

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

545N-Statehouse, 300 SW 10th Ave.
Topeka, Kansas 66612-1504
(785) 296-3181 ◆ FAX (785) 296-3824

kslegres@klrd.state.ks.us

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

November 5, 2007

To: Governor Kathleen Sebelius and Legislative Budget Committee

From: Kansas Legislative Research Department
Kansas Division of the Budget

Re: Initial SGF Memo for FY 2008 (Revised) and FY 2009

The Consensus Estimating Group met today to revise the estimates for FY 2008 and to make its first SGF estimates for FY 2009.

A far more detailed memo will be available soon which contains the economic forecast for Kansas upon which the forecasts are based, as well as a discussion of other factors influencing the individual source estimates.

For FY 2008, the estimate was increased by \$160.5 million, or 2.9 percent, above the previous estimate (made in April and subsequently adjusted for legislation enacted during the veto and *sine die* sessions). The revised estimate of \$5.717 billion represents a 1.6 percent reduction below final FY 2007 receipts. This result is largely attributable to more than \$200 million in new transfers enacted in 2007 (school finance "lock box" and statewide maintenance and disaster relief); \$36 million in various tax cuts; and a smaller share of sales and use tax receipts being put in the SGF pursuant to 2004 legislation, largely related to financing for the Comprehensive Transportation Program.

The initial estimate for FY 2009 is \$6.170 billion, which is \$452.8 million, or 7.9 percent, above the newly revised FY 2008 figure. One factor influencing the FY 2009 growth rate relates to several pieces of legislation enacted in 2005-2007 that will reduce the amount of severance, income, estate, corporation franchise, and motor carrier property tax receipts deposited into the SGF relative to prior law. The amount of "slider" transfers to local governments is expected to increase significantly in FY 2009. Additional information will be provided in the more detailed memo to be released later this week.

Table 1 compares the new FY 2008 and FY 2009 estimates with actual receipts from FY 2007. Table 2 shows the changes in the FY 2008 estimates.

Table 1
State General Fund Receipts
(Dollars in Thousands)

	Consensus Estimate November 5, 2007					
	FY 2007 (Actual)		FY 2008 (Revised)		FY 2009	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Property Tax:						
Motor Carrier	\$ 25,812	17.0 %	\$ 28,500	10.4 %	\$ 28,000	(1.8) %
Income Taxes:						
Individual	\$ 2,709,340	14.3 %	\$ 2,930,000	8.1 %	\$ 3,105,000	6.0 %
Corporation	442,449	26.3	415,000	(6.2)	390,000	(6.0)
Financial Inst.	31,126	0.2	39,000	25.3	40,000	2.6
Total	<u>\$ 3,182,915</u>	<u>15.6 %</u>	<u>\$ 3,384,000</u>	<u>6.3 %</u>	<u>\$ 3,535,000</u>	<u>4.5 %</u>
Estate Tax	\$ 55,620	7.4 %	\$ 50,000	(10.1) %	\$ 35,000	(30.0) %
Excise Taxes:						
Retail Sales	\$ 1,766,768	1.8 %	\$ 1,700,000	(3.8) %	\$ 1,730,000	1.8 %
Compensating Use	284,981	5.8	275,000	(3.5)	280,000	1.8
Cigarette	115,282	(2.2)	113,500	(1.5)	113,500	--
Tobacco Products	5,305	4.2	5,500	3.7	5,500	--
Cereal Malt Bev.	2,091	--	2,100	0.4	2,100	--
Liquor Gallonage	17,053	2.3	17,500	2.6	17,500	--
Liquor Enforcement	47,138	6.6	49,500	5.0	51,000	3.0
Liquor Drink	8,567	7.0	9,000	5.1	9,300	3.3
Corp. Franchise	47,892	2.1	41,000	(14.4)	32,000	(22.0)
Severance	116,025	(13.0)	128,500	10.8	125,800	(2.1)
Gas	79,624	(17.5)	80,900	1.6	80,700	(0.2)
Oil	36,401	(1.3)	47,600	30.8	45,100	(5.3)
Total	<u>\$ 2,411,103</u>	<u>1.3 %</u>	<u>\$ 2,341,600</u>	<u>(2.9) %</u>	<u>\$ 2,366,700</u>	<u>1.1 %</u>
Other Taxes:						
Insurance Prem.	\$ 113,805	1.4 %	\$ 119,000	4.6 %	\$ 119,000	-- %
Miscellaneous	5,493	(22.1)	2,500	(54.5)	2,500	--
Total	<u>\$ 119,297</u>	<u>-- %</u>	<u>\$ 121,500</u>	<u>1.8 %</u>	<u>\$ 121,500</u>	<u>-- %</u>
Total Taxes	\$ 5,794,747	8.8 %	\$ 5,925,600	2.3 %	\$ 6,086,200	2.7 %
Other Revenues:						
Interest	\$ 92,276	69.8 %	\$ 108,000	17.0 %	\$ 101,000	(6.5) %
Net Transfers	(142,446)	237.2	(376,300)	164.2	(78,300)	(79.2)
Demand to Revenue	(88,154)		(132,200)		(139,000)	
Other Transfers	(54,292)		(244,100)		60,700	
Agency Earnings	64,467	13.1	60,000	(6.9)	61,200	2.0
Total	<u>\$ 14,297</u>	<u>(79.3) %</u>	<u>\$ (208,300)</u>	<u>(1,556.9) %</u>	<u>\$ 83,900</u>	<u>42.0 %</u>
Total Receipts	<u><u>\$ 5,809,043</u></u>	<u><u>11.3 %</u></u>	<u><u>\$ 5,717,300</u></u>	<u><u>(1.6) %</u></u>	<u><u>\$ 6,170,100</u></u>	<u><u>7.9 %</u></u>

Table 2
State General Fund Receipts
FY 2008 Revised
Comparison of November 2007 Estimate to June 2007 Estimate
(Dollars in Thousands)

	FY 2008 CRE Est. as Adj. for Legis.	FY 2008 CRE Estimate	Difference	
			Amount	Pct. Chg.
Property Tax:				
Motor Carrier	\$ 25,500	\$ 28,500	\$ 3,000	11.8 %
Income Taxes:				
Individual	\$ 2,782,950	\$ 2,930,000	\$ 147,050	5.3 %
Corporation	372,950	415,000	42,050	11.3
Financial Inst.	35,000	39,000	4,000	11.4
Total	\$ 3,190,900	\$ 3,384,000	\$ 193,100	6.1 %
Estate Tax	\$ 46,000	\$ 50,000	\$ 4,000	8.7 %
Excise Taxes:				
Retail Sales	\$ 1,730,640	\$ 1,700,000	\$ (30,640)	(1.8) %
Compensating Use	289,760	275,000	(14,760)	(5.1)
Cigarette	111,000	113,500	2,500	2.3
Tobacco Product	5,400	5,500	100	1.9
Cereal Malt Beverage	2,100	2,100	--	--
Liquor Gallonage	17,500	17,500	--	--
Liquor Enforcement	48,000	49,500	1,500	3.1
Liquor Drink	8,700	9,000	300	3.4
Corporate Franchise	41,000	41,000	--	--
Severance	120,300	128,500	8,200	6.8
Gas	81,500	80,900	(600)	(0.7)
Oil	38,800	47,600	8,800	22.7
Total	\$ 2,374,400	\$ 2,341,600	\$ (32,800)	(1.4) %
Other Taxes:				
Insurance Premium	\$ 115,000	\$ 119,000	\$ 4,000	3.5 %
Miscellaneous	2,000	2,500	500	25.0
Total	\$ 117,000	\$ 121,500	\$ 4,500	3.8 %
Total Taxes	\$ 5,753,800	\$ 5,925,600	\$ 171,800	3.0 %
Other Revenues:				
Interest	\$ 104,000	\$ 108,000	\$ 4,000	3.8 %
Net Transfers	(364,956)	(376,300)	(11,344)	3.1
Demand to Revenue	(128,233)	(132,200)	(3,967)	3.1
Other Transfers	(236,723)	(244,100)	(7,377)	3.1
Agency Earnings	64,000	60,000	(4,000)	(6.3)
Total Other Revenue	\$ (196,956)	\$ (208,300)	\$ (11,344)	5.8 %
Total Receipts	\$ 5,556,844	\$ 5,717,300	\$ 160,456	2.9 %