

November 10, 2016

**To:** Governor Sam Brownback and Legislative Coordinating Council  
**From:** Kansas Division of the Budget and Kansas Legislative Research Department  
**Subject:** State General Fund Revenue Estimate for FY 2017, FY 2018, and FY 2019

The Consensus Estimating Group met today to revise the State General Fund revenue estimate for FY 2017 and to make its first official assessment of FY 2018 and FY 2019.

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.

For FY 2017, the estimate was decreased by \$345.9 million, or 5.5 percent, below the previous estimate (made in April and subsequently adjusted for legislation enacted during the veto session and special session). The revised estimate of \$5.980 billion represents 1.5 percent below final FY 2016 receipts.

The initial estimate for FY 2018 is \$5.536 billion, which is \$443.7 million, or 7.4 percent, below the newly revised FY 2017 figure. Various factors influencing this change in revenues in addition to the state of the economy include net change in transfers out of the SGF based on current statutory requirements for FY 2018. The amount of total taxes is estimated to increase by 1.4 percent in FY 2018, following a 1.3 percent decrease in FY 2017.

The initial estimate for FY 2019 is \$5.575 billion, which is \$39.0 million, or 0.7 percent, above the FY 2018 figure. Additional discussion will be provided in the detailed memo.

Table 1 compares the new FY 2017 and initial estimates for FY 2018 and FY 2019 with actual receipts from FY 2016. Table 2 shows the changes within the FY 2017 estimate.

**Table 1**  
**State General Fund Receipts**  
*(Dollars in Thousands)*

	Consensus Estimate November 10, 2016							
	FY 2016 (Actual)		FY 2017 (Revised)		FY 2018		FY 2019	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Property Tax/Fee:								
Motor Carrier	\$ 11,376	2.1 %	\$ 11,500	1.1 %	\$ 11,700	1.7 %	\$ 11,900	1.7 %
Income Taxes:								
Individual	\$ 2,248,936	(1.3) %	\$ 2,280,000	1.4 %	\$ 2,320,000	1.8 %	\$ 2,350,000	1.3 %
Corporation	354,726	(15.0)	270,000	(23.9)	275,000	1.9	280,000	1.8
Financial Inst.	37,151	(8.4)	38,000	2.3	39,000	2.6	40,000	2.6
Total	\$ 2,640,812	(3.5) %	\$ 2,588,000	(2.0) %	\$ 2,634,000	1.8 %	\$ 2,670,000	1.4 %
Excise Taxes:								
Retail Sales	\$ 2,273,941	6.6 %	\$ 2,235,000	(1.7) %	\$ 2,255,000	0.9 %	\$ 2,275,000	0.9 %
Compensating Use	384,992	9.3	385,000	0.0	390,000	1.3	395,000	1.3
Cigarette	138,512	55.9	134,000	(3.3)	132,000	(1.5)	130,000	(1.5)
Tobacco Products	8,040	7.5	8,400	4.5	8,500	1.2	8,600	1.2
Cereal Malt Bev.	1,410	(10.0)	1,400	(0.7)	1,300	(7.1)	1,200	(7.7)
Liquor Gallonage	19,714	2.0	19,400	(1.6)	19,600	1.0	19,800	1.0
Liquor Enforcement	67,730	(1.1)	71,000	4.8	72,000	1.4	73,000	1.4
Liquor Drink	10,941	3.8	11,000	0.5	11,200	1.8	11,500	2.7
Corp. Franchise	6,884	(5.5)	6,800	(1.2)	6,900	1.5	7,000	1.4
Severance	22,395	(76.0)	34,800	55.4	42,300	21.6	38,100	(9.9)
Gas	5,975	(77.3)	9,300	55.7	11,500	23.7	11,100	(3.5)
Oil	16,420	(75.5)	25,500	55.3	30,800	20.8	27,000	(12.3)
Total	\$ 2,934,559	5.5 %	\$ 2,906,800	(0.9) %	\$ 2,938,800	1.1 %	\$ 2,959,200	0.7 %
Other Taxes:								
Insurance Prem.	\$ 170,202	(9.3) %	\$ 174,500	2.5 %	\$ 176,500	1.1 %	\$ 246,500	39.7 %
Miscellaneous	1,395	(0.1)	2,400	72.0	3,400	41.7	3,600	5.9
Total	\$ 171,598	(9.2) %	\$ 176,900	3.1 %	\$ 179,900	1.7 %	\$ 250,100	39.0 %
Total Taxes	\$ 5,758,345	0.7 %	\$ 5,683,200	(1.3) %	\$ 5,764,400	1.4 %	\$ 5,891,200	2.2 %
Other Revenues:								
Interest	\$ 28,121	128.3 %	\$ 17,700	(37.1) %	\$ 9,500	(46.3) %	\$ 9,100	(4.2) %
Net Transfers	239,330	66.7	182,200	(23.9)	(286,900)	(257.5)	(374,300)	(30.5)
Agency Earnings	47,667	(14.1)	97,000	103.5	49,400	(49.1)	49,400	--
Total	\$ 315,118	49.0 %	\$ 296,900	(5.8) %	\$ (228,000)	(176.8) %	\$ (315,800)	(38.5) %
Total Receipts	<u>\$ 6,073,463</u>	<u>2.4 %</u>	<u>\$ 5,980,100</u>	<u>(1.5) %</u>	<u>\$ 5,536,400</u>	<u>(7.4) %</u>	<u>\$ 5,575,400</u>	<u>0.7 %</u>

**Table 2**  
**State General Fund Receipts**  
**FY 2017 Revised**  
**Comparison of November 2016 Estimate to June 2016 Estimate**  
*(Dollars in Thousands)*

	FY 2017 CRE Est. as Adj. for Legis.	FY 2017 CRE Est. Revised 11/10/16	Difference	
			Amount	Pct. Chg.
Property Tax/Fee:				
Motor Carrier	\$ 12,000	\$ 11,500	\$ (500)	(4.2) %
Income Taxes:				
Individual	\$ 2,377,000	\$ 2,280,000	\$ (97,000)	(4.1) %
Corporation	396,000	270,000	(126,000)	(31.8)
Financial Inst.	40,000	38,000	(2,000)	(5.0)
Total	\$ 2,813,000	\$ 2,588,000	\$ (225,000)	(8.0) %
Excise Taxes:				
Retail Sales	\$ 2,349,912	\$ 2,235,000	\$ (114,912)	(4.9) %
Compensating Use	405,000	385,000	(20,000)	(4.9)
Cigarette	133,000	134,000	1,000	0.8
Tobacco Product	8,200	8,400	200	2.4
Cereal Malt Beverage	1,200	1,400	200	16.7
Liquor Gallonage	19,500	19,400	(100)	(0.5)
Liquor Enforcement	71,000	71,000	--	--
Liquor Drink	11,200	11,000	(200)	(1.8)
Corporate Franchise	7,300	6,800	(500)	(6.8)
Severance	33,900	34,800	900	2.7
Gas	10,700	9,300	(1,400)	(13.1)
Oil	23,200	25,500	2,300	9.9
Total	\$ 3,040,212	\$ 2,906,800	\$ (133,412)	(4.4) %
Other Taxes:				
Insurance Premium	\$ 170,500	\$ 174,500	\$ 4,000	2.3 %
Miscellaneous	2,400	2,400	--	--
Total	\$ 172,900	\$ 176,900	\$ 4,000	2.3 %
Total Taxes	\$ 6,038,112	\$ 5,683,200	\$ (354,912)	(5.9) %
Other Revenues:				
Interest	\$ 13,400	\$ 17,700	\$ 4,300	32.1 %
Net Transfers	232,660	182,200	(50,460)	(21.7)
Agency Earnings	41,800	97,000	55,200	132.1
Total Other Revenue	\$ 287,860	\$ 296,900	\$ 9,040	3.1 %
Total Receipts	\$ 6,325,972	\$ 5,980,100	\$ (345,872)	(5.5) %