

November 4, 2011

To: Governor Sam Brownback and Legislative Budget Committee
From: Kansas Division of the Budget and Kansas Legislative Research Department
Re: State General Fund Revenue Estimate for FY 2012 and FY 2013

The Consensus Estimating Group met today to revise the State General Fund revenue estimate for FY 2012 and to make its first assessment of FY 2013.

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 2012, the estimate was increased by \$199.1 million, or 3.3 percent, above the previous estimate (made in April and subsequently adjusted for legislation enacted during the veto session). The revised estimate of \$6.245 billion represents 6.2 percent growth above final FY 2011 receipts.

The initial estimate for FY 2013 is \$6.291 billion, which is \$46.3 million, or 0.7 percent, above the newly revised FY 2012 figure. Various factors influencing this growth rate in addition to the state of the economy include a net change of \$245.9 million for transfers out of the State General Fund in compliance with statutory requirements. The amount of total taxes is estimated to increase by 4.9 percent in FY 2013, following a 5.9 percent increase in FY 2012. Additional discussion will be provided in the detailed memo.

Table 1 compares the new FY 2012 and FY 2013 estimates with actual receipts from FY 2011. Table 2 shows the changes in the FY 2012 estimate.

Table 1
State General Fund Receipts
(Dollars in Thousands)

	Consensus Estimate November 4, 2011					
	FY 2011 (Actual)		FY 2012 (Revised)		FY 2013	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Property Tax:						
Motor Carrier	\$ 23,167	(7.3) %	\$ 22,500	(2.9) %	\$ 21,000	(6.7) %
Income Taxes:						
Individual	\$ 2,709,717	12.1 %	\$ 2,900,000	7.0 %	\$ 3,065,000	5.7 %
Corporation	224,865	(0.0)	225,000	0.1	240,000	6.7
Financial Inst.	21,651	31.1	22,000	1.6	24,000	9.1
Total	\$ 2,956,234	11.2 %	\$ 3,147,000	6.5 %	\$ 3,329,000	5.8 %
Excise Taxes:						
Retail Sales	\$ 1,965,388	19.0 %	\$ 2,100,000	6.8 %	\$ 2,200,000	4.8 %
Compensating Use	287,730	40.0	315,000	9.5	335,000	6.3
Cigarette	95,923	(3.9)	93,000	(3.0)	92,000	(1.1)
Tobacco Products	6,573	3.5	6,800	3.5	6,900	1.5
Cereal Malt Bev.	1,905	(4.2)	1,900	(0.3)	1,900	--
Liquor Gallonage	18,276	1.8	19,000	4.0	19,000	--
Liquor Enforcement	56,120	2.4	58,000	3.3	59,000	1.7
Liquor Drink	9,003	0.8	9,100	1.1	9,200	1.1
Corp. Franchise	30,283	(27.0)	8,000	(73.6)	6,000	(25.0)
Severance	98,666	20.5	110,200	11.7	102,800	(6.7)
Gas	41,228	3.1	41,600	0.9	36,900	(11.3)
Oil	57,437	37.1	68,600	19.4	65,900	(3.9)
Total	\$ 2,569,868	18.4 %	\$ 2,721,000	5.9 %	\$ 2,831,800	4.1 %
Other Taxes:						
Insurance Prem.	141,707	17.7 %	\$ 137,000	(3.3) %	\$ 139,000	1.5 %
Miscellaneous	2,029	(79.8)	2,500	23.2	2,000	(20.0)
Total	\$ 143,735	10.2 %	\$ 139,500	(2.9) %	\$ 141,000	1.1 %
Total Taxes	\$ 5,693,003	14.2 %	\$ 6,030,000	5.9 %	\$ 6,322,800	4.9 %
Other Revenues:						
Interest	\$ 19,764	(19.8) %	\$ 8,000	(59.5) %	\$ 7,400	(7.5) %
Net Transfers	118,879	(6.7)	155,600	30.9	(90,300)	(158.0)
Agency Earnings	50,441	(5.5)	51,500	2.1	51,500	--
Total	\$ 189,084	(7.9) %	\$ 215,100	13.8 %	\$ (31,400)	(114.6) %
Total Receipts	\$ 5,882,087	13.3 %	\$ 6,245,100	6.2 %	\$ 6,291,400	0.7 %

Table 2
State General Fund Receipts
FY 2012 Revised
Comparison of November 2011 Estimate to June 2011 Estimate
(Dollars in Thousands)

	FY 2012 CRE Est. as Adj. for Legis.	FY 2012 CRE Estimate	Difference	
			Amount	Pct. Chg.
Property Tax:				
Motor Carrier	\$ 27,000	\$ 22,500	\$ (4,500)	(16.7) %
Income Taxes:				
Individual	\$ 2,726,818	\$ 2,900,000	\$ 173,182	6.4 %
Corporation	226,050	225,000	(1,050)	(0.5)
Financial Inst.	21,500	22,000	500	2.3
Total	\$ 2,974,368	\$ 3,147,000	\$ 172,632	5.8 %
Excise Taxes:				
Retail Sales	\$ 2,085,264	\$ 2,100,000	\$ 14,736	0.7 %
Compensating Use	300,550	315,000	14,450	4.8
Cigarette	92,000	93,000	1,000	1.1
Tobacco Product	6,700	6,800	100	1.5
Cereal Malt Beverage	1,850	1,900	50	2.7
Liquor Gallonage	19,200	19,000	(200)	(1.0)
Liquor Enforcement	58,000	58,000	--	--
Liquor Drink	9,100	9,100	--	--
Corporate Franchise	8,000	8,000	--	--
Severance	107,700	110,200	2,500	2.3
Gas	41,600	41,600	--	--
Oil	66,100	68,600	2,500	3.8
Total	\$ 2,688,364	\$ 2,721,000	\$ 32,636	1.2 %
Other Taxes:				
Insurance Premium	\$ 133,000	\$ 137,000	\$ 4,000	3.0 %
Miscellaneous	2,000	2,500	500	25.0
Total	\$ 135,000	\$ 139,500	\$ 4,500	3.3 %
Total Taxes	\$ 5,824,732	\$ 6,030,000	\$ 205,268	3.5 %
Other Revenues:				
Interest	\$ 12,996	\$ 8,000	\$ (4,996)	(38.4) %
Net Transfers	158,900	155,600	(3,300)	(2.1)
Agency Earnings	49,401	51,500	2,099	4.2
Total Other Revenue	\$ 221,297	\$ 215,100	\$ (6,197)	(2.8) %
Total Receipts	\$ 6,046,029	\$ 6,245,100	\$ 199,071	3.3 %