

# KANSAS LEGISLATIVE RESEARCH DEPARTMENT

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November 4, 2008

**To:** Governor Kathleen Sebelius and Legislative Budget Committee

**From:** Kansas Legislative Research Department  
Kansas Division of the Budget

**Re:** Initial SGF Memorandum for FY 2009 (Revised) and FY 2010 Estimates

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

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

For FY 2009, the estimate was decreased by \$211.4 million, or 3.5 percent, below the previous estimate (made in April and subsequently adjusted for legislation enacted during the veto session). The revised estimate of \$5.781 billion represents 1.5 percent growth above final FY 2008 receipts.

The initial estimate for FY 2010 is \$5.782 billion, which is virtually unchanged from the FY 2009 estimate. Various factors influencing this growth rate in addition to the state of the economy include several pieces of legislation enacted in 2005-2007 that are continuing to reduce relative to prior law the amount of severance, estate, corporation franchise, and motor carrier property tax receipts deposited into the SGF. Additional details will be provided in the more detailed memo.

Table 1 compares the new FY 2009 and FY 2010 estimates with actual receipts from FY 2008. Table 2 shows the changes in the FY 2009 estimates.

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

	Consensus Estimate November 4, 2008					
	FY 2008 (Actual)		FY 2009 (Revised)		FY 2010	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Property Tax:						
Motor Carrier	\$ 29,032	12.5 %	\$ 30,500	5.1 %	\$ 28,500	(6.6) %
Income Taxes:						
Individual	\$ 2,896,653	6.9 %	\$ 2,890,000	(0.2) %	\$ 2,990,000	3.5 %
Corporation	432,078	(2.3)	340,000	(21.3)	365,000	7.4
Financial Inst.	33,160	0.2	32,000	(3.5)	32,000	--
Total	\$ 3,361,891	5.6 %	\$ 3,262,000	(3.0) %	\$ 3,387,000	3.8 %
Estate Tax	\$ 44,247	(20.4) %	\$ 32,000	(27.7) %	\$ 15,000	(53.1) %
Excise Taxes:						
Retail Sales	\$ 1,711,398	(3.1) %	\$ 1,715,000	0.2 %	\$ 1,750,000	2.0 %
Compensating Use	246,277	(13.6)	220,000	(10.7)	225,000	2.3
Cigarette	112,705	(2.2)	111,000	(1.5)	110,000	(0.9)
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	18,000	2.4	18,400	2.2
Liquor Enforcement	49,983	6.0	52,000	4.0	54,000	3.8
Liquor Drink	8,903	3.9	9,500	6.7	9,700	2.1
Corp. Franchise	46,659	(2.6)	32,000	(31.4)	20,000	(37.5)
Severance	148,172	27.7	156,700	5.8	130,200	(16.9)
Gas	91,511	14.9	92,300	0.9	80,000	(13.3)
Oil	56,662	55.7	64,400	13.7	50,200	(22.0)
Total	\$ 2,349,452	(2.6) %	\$ 2,322,000	(1.2) %	\$ 2,325,300	0.1 %
Other Taxes:						
Insurance Prem.	\$ 113,805	3.3 %	\$ 118,000	3.7 %	\$ 119,000	0.8 %
Miscellaneous	5,493	(4.7)	2,500	(54.5)	2,500	--
Total	\$ 122,821	3.0 %	\$ 120,500	(1.9) %	\$ 121,500	0.8 %
Total Taxes	\$ 5,907,443	1.9 %	\$ 5,767,000	(2.4) %	\$ 5,877,300	1.9 %
Other Revenues:						
Interest	\$ 111,258	20.6 %	\$ 51,000	(54.2) %	\$ 50,000	(2.0) %
Net Transfers	(379,193)	(172.0)	(118,200)	(68.8)	(199,500)	(68.8)
Demand to Revenue	(91,488)		(101,541)		(101,541)	
Other Transfers	(287,704)		(16,659)		(16,659)	
Agency Earnings	53,875	(16.4)	81,400	51.1	54,600	(32.9)
Total	\$ (214,060)	(1,586.5) %	\$ 14,200	(106.6) %	\$ (94,900)	(768.3) %
Total Receipts	<u>\$ 5,693,383</u>	<u>(2.0) %</u>	<u>\$ 5,781,200</u>	<u>1.5 %</u>	<u>\$ 5,782,400</u>	<u>0.0 %</u>

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

	FY 2009 CRE Est. as Adj. for Legis.	FY 2009 CRE Estimate	Difference	
			Amount	Pct. Chg.
<b>Property Tax:</b>				
Motor Carrier	\$ 29,500	\$ 30,500	\$ 1,000	3.4 %
<b>Income Taxes:</b>				
Individual	\$ 3,069,420	\$ 2,890,000	\$ (179,420)	(5.8) %
Corporation	332,200	340,000	7,800	2.3
Financial Inst.	40,000	32,000	(8,000)	(20.0)
<b>Total</b>	<b>\$ 3,441,620</b>	<b>\$ 3,262,000</b>	<b>\$ (179,620)</b>	<b>(5.2) %</b>
Estate Tax	\$ 32,000	\$ 32,000	\$ --	-- %
<b>Excise Taxes:</b>				
Retail Sales	\$ 1,725,702	\$ 1,715,000	\$ (10,702)	(0.6) %
Compensating Use	268,000	220,000	(48,000)	(17.9)
Cigarette	108,000	111,000	3,000	2.8
Tobacco Product	5,600	5,600	--	--
Cereal Malt Beverage	2,200	2,200	--	--
Liquor Gallonage	17,800	18,000	200	1.1
Liquor Enforcement	52,000	52,000	--	--
Liquor Drink	9,500	9,500	--	--
Corporate Franchise	32,000	32,000	--	--
Severance	151,300	156,700	5,400	3.6
Gas	92,600	92,300	(300)	(0.3)
Oil	58,700	64,400	5,700	9.7
<b>Total</b>	<b>\$ 2,372,102</b>	<b>\$ 2,322,000</b>	<b>\$ (50,102)</b>	<b>(2.1) %</b>
<b>Other Taxes:</b>				
Insurance Premium	\$ 119,000	\$ 118,000	\$ (1,000)	(0.8) %
Miscellaneous	3,500	2,500	(1,000)	(28.6)
<b>Total</b>	<b>\$ 122,500</b>	<b>\$ 120,500</b>	<b>\$ (2,000)</b>	<b>(1.6) %</b>
<b>Total Taxes</b>	<b>\$ 5,997,722</b>	<b>\$ 5,767,000</b>	<b>\$ (230,722)</b>	<b>(3.8) %</b>
<b>Other Revenues:</b>				
Interest	\$ 61,000	\$ 51,000	\$ (10,000)	(16.4) %
Net Transfers	(119,610)	(118,200)	1,410	(1.2)
Demand to Revenue	(102,908)	(101,541)	1,367	(1.3)
Other Transfers	(16,702)	(16,659)	43	(0.3)
Agency Earnings	53,510	81,400	27,890	52.1
<b>Total Other Revenue</b>	<b>\$ (5,100)</b>	<b>\$ 14,200</b>	<b>\$ 19,300</b>	<b>(378.4) %</b>
<b>Total Receipts</b>	<b>\$ 5,992,622</b>	<b>\$ 5,781,200</b>	<b>\$ (211,422)</b>	<b>(3.5) %</b>

## SGF Receipts, Expenditures and Balances FY 2007 - FY 2010

November 4, 2008

In Millions

	<u>Actual FY 2007</u>	<u>Actual FY 2008</u>	<u>Revised FY 2009</u>	<u>Projection FY 2010</u>
Beginning Balance	\$ 733.6	\$ 934.9	\$ 528.0	\$ (136.8)
<b>Receipts (November 4, 2008 Consensus Adjusted)</b>	<b><u>5,809.0</u></b>	<b><u>5,694.9</u></b>	<b><u>5,781.2</u></b>	<b><u>5,782.4</u></b>
Total Available	\$ 6,542.6	\$ 6,629.8	\$ 6,309.2	\$ 5,645.6
TOTAL Expenditures	5,607.7	6,101.8	6,446.0	6,604.1
<b>Ending Balance</b>	<b><u>\$ 934.9</u></b>	<b><u>\$ 528.0</u></b>	<b><u>\$ (136.8)</u></b>	<b><u>\$ (958.5)</u></b>
Ending Balance as a Percentage of Expenditures	16.7%	8.7%	-2.1%	-14.5%
Receipts Above Expenditures	201.3	(406.9)	(664.8)	(821.7)