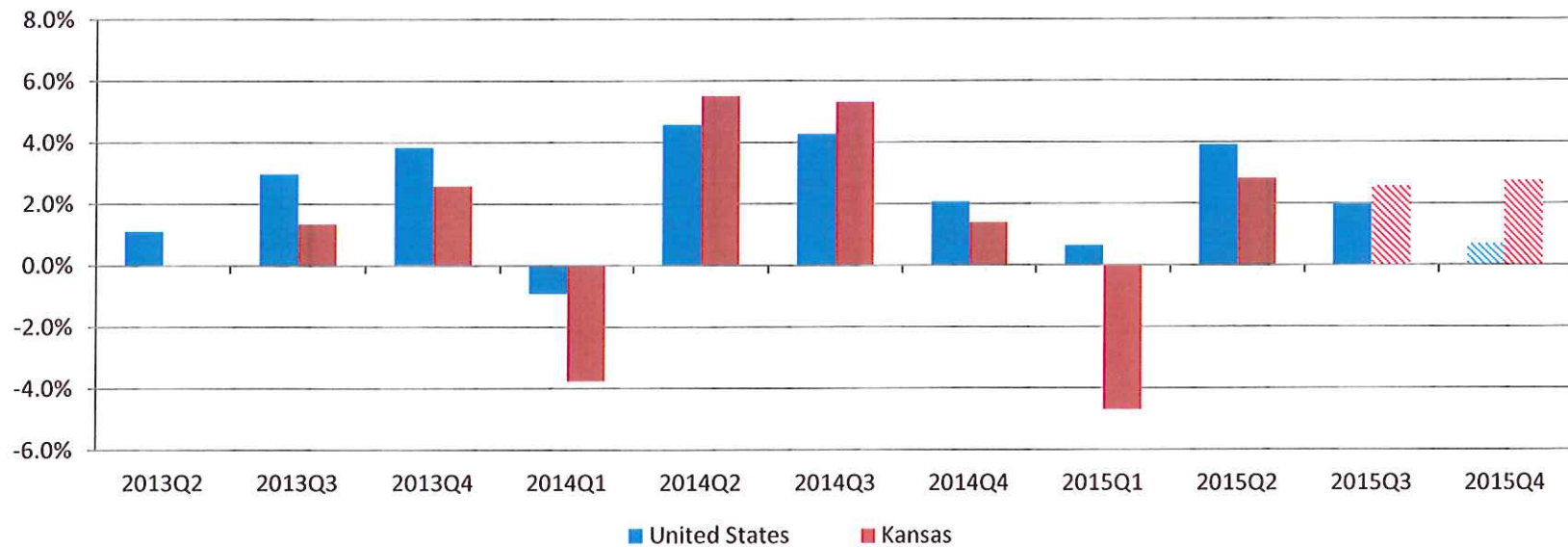
Private Nonfarm Earnings Kansas Annual Growth Rate



Source: U.S. Bureau of Economic Analysis

Kansas Economic Activity

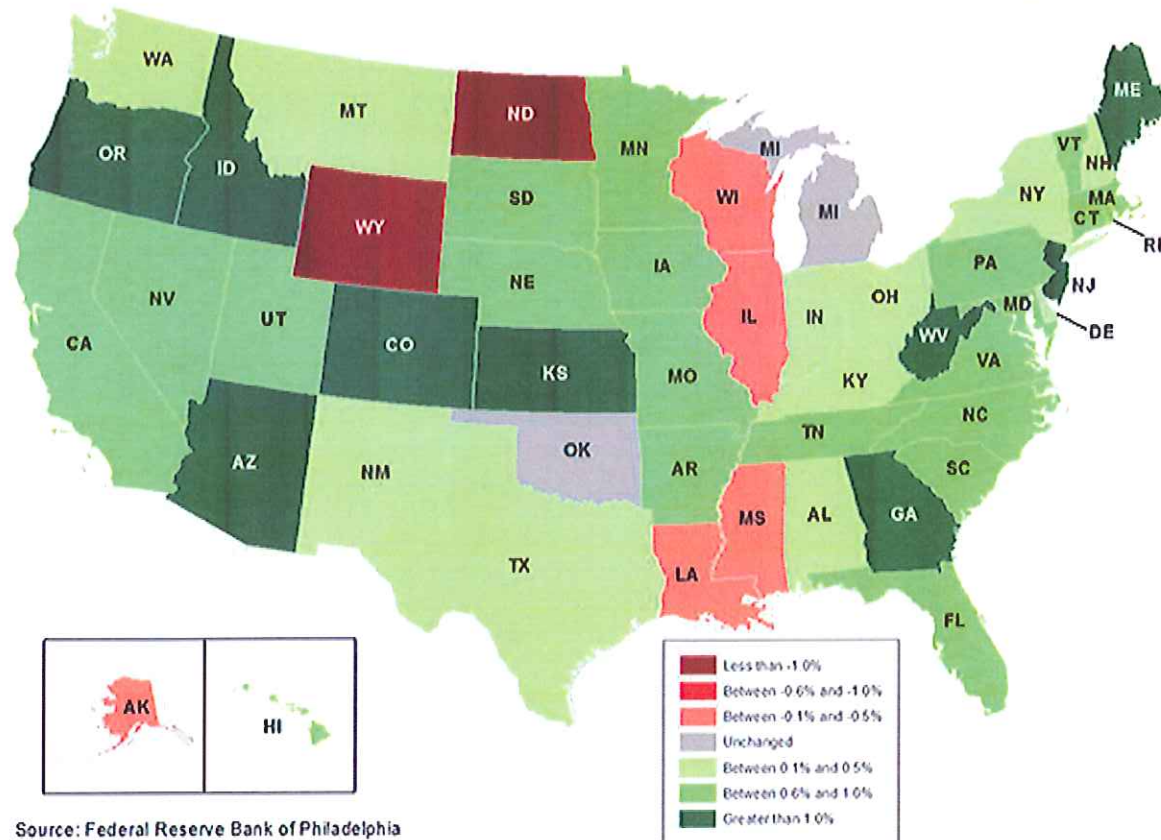
Real GDP Kansas Annual Growth Rate



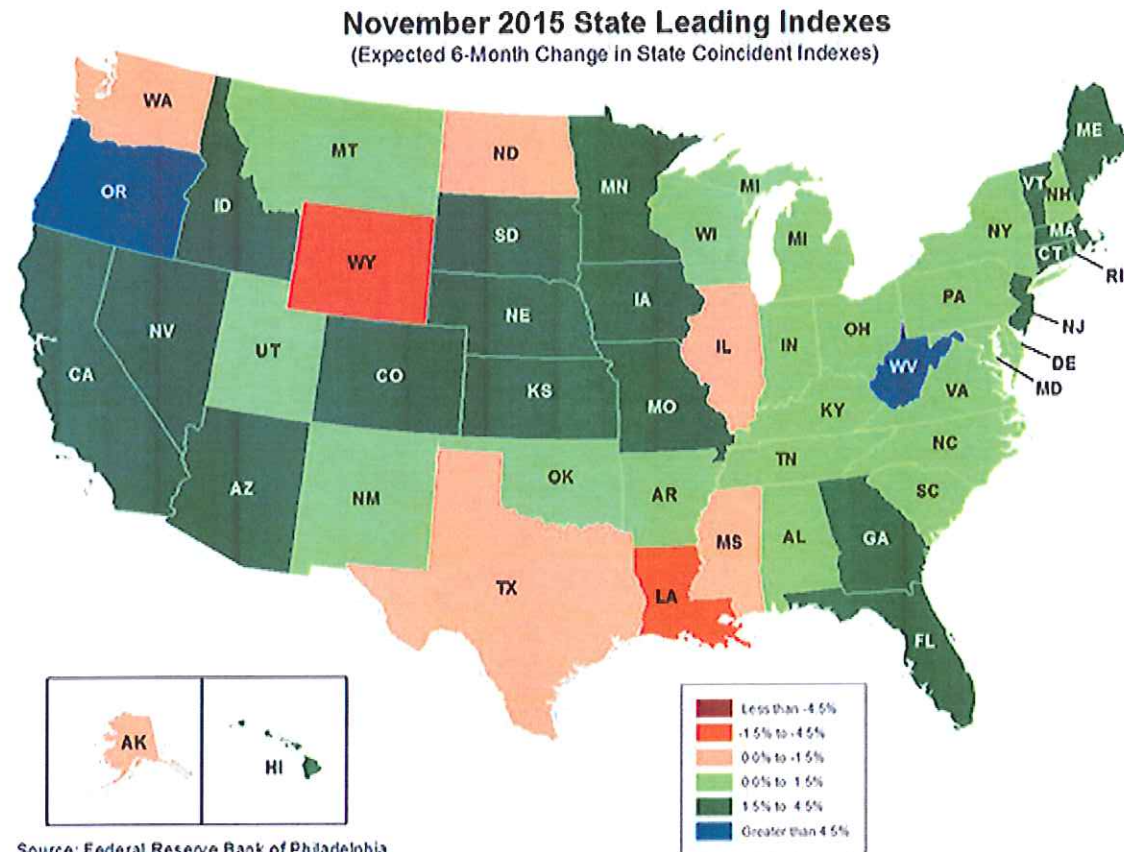
Source: U.S. Bureau of Economic Analysis

Kansas Economic Activity

December 2015 State Coincident Indexes: Three-Month Change



Kansas Economic Activity

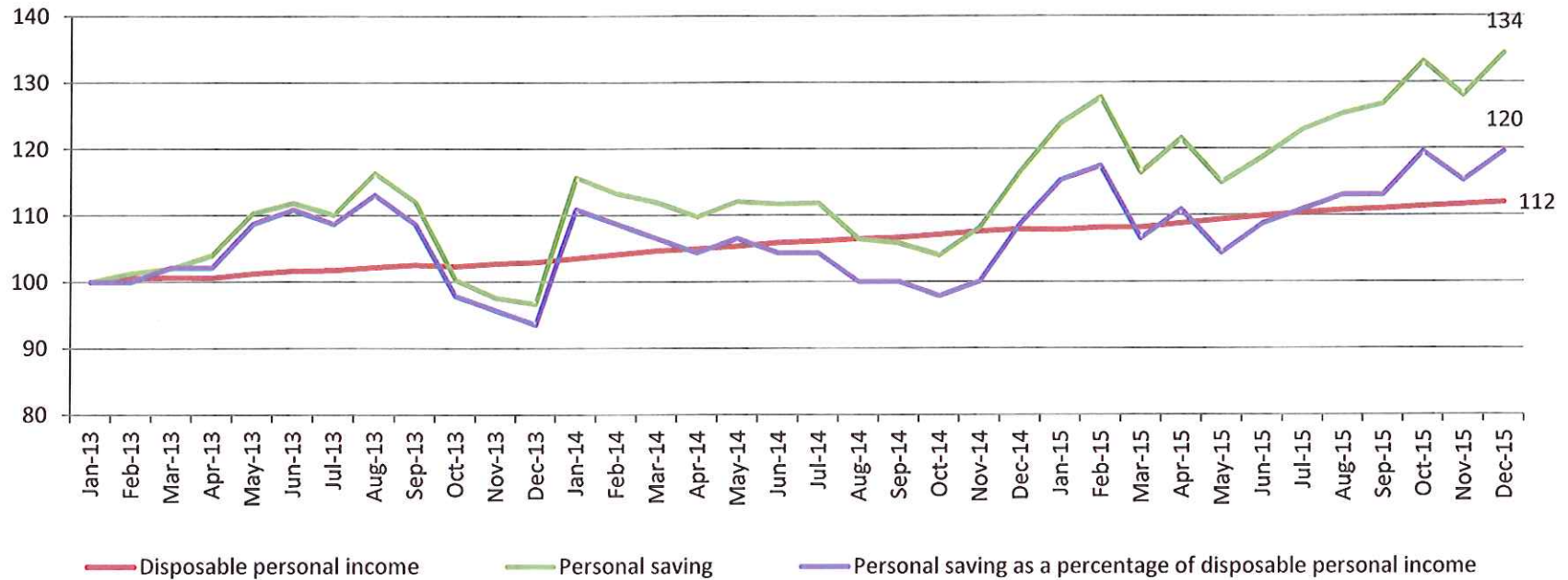


Kansas Economic Activity

ECONOMIC HEADWINDS

Economic Headwinds

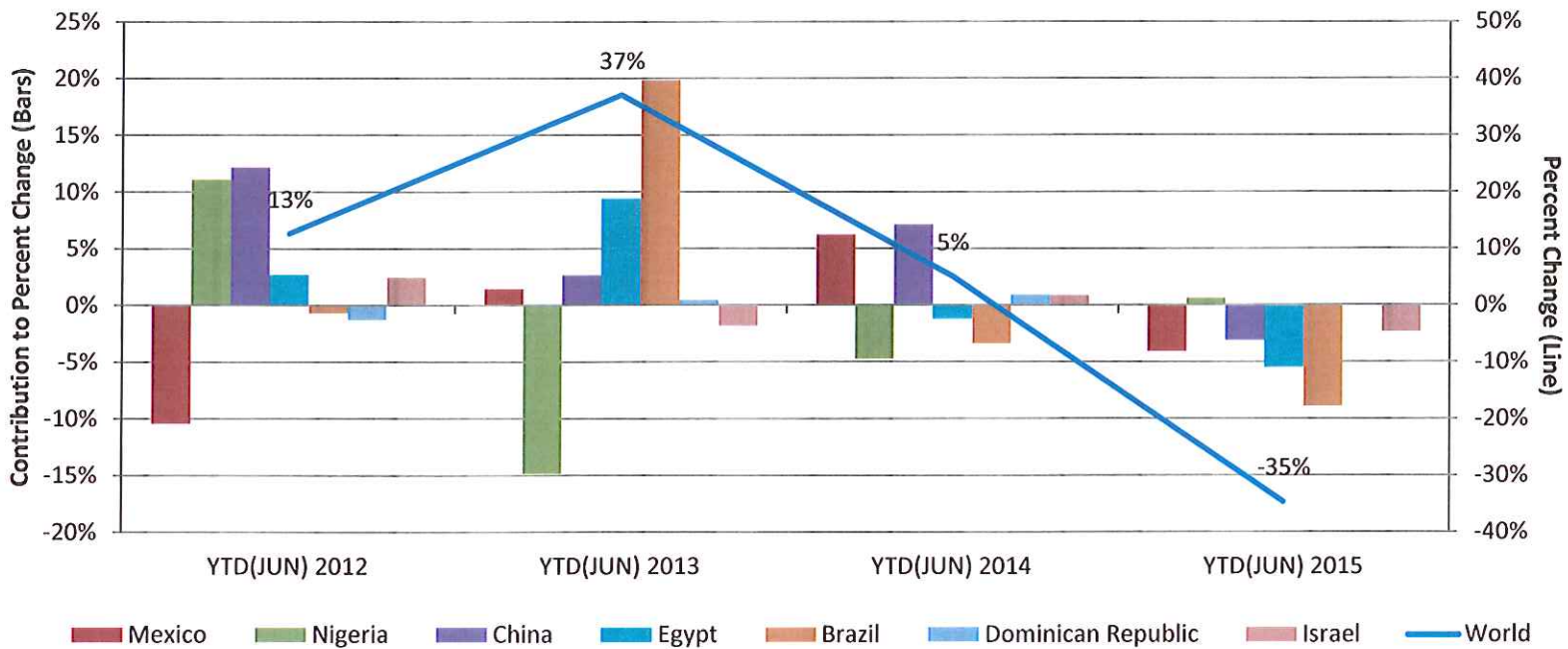
U.S. Personal Income Values Indexed to January 2013



U.S. Bureau of Economic Analysis

Economic Headwinds

Kansas Agricultural Exports to World and 7 Largest Markets

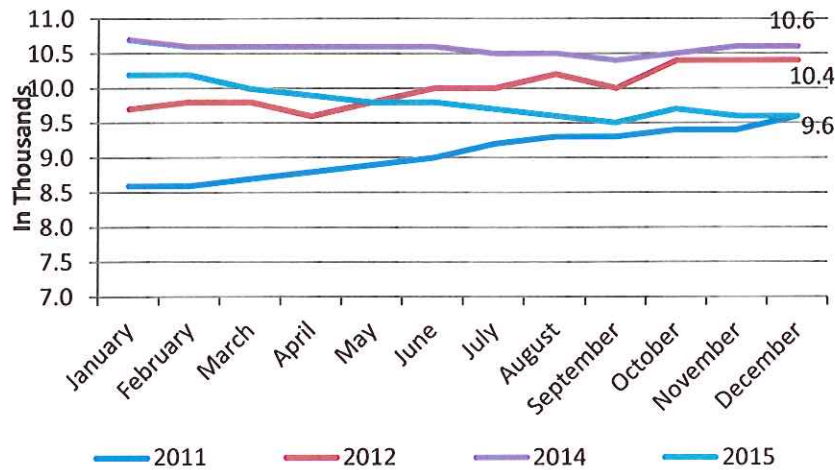


Source: International Trade Administration

Economic Headwinds

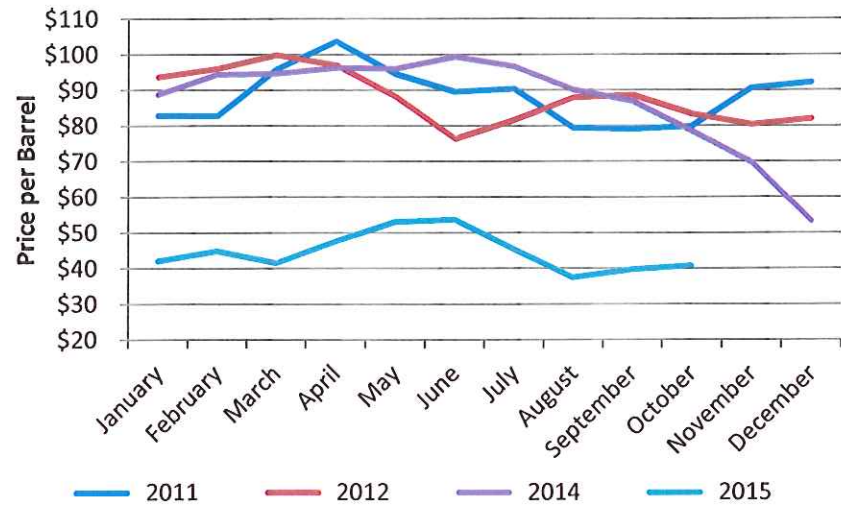
As of September 2015, Kansas ranked 10th in crude oil production, producing 3.525 Million barrels.

Mining and Logging Payrolls Kansas



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

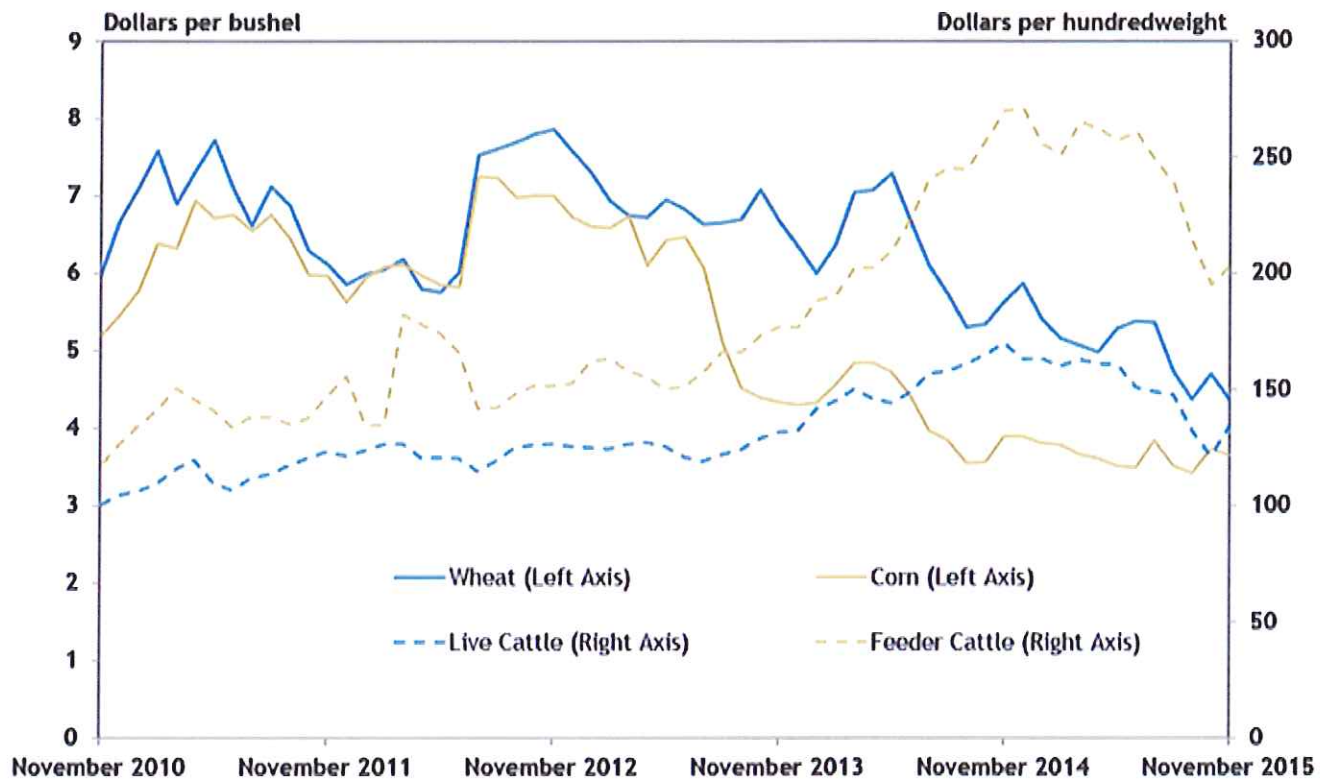
Crude Oil First Purchase Price Kansas



Source: U.S. Energy Information Administration

Economic Headwinds

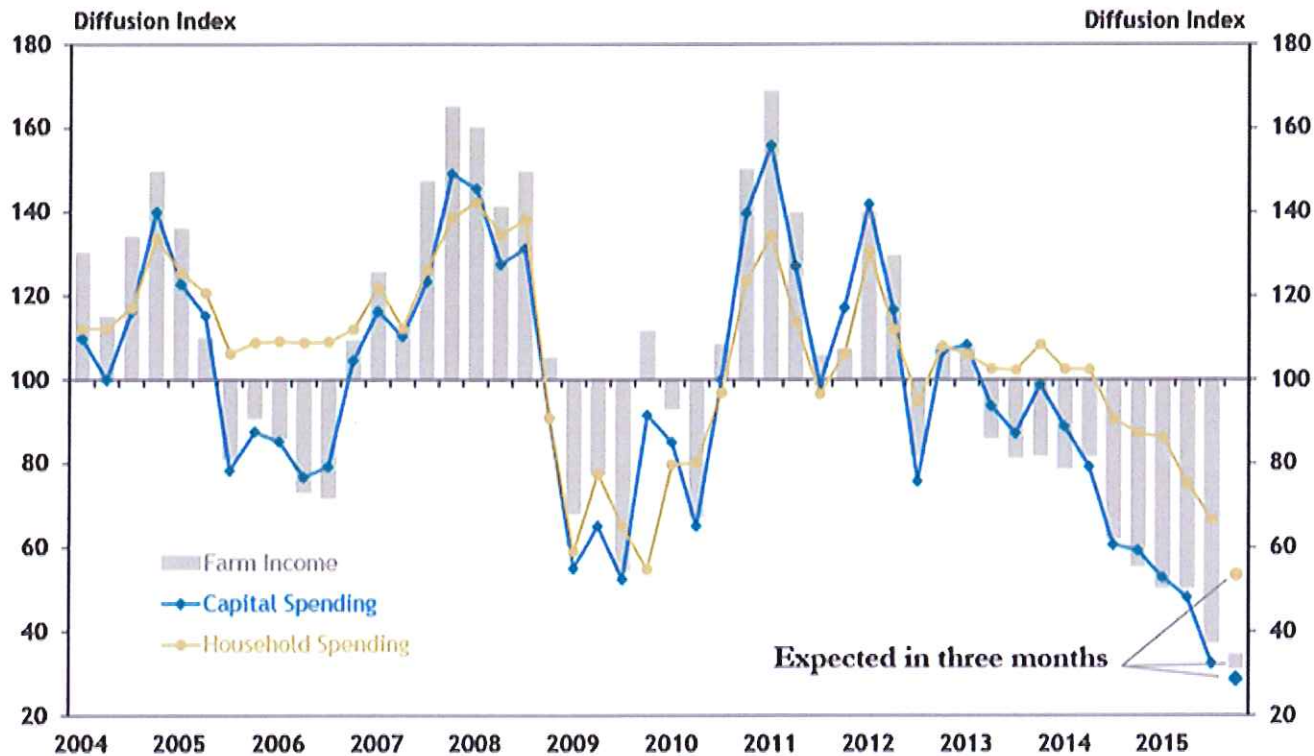
U.S. Agricultural Commodity Prices



Source: USDA.

Economic Headwinds

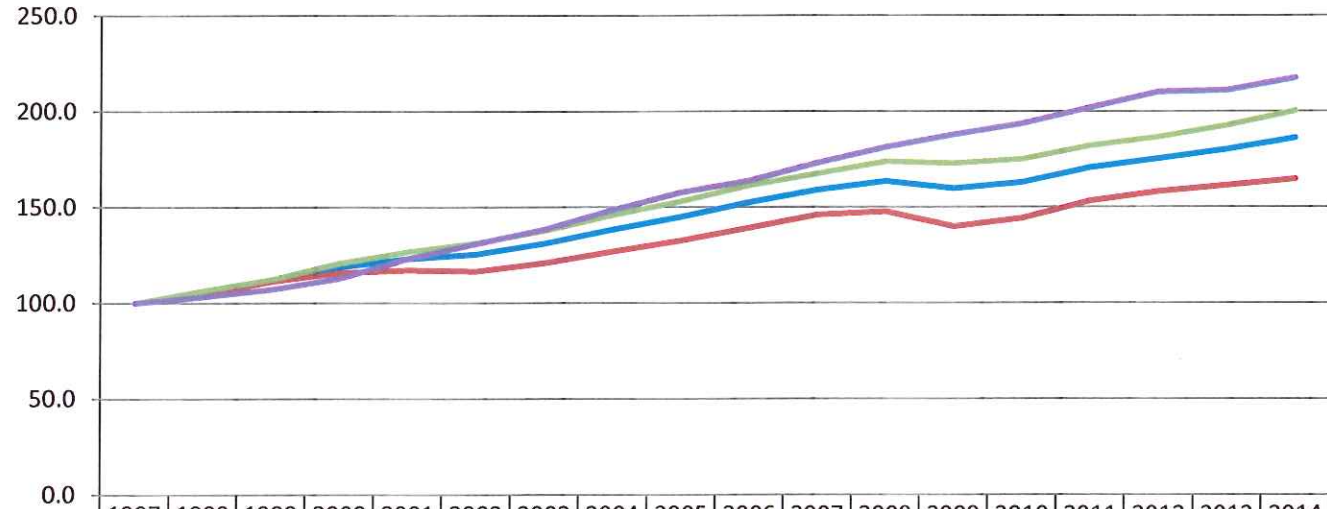
Kansas and Western Missouri Farm Income and Spending



Source: Federal Reserve Bank of Kansas City.

Economic Headwinds

**Per Capita Personal Consumption Expenditures
Kansas
Indexed to 1997 Values**



| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|-----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Personal consumption expenditures | 100.0 | 105.7 | 112.0 | 118.9 | 123.0 | 125.4 | 131.1 | 138.4 | 145.0 | 152.7 | 159.2 | 163.7 | 159.9 | 163.0 | 170.8 | 175.5 | 180.3 | 186.3 |
| Goods | 100.0 | 104.5 | 111.3 | 115.8 | 117.2 | 116.5 | 120.9 | 126.9 | 132.6 | 139.2 | 146.0 | 147.8 | 139.8 | 144.2 | 153.2 | 158.1 | 161.2 | 164.6 |
| Services | 100.0 | 106.5 | 112.4 | 120.9 | 126.7 | 131.2 | 137.7 | 145.9 | 153.0 | 161.4 | 167.6 | 173.9 | 172.9 | 175.1 | 182.2 | 186.7 | 192.6 | 200.3 |
| Health care | 100.0 | 103.3 | 107.3 | 112.9 | 123.1 | 131.0 | 138.3 | 148.5 | 157.8 | 163.8 | 173.2 | 181.5 | 188.0 | 193.6 | 202.0 | 210.1 | 211.0 | 217.5 |

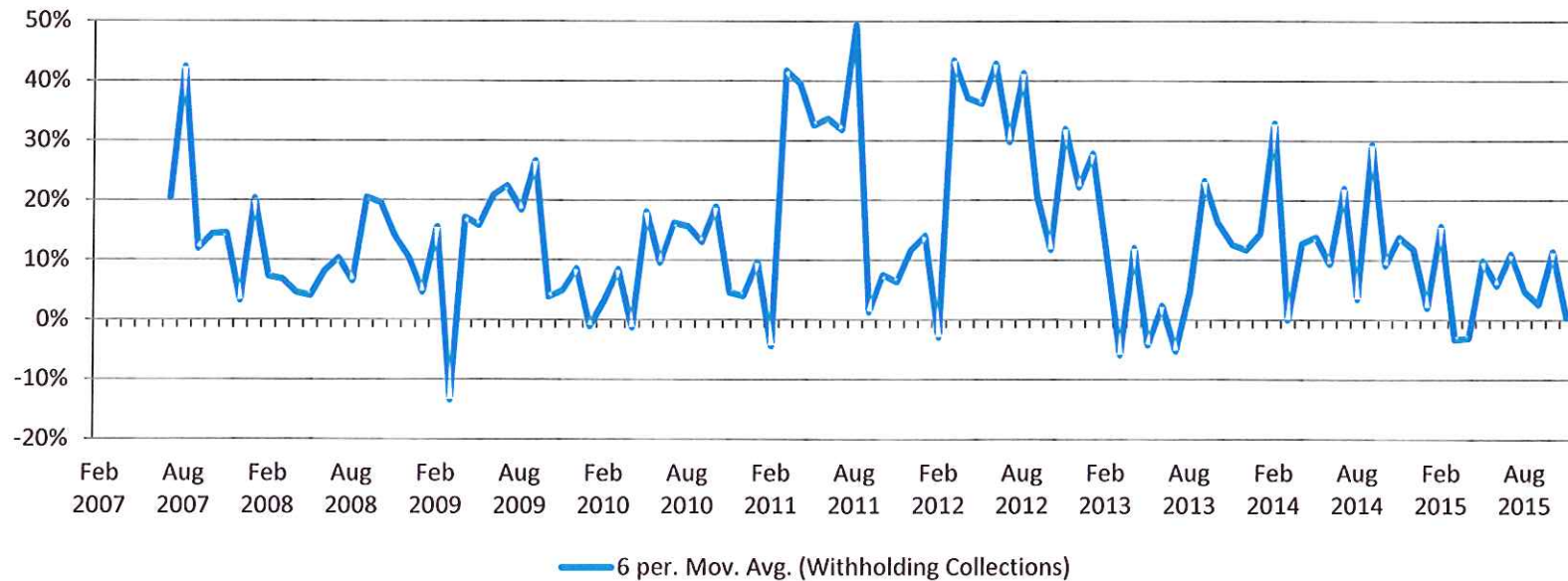
Source: U.S. Bureau of Economic Analysis

Kansas Economic Activity

PERSONAL INCOME AND INCOME TAXES

Personal Income and Income Taxes

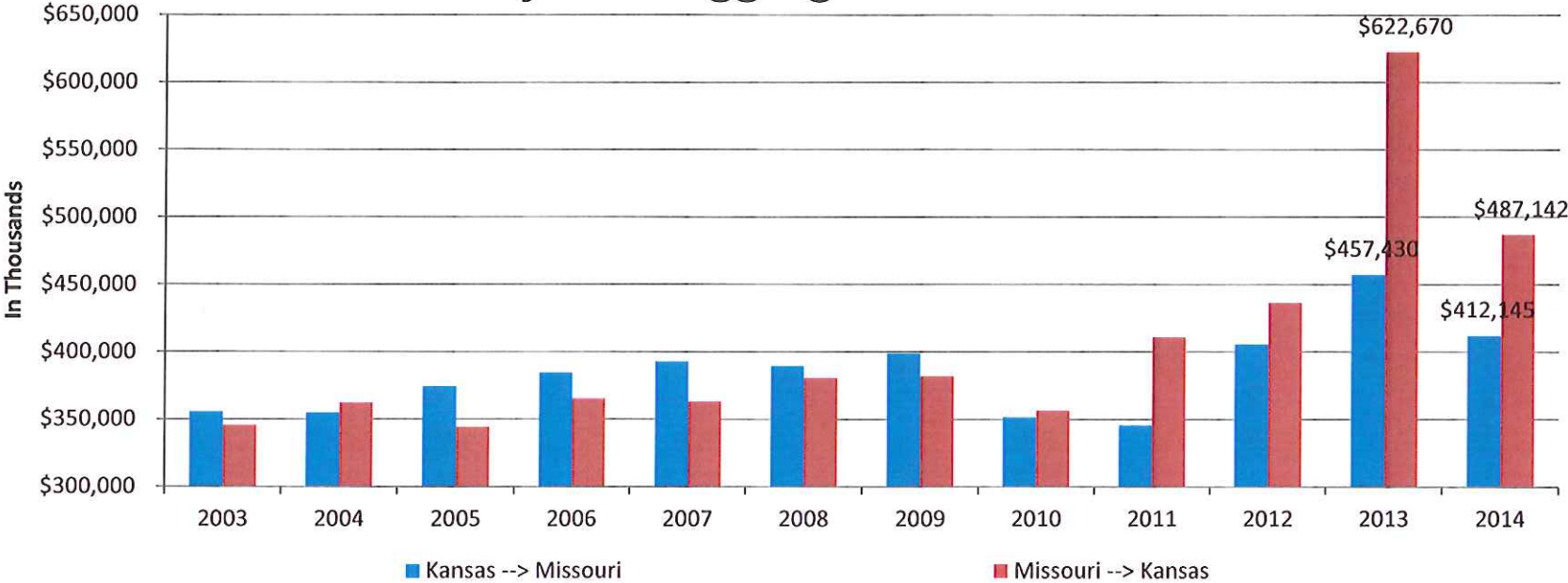
Withholding Collections Kansas Annual Growth Rate



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

Personal Income and Income Taxes

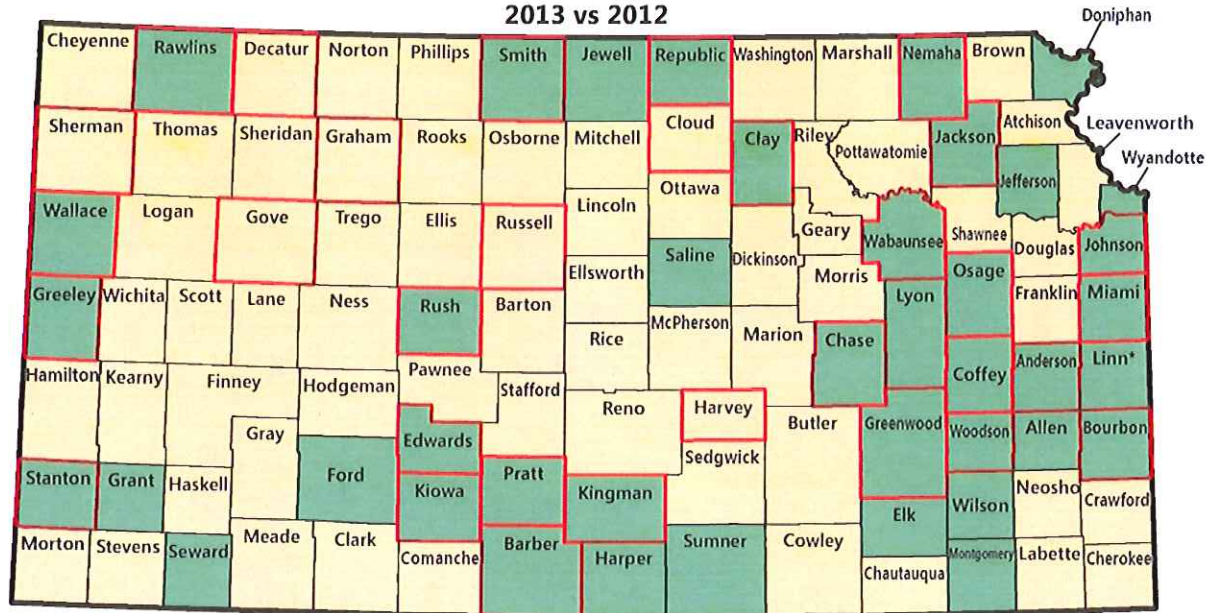
Income Tax Migration Kansas vs Missouri Adjusted Aggregate Gross Income



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

Personal Income and Income Taxes

Net Different State Wealth Migration
 AGI Inflow/AGI Outflow
 Kansas Counties
 2013 vs 2012



2013 Net Wealth Attraction/Loss

- Net Loss
- Net Attraction

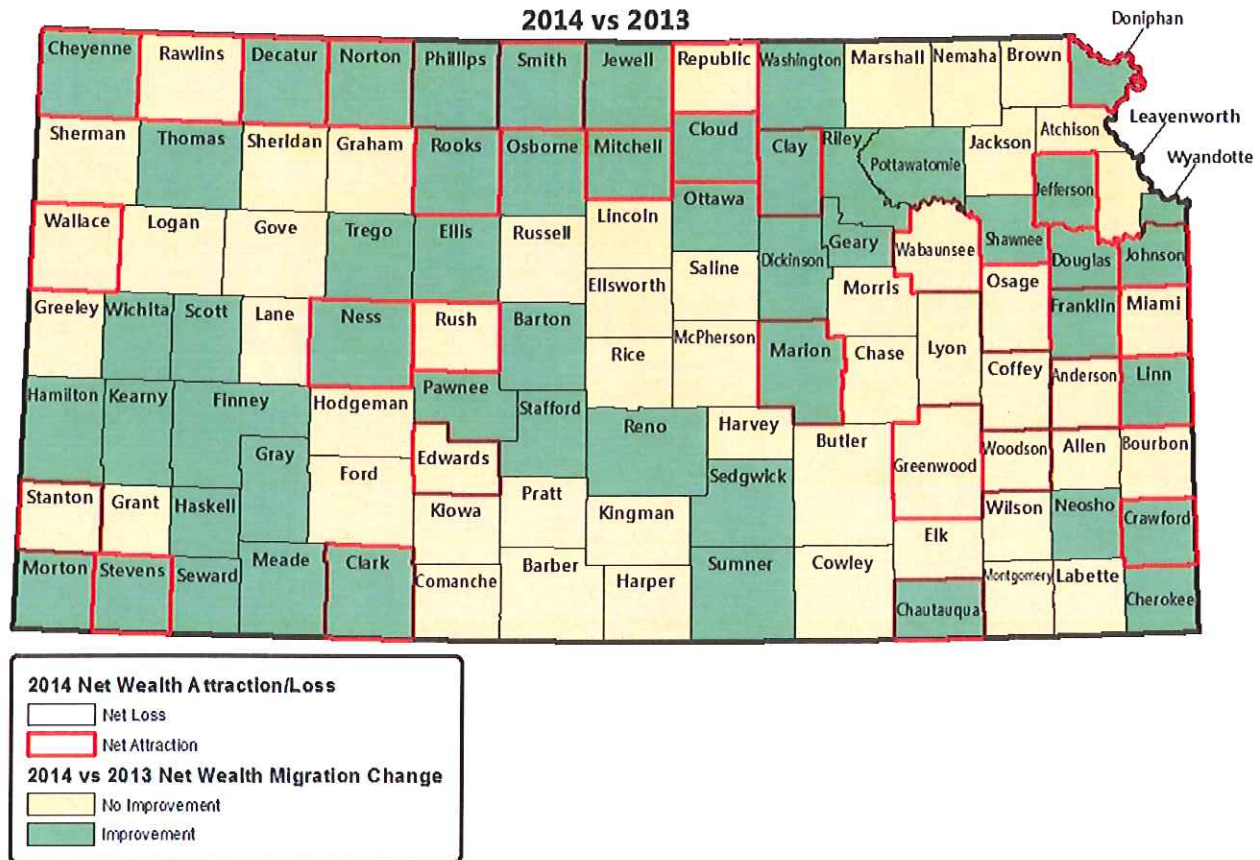
2013 vs 2012 Net Wealth Migration Change

- No Improvement
- Improvement

* 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

**Net Different State Wealth Migration
AGI Inflow/AGI Outflow
Kansas Counties
2014 vs 2013**



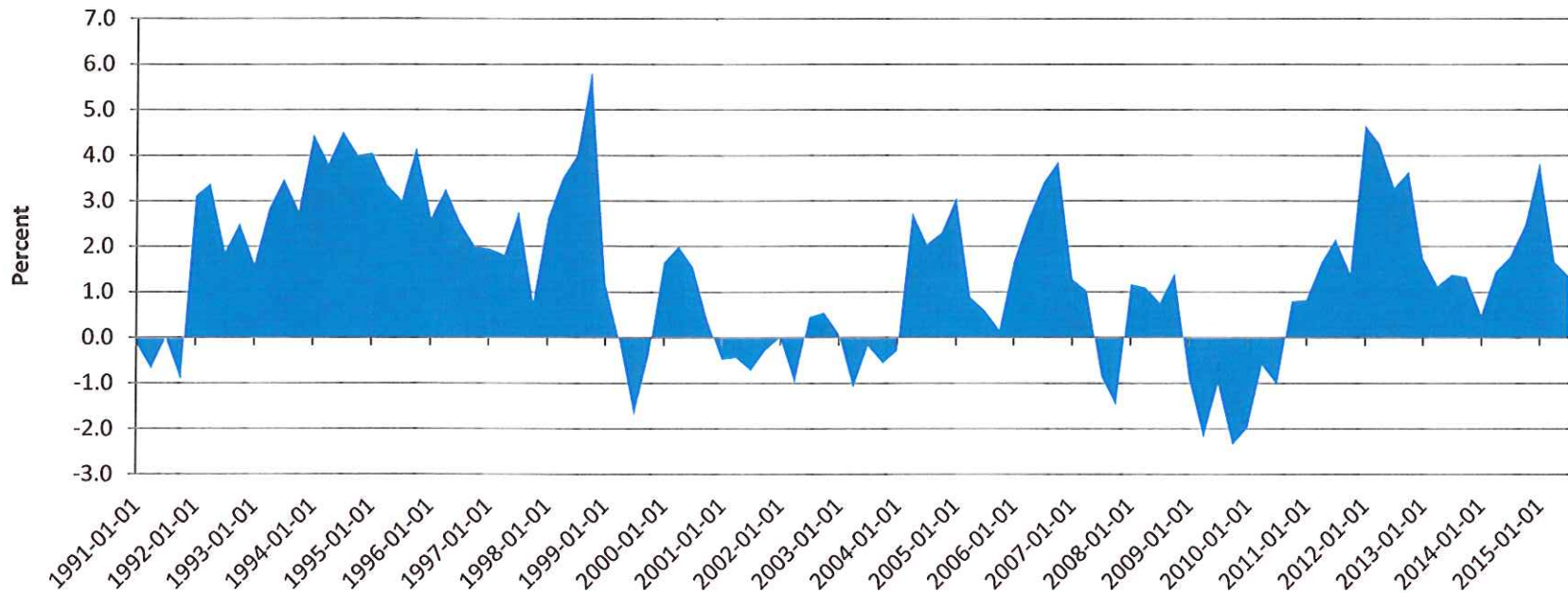
Source Internal Revenue Service, Kansas Department of Revenue, Office of Policy and Research

Kansas Economic Activity

CONSUMER SPENDING AND SALES TAXES

Consumer Spending and Sales Taxes

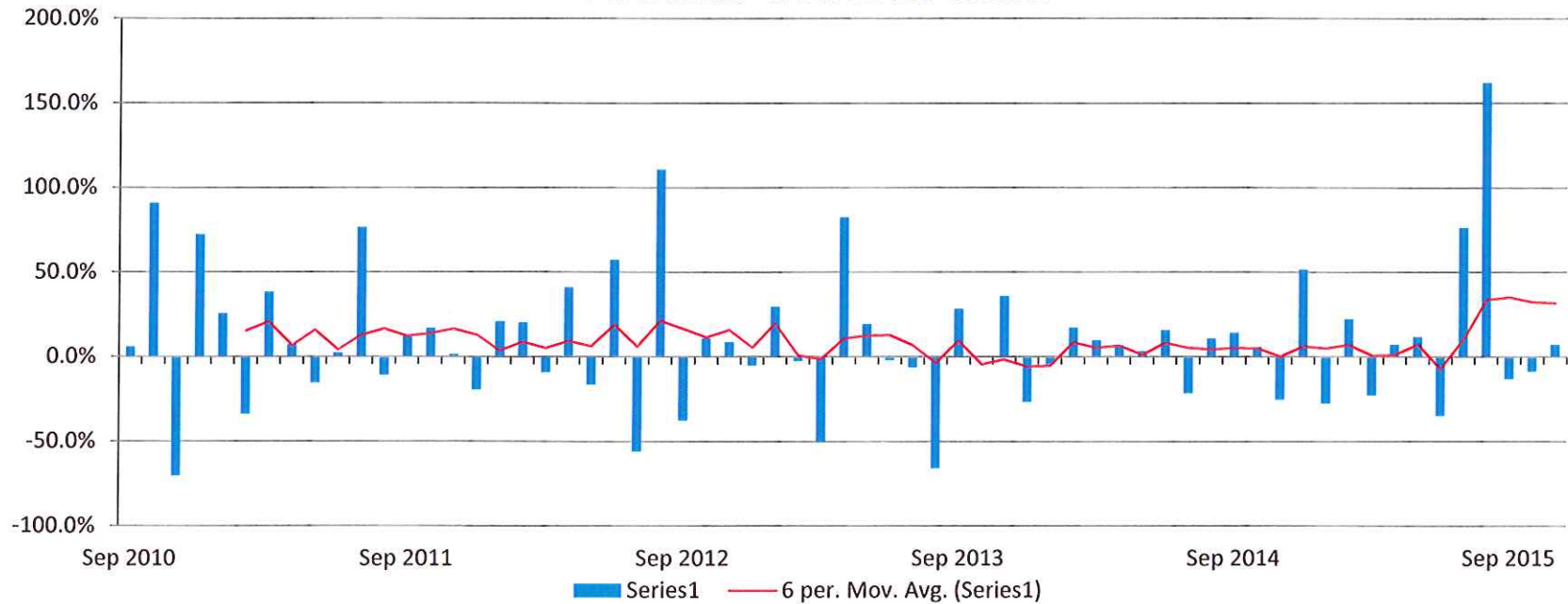
Leisure and Hospitality Jobs Kansas Percent Change from One Year Ago



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

Consumer Spending and Sales Taxes

Sales Receipts Kansas Annual Growth Rate

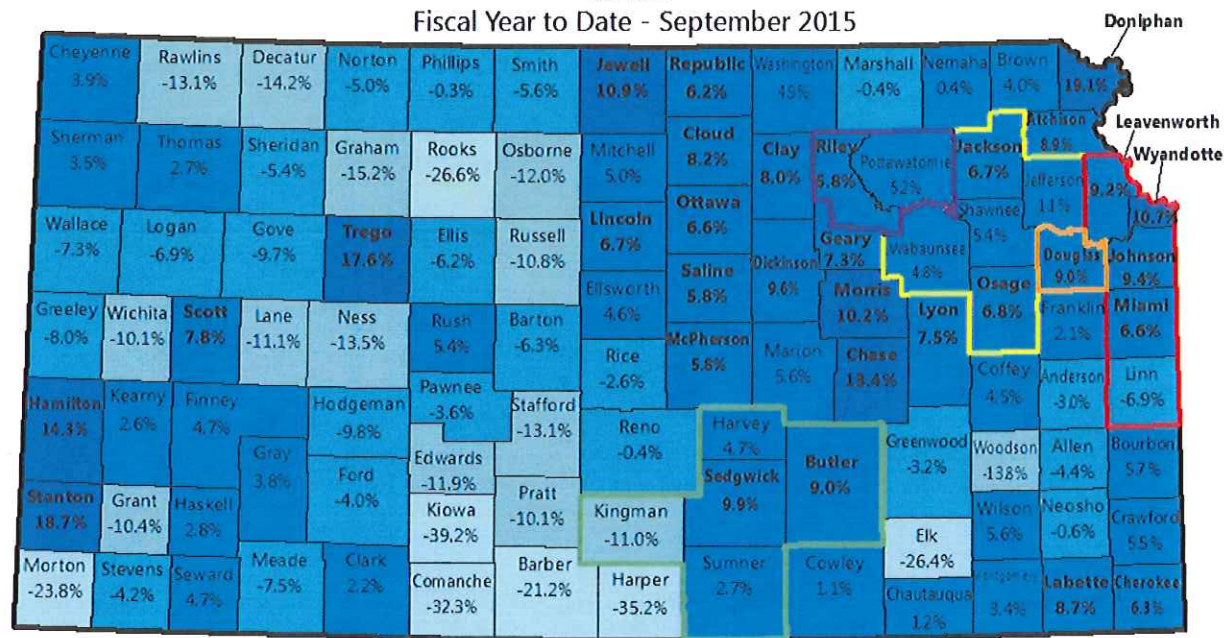


Source: U.S. Bureau of Economic Analysis

Consumer Spending and Sales Taxes

Sales Tax Growth Kansas

Fiscal Year to Date - September 2015



Bold= Sales Tax Rate Change Greater than 5.7%

County Name → **Stanton**

Percent Change → **18.7%**

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

Questions?

Thank You