

April 17, 2009

**To:** Governor Kathleen Sebelius and Legislative Budget Committee  
**From:** Kansas Division of the Budget and Kansas Legislative Research Department  
**Re:** Initial SGF Memo for FY 2009 (Revised) and FY 2010 (Revised)

The Consensus Estimating Group met today to revise the estimates for FY 2009 and FY 2010.

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

For FY 2009, the estimate was decreased by \$115.3 million, or 2.0 percent, below the previous estimate, which was made in November 2008. While the estimate for total taxes was decreased \$234.9 million, this was partially offset by a number of changes to transfers approved during the first months of the 2009 Session. The estimate for FY 2010 was decreased by \$401.6 million, or 6.9 percent, below the previous estimate, which was made also in November 2008. Tax receipts for FY 2010 decreased \$509.3 million. Over the two years estimated tax receipts decreased \$744.2 million.

Attached are the estimates for both years.

**Table 1**  
**Consensus Revenue Estimate for Fiscal Years 2009 and 2010**  
**and FY 2008 Actual Receipts**  
*(Dollars in Thousands)*

	FY 2008 (Actual)		FY 2009 (Revised)		FY 2010 (Revised)	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Property Tax:						
Motor Carrier	\$29,032	12.5 %	\$29,500	1.6 %	\$28,000	(5.1) %
Income Taxes:						
Individual	\$2,896,653	6.9 %	\$2,775,000	(4.2) %	\$2,745,000	(1.1) %
Corporation	432,078	2.3	255,000	(41.0)	230,000	(9.8)
Financial Inst.	33,160	0.2	26,000	(21.6)	25,000	(3.8)
Total	\$3,361,891	5.6 %	\$3,056,000	(9.1) %	\$3,000,000	(1.8) %
Estate Tax	\$44,247	(20.4) %	\$25,000	(43.5) %	\$15,000	(40.0) %
Excise Taxes:						
Retail Sales	\$1,711,398	(3.1) %	\$1,705,000	(0.4) %	\$1,695,000	(0.6) %
Compensating Use	246,277	13.6	235,000	(4.6)	220,000	(6.4)
Cigarette	112,705	(2.2)	106,000	(5.9)	102,000	(3.8)
Tobacco Products	5,548	4.6	5,600	0.9	5,800	3.6
Cereal Malt Bev.	2,228	6.6	2,200	(1.3)	2,200	--
Liquor Gallonage	17,579	3.1	18,500	5.2	18,500	--
Liquor Enforcement	49,983	6.0	54,000	8.0	57,000	5.6
Liquor Drink	8,903	3.9	9,500	6.7	9,700	2.1
Corp. Franchise	46,659	(2.6)	35,000	(25.0)	22,000	(37.1)
Severance	148,172	27.7	129,100	(12.9)	73,500	(43.1)
Gas	91,511	14.9	78,400	(14.3)	42,200	(46.2)
Oil	56,662	55.7	50,700	(10.5)	31,300	(38.3)
Total	\$2,349,452	(2.6) %	\$2,299,900	(2.1) %	\$2,205,700	(4.1) %
Other Taxes:						
Insurance Prem.	\$117,588	3.3 %	\$119,700	1.8 %	\$117,300	(2.0) %
Miscellaneous	5,233	(4.7)	2,000	(61.8)	2,000	--
Total	\$122,821	3.0 %	\$121,700	(0.9) %	\$119,300	(2.0) %
Total Taxes	\$5,907,443	1.9 %	\$5,532,100	(6.4) %	\$5,368,000	(3.0) %
Other Revenues:						
Interest	\$111,258	20.6 %	\$56,000	(49.7) %	\$24,000	(57.1) %
Net Transfers	(379,193)		(3,640)		(65,830)	
Agency Earnings	53,875	(16.4)	81,400	51.1	54,600	(32.9)
Total	(\$214,060)		\$133,760		\$12,770	
Total Receipts	\$5,693,383	(2.0) %	\$5,665,860	(0.5) %	\$5,380,770	(5.0) %

**Table 2**  
**State General Fund Receipts**  
**FY 2009 Revised**  
**Comparison of November 2008 Estimate to April 2009 Estimate**  
*(Dollars in Thousands)*

	FY 2009 CRE Est.	FY 2009 CRE Est.	Difference	
	Revised 11/04/08	Revised 04/17/09	Amount	Pct. Chg.
Property Tax:				
Motor Carrier	\$30,500	\$29,500	(\$1,000)	(3.3) %
Income Taxes:				
Individual	\$2,890,000	\$2,775,000	(\$115,000)	(4.0) %
Corporation	340,000	255,000	(85,000)	(25.0)
Financial Inst.	32,000	26,000	(6,000)	(18.8)
Total	<u>\$3,262,000</u>	<u>\$3,056,000</u>	<u>(\$206,000)</u>	<u>(6.3) %</u>
Estate Tax	\$32,000	\$25,000	(\$7,000)	(21.9) %
Excise Taxes:				
Retail Sales	\$1,715,000	\$1,705,000	(\$10,000)	(0.6) %
Compensating Use	220,000	235,000	15,000	6.8
Cigarette	111,000	106,000	(5,000)	(4.5)
Tobacco Product	5,600	5,600	--	--
Cereal Malt Beverage	2,200	2,200	--	--
Liquor Gallonage	18,000	18,500	500	2.8
Liquor Enforcement	52,000	54,000	2,000	3.8
Liquor Drink	9,500	9,500	--	--
Corporate Franchise	32,000	35,000	3,000	9.4
Severance	156,700	129,100	(27,600)	(17.6)
Gas	92,300	78,400	(13,900)	(15.1)
Oil	64,400	50,700	(13,700)	(21.3)
Total	<u>\$2,322,000</u>	<u>\$2,299,900</u>	<u>(\$22,100)</u>	<u>(1.0) %</u>
Other Taxes:				
Insurance Premiums	\$118,000	\$119,700	\$1,700	1.4 %
Miscellaneous	2,500	2,000	(500)	(20.0)
Total	<u>\$120,500</u>	<u>\$121,700</u>	<u>\$1,200</u>	<u>1.0 %</u>
Total Taxes	\$5,767,000	\$5,532,100	(\$234,900)	(4.1) %
Other Revenues:				
Interest	\$51,000	\$56,000	\$5,000	9.8 %
Net Transfers	(118,200)	(3,640)	114,560	96.9
Agency Earnings	81,400	81,400	--	--
Total Other Revenue	<u>\$14,200</u>	<u>\$133,760</u>	<u>\$119,560</u>	<u>842.0 %</u>
Total Receipts	<u>\$5,781,200</u>	<u>\$5,665,860</u>	<u>(\$115,340)</u>	<u>(2.0) %</u>

**Table 3**  
**State General Fund Receipts**  
**FY 2010 Revised**  
**Comparison of November 2008 Estimate to April 2009 Estimate**  
*(Dollars in Thousands)*

	FY 2010 CRE Est.	FY 2010 CRE Est.	Difference	
	Revised 11/04/08	Revised 04/17/09	Amount	Pct. Chg.
Property Tax:				
Motor Carrier	\$28,500	\$28,000	(\$500)	(1.8) %
Income Taxes:				
Individual	\$2,990,000	\$2,745,000	(\$245,000)	(8.2) %
Corporation	365,000	230,000	(135,000)	(37.0)
Financial Inst.	32,000	25,000	(7,000)	(21.9)
Total	<u>\$3,387,000</u>	<u>\$3,000,000</u>	<u>(\$387,000)</u>	<u>(11.4) %</u>
Estate Tax	\$15,000	\$15,000	\$ --	-- %
Excise Taxes:				
Retail Sales	\$1,750,000	\$1,695,000	(\$55,000)	(3.1) %
Compensating Use	225,000	220,000	(5,000)	(2.2)
Cigarette	110,000	102,000	(8,000)	(7.3)
Tobacco Product	5,800	5,800	--	--
Cereal Malt Beverage	2,200	2,200	--	--
Liquor Gallonage	18,400	18,500	100	0.5
Liquor Enforcement	54,000	57,000	3,000	5.6
Liquor Drink	9,700	9,700	--	--
Corporate Franchise	20,000	22,000	2,000	10.0
Severance	130,200	73,500	(56,700)	(43.5)
Gas	80,000	42,200	(37,800)	(47.3)
Oil	50,200	31,300	(18,900)	(37.6)
Total	<u>\$2,325,300</u>	<u>\$2,205,700</u>	<u>(\$119,600)</u>	<u>(5.1) %</u>
Other Taxes:				
Insurance Premiums	\$119,000	\$117,300	(\$1,700)	(1.4) %
Miscellaneous	2,500	2,000	(500)	(20.0)
Total	<u>\$121,500</u>	<u>\$119,300</u>	<u>(\$2,200)</u>	<u>(1.8) %</u>
Total Taxes	\$5,877,300	\$5,368,000	(\$509,300)	(8.7) %
Other Revenues:				
Interest	\$50,000	\$24,000	(\$26,000)	(52.0) %
Net Transfers	(199,500)	(65,830)	133,670	67.0
Agency Earnings	54,600	54,600	--	--
Total Other Revenue	<u>(\$94,900)</u>	<u>\$12,770</u>	<u>\$107,670</u>	<u>(113.5) %</u>
Total Receipts	<u><u>\$5,782,400</u></u>	<u><u>\$5,380,770</u></u>	<u><u>(\$401,630)</u></u>	<u><u>(6.9) %</u></u>