

November 6, 2015

To: Governor Sam Brownback and Legislative Coordinating Council
From: Kansas Division of the Budget and Kansas Legislative Research Department
Re: State General Fund Revenue Estimate for FY 2016 and FY 2017

The Consensus Estimating Group met today to revise the State General Fund revenue estimate for FY 2016 and FY 2017. A more detailed memo will be available soon 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.

The overall estimate for FY 2016 and FY 2017 was decreased by a combined \$353.6 million.

For FY 2016, the estimate was decreased by \$159.1 million, or 2.5 percent, below the previous estimate (made in April and subsequently adjusted for legislation enacted during the veto session). The revised estimate of \$6.166 billion is 4.0 percent above final FY 2015 receipts.

The revised estimate for FY 2017 is \$6.286 billion, which is \$194.5 million, or 3.0 percent, below the previous estimate. The amount of total taxes is estimated to increase by 2.8 percent in FY 2017, following a 5.7 percent increase in FY 2016. Additional discussion will be provided in the detailed memo.

Table 1 compares the revised estimates for FY 2016 and FY 2017 with actual receipts from FY 2015. Table 2 shows the changes within the FY 2016 estimate and Table 3 shows the changes within the FY 2017 estimate.

Table 1
State General Fund Receipts
(Dollars in Thousands)

	Consensus Estimate November 6, 2015					
	FY 2015 (Actual)		FY 2016 (Revised)		FY 2017 (Revised)	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Property Tax/Fee:						
Motor Carrier	\$ 11,145	(68.8) %	\$ 10,500	(5.8) %	\$ 10,500	-- %
Income Taxes:						
Individual	\$ 2,277,541	2.7 %	\$ 2,450,000	7.6 %	\$ 2,485,000	1.4 %
Corporation	417,400	4.5	410,000	(1.8)	420,000	2.4
Financial Inst.	40,546	25.0	45,000	11.0	47,000	4.4
Total	<u>\$ 2,735,486</u>	<u>3.2 %</u>	<u>\$ 2,905,000</u>	<u>6.2 %</u>	<u>\$ 2,952,000</u>	<u>1.6 %</u>
Excise Taxes:						
Retail Sales	\$ 2,132,777	1.5 %	\$ 2,300,000	7.8 %	\$ 2,380,000	3.5 %
Compensating Use	352,176	2.4	375,000	6.5	395,000	5.3
Cigarette	88,821	(2.0)	140,000	57.6	135,000	(3.6)
Tobacco Products	7,482	3.9	8,000	6.9	8,200	2.5
Cereal Malt Bev.	1,566	(7.1)	1,600	2.2	1,600	--
Liquor Gallonage	19,319	1.2	19,300	(0.1)	19,500	1.0
Liquor Enforcement	68,505	6.1	67,000	(2.2)	69,000	3.0
Liquor Drink	10,537	3.8	10,800	2.5	11,000	1.9
Corp. Franchise	7,287	9.9	6,900	(5.3)	7,100	2.9
Severance	93,213	(25.9)	39,000	(58.2)	58,200	49.2
Gas	26,302	(28.9)	10,100	(61.6)	16,600	64.4
Oil	66,911	(24.6)	28,900	(56.8)	41,600	43.9
Total	<u>\$ 2,781,683</u>	<u>0.4 %</u>	<u>\$ 2,967,600</u>	<u>6.7 %</u>	<u>\$ 3,084,600</u>	<u>3.9 %</u>
Other Taxes:						
Insurance Prem.	\$ 187,643	8.6 %	\$ 157,500	(16.1) %	\$ 159,600	1.3 %
Miscellaneous	1,397	(14.6)	1,200	(14.1)	3,200	166.7
Total	<u>\$ 189,039</u>	<u>8.4 %</u>	<u>\$ 158,700</u>	<u>(16.0) %</u>	<u>\$ 162,800</u>	<u>2.6 %</u>
Total Taxes	<u>\$ 5,717,353</u>	<u>1.5 %</u>	<u>\$ 6,041,800</u>	<u>5.7 %</u>	<u>\$ 6,209,900</u>	<u>2.8 %</u>
Other Revenues:						
Interest	\$ 12,320	6.9 %	\$ 21,000	70.5 %	\$ 9,200	(56.2) %
Net Transfers	143,597	459.4	55,400	(61.4)	17,600	(68.2)
Agency Earnings	55,512	12.0	47,700	(14.1)	49,000	2.7
Total	<u>\$ 211,428</u>	<u>901.2 %</u>	<u>\$ 124,100</u>	<u>(41.3) %</u>	<u>\$ 75,800</u>	<u>(38.9) %</u>
Total Receipts	<u><u>\$ 5,928,781</u></u>	<u><u>4.9 %</u></u>	<u><u>\$ 6,165,900</u></u>	<u><u>4.0 %</u></u>	<u><u>\$ 6,285,700</u></u>	<u><u>1.9 %</u></u>

Table 2
State General Fund Receipts
FY 2016 Revised
Comparison of November 2015 Estimate to June 2015 Estimate
(Dollars in Thousands)

	FY 2016 CRE Est. as Adj. for Legis.	FY 2016 CRE Est. Revised 11/06/15	Difference	
			Amount	Pct. Chg.
Property Tax/Fee:				
Motor Carrier	\$ 11,000	\$ 10,500	\$ (500)	(4.5) %
Income Taxes:				
Individual	\$ 2,461,800	\$ 2,450,000	\$ (11,800)	(0.5) %
Corporation	445,000	410,000	(35,000)	(7.9)
Financial Inst.	44,000	45,000	1,000	2.3
Total	\$ 2,950,800	\$ 2,905,000	\$ (45,800)	(1.6) %
Excise Taxes:				
Retail Sales	\$ 2,390,900	\$ 2,300,000	\$ (90,900)	(3.8) %
Compensating Use	395,300	375,000	(20,300)	(5.1)
Cigarette	128,900	140,000	11,100	8.6
Tobacco Product	7,700	8,000	300	3.9
Cereal Malt Beverage	1,600	1,600	--	--
Liquor Gallonage	19,100	19,300	200	1.0
Liquor Enforcement	68,000	67,000	(1,000)	(1.5)
Liquor Drink	10,700	10,800	100	0.9
Corporate Franchise	7,100	6,900	(200)	(2.8)
Severance	73,800	39,000	(34,800)	(47.2)
Gas	16,900	10,100	(6,800)	(40.2)
Oil	56,900	28,900	(28,000)	(49.2)
Total	\$ 3,103,100	\$ 2,967,600	\$ (135,500)	(4.4) %
Other Taxes:				
Insurance Premium	\$ 156,848	\$ 157,500	\$ 652	0.4 %
Miscellaneous	1,271	1,200	(71)	(5.6)
Total	\$ 158,119	\$ 158,700	\$ 581	0.4 %
Total Taxes	\$ 6,223,019	\$ 6,041,800	\$ (181,219)	(2.9) %
Other Revenues:				
Interest	\$ 17,800	\$ 21,000	\$ 3,200	18.0 %
Net Transfers	27,374	55,400	28,026	102.4
Agency Earnings	56,840	47,700	(9,140)	(16.1)
Total Other Revenue	\$ 102,014	\$ 124,100	\$ 22,086	21.6 %
Total Receipts	\$ 6,325,033	\$ 6,165,900	\$ (159,133)	(2.5) %

Table 3
State General Fund Receipts
FY 2017 Revised
Comparison of November 2015 Estimate to June 2015 Estimate
(Dollars in Thousands)

	FY 2017 CRE Est. as Adj. for Legis.	FY 2017 CRE Est. Revised 11/06/15	Difference	
			Amount	Pct. Chg.
Property Tax/Fee:				
Motor Carrier	\$ 11,000	\$ 10,500	\$ (500)	(4.5) %
Income Taxes:				
Individual	\$ 2,494,700	\$ 2,485,000	\$ (9,700)	(0.4) %
Corporation	455,000	420,000	(35,000)	(7.7)
Financial Inst.	46,000	47,000	1,000	2.2
Total	<u>\$ 2,995,700</u>	<u>\$ 2,952,000</u>	<u>\$ (43,700)</u>	<u>(1.5) %</u>
Excise Taxes:				
Retail Sales	\$ 2,489,900	\$ 2,380,000	\$ (109,900)	(4.4) %
Compensating Use	416,800	395,000	(21,800)	(5.2)
Cigarette	123,400	135,000	11,600	9.4
Tobacco Product	7,900	8,200	300	3.8
Cereal Malt Beverage	1,600	1,600	--	--
Liquor Gallonage	19,200	19,500	300	1.6
Liquor Enforcement	68,500	69,000	500	0.7
Liquor Drink	10,800	11,000	200	1.9
Corporate Franchise	7,300	7,100	(200)	(2.7)
Severance	81,300	58,200	(23,100)	(28.4)
Gas	18,900	16,600	(2,300)	(12.2)
Oil	62,400	41,600	(20,800)	(33.3)
Total	<u>\$ 3,226,700</u>	<u>\$ 3,084,600</u>	<u>\$ (142,100)</u>	<u>(4.4) %</u>
Other Taxes:				
Insurance Premium	\$ 159,524	\$ 159,600	\$ 76	0.0 %
Miscellaneous	3,271	3,200	(71)	(2.2)
Total	<u>\$ 162,795</u>	<u>\$ 162,800</u>	<u>\$ 5</u>	<u>0.0 %</u>
Total Taxes	\$ 6,396,195	\$ 6,209,900	\$ (186,295)	(2.9) %
Other Revenues:				
Interest	\$ 8,600	\$ 9,200	\$ 600	7.0 %
Net Transfers	17,230	17,600	370	2.1
Agency Earnings	58,140	49,000	(9,140)	(15.7)
Total Other Revenue	<u>\$ 83,970</u>	<u>\$ 75,800</u>	<u>\$ (8,170)</u>	<u>(9.7) %</u>
Total Receipts	<u><u>\$ 6,480,165</u></u>	<u><u>\$ 6,285,700</u></u>	<u><u>\$ (194,465)</u></u>	<u><u>(3.0) %</u></u>