

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

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April 19, 2013

To: Governor Sam Brownback and Legislative Budget Committee

From: Kansas Legislative Research Department
Kansas Division of the Budget

Re: Initial SGF Memorandum for Revised FY 2013 and FY 2014 Estimates

The Consensus Estimating Group met today to revise the November 6, 2012 State General Fund estimates for FY 2013 and FY 2014. The revisions include the estimated impact of all 2013 legislation signed into law thus far that is estimated to have an impact on receipts. The impact of legislation affecting the SGF that becomes law after April 19 will be quantified in a separate legislative adjustments report prepared at the conclusion of the *sine die* adjournment. A more detailed memo will be available next week which contains the economic forecast for Kansas upon which the new estimates are based, as well as a discussion of the other factors influencing the individual source estimates.

The overall estimate for both fiscal years was increased by a combined \$19.9 million.

For FY 2013, the estimate was increased by \$29.9 million, or 0.5 percent, above the November estimate. The estimate for total taxes was increased by \$30.2 million, while the estimate for other revenues was decreased by \$280,000. The overall revised estimate of \$6.199 billion represents a 3.3 percent decrease below final FY 2012 receipts.

The revised estimate for FY 2014 of \$5.454 billion was decreased by \$10.0 million below the November estimate. The estimate for total taxes was decreased by \$7.7 million, while the estimate for other revenues was decreased by \$2.3 million. The new forecast for FY 2014 represents a 12.0 percent reduction below the newly revised FY 2013 figure. Various factors influencing this growth rate in addition to the state of the economy include the fully annualized impact of the new income tax law; scheduled reductions in the retail sales and compensating use tax rate as well as the SGF's share of tax receipts from these sources (pursuant to legislation enacted in 2010); and a net change in transfers out of the SGF based on current statutory requirements for FY 2014. Additional discussion will be provided in the more detailed memo.

Table 1 compares the new FY 2013 and FY 2014 estimates with actual receipts from FY 2012. Tables 2 and 3 show the revisions in each fiscal year's estimates.

Table 1
Consensus Revenue Estimate for Fiscal Years 2013 and 2014
and FY 2012 Actual Receipts
(Dollars in Thousands)

	FY 2012 (Actual)		FY 2013 (Revised)		FY 2014 (Revised)	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Property Tax/Fee:						
Motor Carrier	\$ 24,814	7.1 %	\$ 29,000	16.9 %	\$ 41,000	41.4 %
Income Taxes:						
Individual	\$2,908,029	7.3 %	\$2,850,000	(2.0) %	\$2,400,000	(15.8) %
Corporation	284,466	26.5	360,000	26.6	370,000	2.8
Financial Inst.	25,849	19.4	30,000	16.1	31,000	3.3
Total	\$3,218,344	8.9 %	\$3,240,000	0.7 %	\$2,801,000	(13.5) %
Excise Taxes:						
Retail Sales	\$2,136,353	8.7 %	\$2,190,000	2.5 %	\$1,920,000	(12.3) %
Compensating Use	325,339	13.1	335,000	3.0	295,000	(11.9)
Cigarette	96,661	0.8	90,000	(6.9)	90,000	--
Tobacco Products	6,978	6.2	6,900	(1.1)	7,100	2.9
Cereal Malt Bev.	2,081	9.2	1,900	(8.7)	1,900	--
Liquor Gallonage	18,543	1.5	18,900	1.9	19,100	1.1
Liquor Enforcement	58,862	4.9	61,000	3.6	62,000	1.6
Liquor Drink	9,528	5.8	9,600	0.8	9,900	3.1
Corp. Franchise	9,817	(67.6)	(4,500)	(145.8)	6,000	233.3
Severance	107,253	8.7	97,900	(8.7)	132,800	35.6
Gas	40,276	(2.3)	25,000	(37.9)	33,300	33.2
Oil	66,977	16.6	72,900	8.8	99,500	36.5
Total	\$2,771,417	7.8 %	\$2,806,700	1.3 %	\$2,543,800	(9.4) %
Other Taxes:						
Insurance Prem.	\$ 143,180	1.0 %	\$ 155,000	8.3 %	\$ 160,000	3.2 %
Miscellaneous	2,718	34.0	2,000	(26.4)	2,000	--
Total	\$ 145,898	1.5 %	\$ 157,000	7.6 %	\$ 162,000	3.2 %
Total Taxes	\$6,160,474	8.2 %	\$6,232,700	1.2 %	\$5,547,800	(11.0) %
Other Revenues:						
Interest	\$ 9,677	(51.0) %	\$ 12,750	31.8 %	\$ 10,400	(18.4) %
Net Transfers	180,521	51.9	(102,430)	(156.7)	(159,930)	(56.1)
Agency Earnings	62,079	23.1	56,000	(9.8)	56,000	--
Total	\$ 252,277	33.4 %	\$ (33,680)	(113.4) %	\$ (93,530)	(177.7) %
Total Receipts	<u>\$6,412,751</u>	<u>9.0 %</u>	<u>\$6,199,020</u>	<u>(3.3) %</u>	<u>\$5,454,270</u>	<u>(12.0) %</u>

Table 2
State General Fund Receipts
FY 2013 Revised
Comparison of November 2012 Estimate to April 2013 Estimate
(Dollars in Thousands)

	FY 2013 CRE Est.	FY 2013 CRE Est.	Difference	
	Revised 11/06/12	Revised 04/19/13	Amount	Pct. Chg.
Property Tax/Fee:				
Motor Carrier	\$ 26,000	\$ 29,000	\$ 3,000	11.5 %
Income Taxes:				
Individual	\$ 2,810,000	\$ 2,850,000	\$ 40,000	1.4 %
Corporation	340,000	360,000	20,000	5.9
Financial Inst.	29,000	30,000	1,000	3.4
Total	\$ 3,179,000	\$ 3,240,000	\$ 61,000	1.9 %
Excise Taxes:				
Retail Sales	\$ 2,225,000	\$ 2,190,000	\$ (35,000)	(1.6) %
Compensating Use	345,000	335,000	(10,000)	(2.9)
Cigarette	92,000	90,000	(2,000)	(2.2)
Tobacco Products	7,000	6,900	(100)	(1.4)
Cereal Malt Beverage	1,900	1,900	--	--
Liquor Gallonage	19,000	18,900	(100)	(0.5)
Liquor Enforcement	60,500	61,000	500	0.8
Liquor Drink	9,500	9,600	100	1.1
Corporate Franchise	(5,000)	(4,500)	500	10.0
Severance	100,100	97,900	(2,200)	(2.2)
Gas	21,200	25,000	3,800	17.9
Oil	78,900	72,900	(6,000)	(7.6)
Total	\$ 2,855,000	\$ 2,806,700	\$ (48,300)	(1.7) %
Other Taxes:				
Insurance Prem.	\$ 140,000	\$ 155,000	\$ 15,000	10.7 %
Miscellaneous	2,500	2,000	(500)	(20.0)
Total	\$ 142,500	\$ 157,000	\$ 14,500	10.2 %
Total Taxes	\$ 6,202,500	\$ 6,232,700	\$ 30,200	0.5 %
Other Revenues:				
Interest	\$ 10,000	\$ 12,750	\$ 2,750	27.5 %
Net Transfers	(101,900)	(102,430)	(530)	(0.5)
Agency Earnings	58,500	56,000	(2,500)	(4.3)
Total Other Revenue	\$ (33,400)	\$ (33,680)	\$ (280)	(0.8) %
Total Receipts	\$ 6,169,100	\$ 6,199,020	\$ 29,920	0.5 %

Table 3
State General Fund Receipts
FY 2014 Revised
Comparison of November 2012 Estimate to April 2013 Estimate
(Dollars in Thousands)

	FY 2014 CRE Est.	FY 2014 CRE Est.	Difference	
	Revised 11/06/12	Revised 04/19/13	Amount	Pct. Chg.
Property Tax/Fee:				
Motor Carrier	\$ 39,000	\$ 41,000	\$ 2,000	5.1 %
Income Taxes:				
Individual	\$ 2,385,000	\$ 2,400,000	\$ 15,000	0.6 %
Corporation	360,000	370,000	10,000	2.8
Financial Inst.	30,000	31,000	1,000	3.3
Total	\$ 2,775,000	\$ 2,801,000	\$ 26,000	0.9 %
Excise Taxes:				
Retail Sales	\$ 1,952,000	\$ 1,920,000	\$ (32,000)	(1.6) %
Compensating Use	303,000	295,000	(8,000)	(2.6)
Cigarette	92,000	90,000	(2,000)	(2.2)
Tobacco Products	7,200	7,100	(100)	(1.4)
Cereal Malt Beverage	1,900	1,900	--	--
Liquor Gallonage	19,200	19,100	(100)	(0.5)
Liquor Enforcement	61,500	62,000	500	0.8
Liquor Drink	9,800	9,900	100	1.0
Corporate Franchise	6,000	6,000	--	--
Severance	137,400	132,800	(4,600)	(3.3)
Gas	33,400	33,300	(100)	(0.3)
Oil	104,000	99,500	(4,500)	(4.3)
Total	\$ 2,590,000	\$ 2,543,800	\$ (46,200)	(1.8) %
Other Taxes:				
Insurance Prem.	\$ 149,000	\$ 160,000	\$ 11,000	7.4 %
Miscellaneous	2,500	2,000	(500)	(20.0)
Total	\$ 151,500	\$ 162,000	\$ 10,500	6.9 %
Total Taxes	\$ 5,555,500	\$ 5,547,800	\$ (7,700)	(0.1) %
Other Revenues:				
Interest	\$ 9,700	\$ 10,400	\$ 700	7.2 %
Net Transfers	(155,900)	(159,930)	(4,030)	(2.6)
Agency Earnings	55,000	56,000	1,000	1.8
Total Other Revenue	\$ (91,200)	\$ (93,530)	\$ (2,330)	(2.6) %
Total Receipts	\$ 5,464,300	\$ 5,454,270	\$ (10,030)	(0.2) %