

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

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April 16, 2010

To: Governor Mark Parkinson and Legislative Budget Committee

From: Kansas Legislative Research Department
Kansas Division of the Budget

Re: Initial SGF Memo for Revised FY 2010 and FY 2011 Estimates

The Consensus Estimating Group met today to revise the November 5 estimates for FY 2010 and FY 2011. The revised estimates incorporate the fiscal impact of all 2010 legislation signed into law thus far. The impact of all other Kansas legislation becoming law after April 16 will be quantified in a separate legislative adjustments report prepared at the conclusion of the *sine die* adjournment.

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.

The overall estimate for both fiscal years was decreased by a combined \$130.2 million.

For FY 2010, the estimate was decreased by \$46.4 million, or 0.9 percent, below the November estimate. The estimate for total taxes was decreased by \$104.6 million, while the estimate for other revenues was increased by \$58.2 million (and includes various FY 2010 transfer adjustments enacted earlier in the session). The overall revised SGF estimate of \$5.254 billion represents a 6.0 percent reduction below final FY 2009 receipts.

The revised estimate for FY 2011 of \$5.095 billion was decreased by \$83.8 million, or 1.6 percent below the November estimate. The new forecast represents 3.0 percent reduction below the newly revised FY 2010 figure. The primary reason for the reduction of revenues is a net change in \$320.0 million for transfers. Excluding these transfers, FY 2011 receipts would have been increased 3.1 percent.

Table 1 compares the new FY 2010 and FY 2011 estimates with actual receipts from FY 2009. Tables 2 and 3 show the revisions in the estimates for each fiscal year.

Table 1
Consensus Revenue Estimate for Fiscal Years 2010 and 2011
and FY 2009 Actual Receipts
(Dollars in Thousands)

	FY 2009 (Actual)		FY 2010 (Revised)		FY 2011 (Revised)	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Property Tax:						
Motor Carrier	\$ 29,257	0.8 %	\$ 24,000	(18.0) %	\$ 24,000	-- %
Income Taxes:						
Individual	\$2,682,000	(7.4) %	\$2,510,000	(6.4) %	\$2,585,000	3.0 %
Corporation	240,258	(44.4)	250,000	4.1	255,000	2.0
Financial Inst.	26,192	(21.0)	20,000	(23.6)	23,000	15.0
Total	\$2,948,450	(12.3) %	\$2,780,000	(5.7) %	\$2,863,000	3.0 %
Estate Tax	\$ 22,530	(49.1) %	\$ 9,000	(60.1) %	\$ 5,000	(44.4) %
Excise Taxes:						
Retail Sales	\$1,689,516	(1.3) %	\$1,640,000	(2.9) %	\$1,690,000	3.0 %
Compensating Use	235,026	(4.6)	205,000	(12.8)	230,000	12.2
Cigarette	107,216	(4.9)	99,000	(7.7)	95,000	(4.0)
Tobacco Products	5,728	3.2	6,300	10.0	6,600	4.8
Cereal Malt Bev.	2,089	(6.2)	2,100	0.5	2,100	--
Liquor Gallonage	18,215	3.6	18,200	(0.1)	18,800	3.3
Liquor Enforcement	53,794	7.6	56,500	5.0	58,000	2.7
Liquor Drink	9,141	2.7	9,100	(0.4)	9,300	2.2
Corp. Franchise	41,720	(10.6)	34,000	(18.5)	17,000	(50.0)
Severance	124,249	(16.1)	84,000	(32.4)	98,400	17.1
Gas	73,814	(19.3)	41,400	(43.9)	50,900	22.9
Oil	50,436	(11.0)	42,600	(15.5)	47,500	11.5
Total	\$2,286,693	(2.7) %	\$2,154,200	(5.8) %	\$2,225,200	3.3 %
Other Taxes:						
Insurance Prem.	\$ 119,590	1.7 %	\$ 118,800	(0.7) %	\$ 123,000	3.5 %
Miscellaneous	1,794	(65.7)	1,800	0.3	1,800	--
Total	\$ 121,384	(1.2) %	\$ 120,600	(0.6) %	\$ 124,800	3.5 %
Total Taxes	\$5,408,314	(8.4) %	\$5,087,800	(5.9) %	\$5,242,000	3.0 %
Other Revenues:						
Interest	\$ 64,199	(42.3) %	\$ 23,000	(64.2) %	\$ 25,000	8.7 %
Net Transfers	35,582	109.4	91,000	155.7	(228,491)	(351.1)
Agency Earnings	80,879	50.1	52,500	(35.1)	56,200	7.0
Total	\$ 180,660	185.0 %	\$ 166,500	(7.8) %	\$ (147,291)	(188.5) %
Total Receipts	<u>\$5,588,974</u>	<u>(1.9) %</u>	<u>\$5,254,300</u>	<u>(6.0) %</u>	<u>\$5,094,709</u>	<u>(3.0) %</u>

Table 2
State General Fund Receipts
FY 2010 Revised
Comparison of November 2009 Estimate to April 2010 Estimate
(Dollars in Thousands)

	FY 2010 CRE Est.	FY 2010 CRE Est.	Difference	
	Revised 11/05/09	Revised 04/16/10	Amount	Pct. Chg.
Property Tax:				
Motor Carrier	\$ 24,000	\$ 24,000	\$ --	-- %
Income Taxes:				
Individual	\$ 2,560,000	\$ 2,510,000	\$ (50,000)	(2.0) %
Corporation	245,000	250,000	5,000	2.0
Financial Inst.	24,000	20,000	(4,000)	(16.7)
Total	\$ 2,829,000	\$ 2,780,000	\$ (49,000)	(1.7) %
Estate Tax	\$ 14,500	\$ 9,000	\$ (5,500)	(37.9) %
Excise Taxes:				
Retail Sales	\$ 1,660,500	\$ 1,640,000	\$ (20,500)	(1.2) %
Compensating Use	222,000	205,000	(17,000)	(7.7)
Cigarette	102,000	99,000	(3,000)	(2.9)
Tobacco Product	6,000	6,300	300	5.0
Cereal Malt Beverage	2,200	2,100	(100)	(4.5)
Liquor Gallonage	18,500	18,200	(300)	(1.6)
Liquor Enforcement	57,000	56,500	(500)	(0.9)
Liquor Drink	9,500	9,100	(400)	(4.2)
Corporate Franchise	26,000	34,000	8,000	30.8
Severance	101,700	84,000	(17,700)	(17.4)
Gas	47,700	41,400	(6,300)	(13.2)
Oil	54,000	42,600	(11,400)	(21.1)
Total	\$ 2,205,400	\$ 2,154,200	\$ (51,200)	(2.3) %
Other Taxes:				
Insurance Premiums	\$ 117,500	\$ 118,800	\$ 1,300	1.1 %
Miscellaneous	2,000	1,800	(200)	(10.0)
Total	\$ 119,500	\$ 120,600	\$ 1,100	0.9 %
Total Taxes	\$ 5,192,400	\$ 5,087,800	\$ (104,600)	(2.0) %
Other Revenues:				
Interest	\$ 20,000	\$ 23,000	\$ 3,000	15.0 %
Net Transfers	33,700	91,000	57,300	170.0
Agency Earnings	54,600	52,500	(2,100)	(3.8)
Total Other Revenue	\$ 108,300	\$ 166,500	\$ 58,200	53.7 %
Total Receipts	\$ 5,300,700	\$ 5,254,300	\$ (46,400)	(0.9) %

Table 3
State General Fund Receipts
FY 2011 Revised
Comparison of November 2009 Estimate to April 2010 Estimate
(Dollars in Thousands)

	FY 2011 CRE Est. Revised 11/05/09	FY 2011 CRE Est. Revised 04/16/10	Difference	
			Amount	Pct. Chg.
Property Tax:				
Motor Carrier	\$ 24,000	\$ 24,000	\$ --	-- %
Income Taxes:				
Individual	\$ 2,610,000	\$ 2,585,000	\$ (25,000)	(1.0) %
Corporation	245,000	255,000	10,000	4.1
Financial Inst.	25,000	23,000	(2,000)	(8.0)
Total	\$ 2,880,000	\$ 2,863,000	\$ (17,000)	(0.6) %
Estate Tax	\$ 5,000	\$ 5,000	\$ --	-- %
Excise Taxes:				
Retail Sales	\$ 1,710,000	\$ 1,690,000	\$ (20,000)	(1.2) %
Compensating Use	250,000	230,000	(20,000)	(8.0)
Cigarette	100,000	95,000	(5,000)	(5.0)
Tobacco Product	6,200	6,600	400	6.5
Cereal Malt Beverage	2,200	2,100	(100)	(4.5)
Liquor Gallonage	19,100	18,800	(300)	(1.6)
Liquor Enforcement	59,000	58,000	(1,000)	(1.7)
Liquor Drink	9,700	9,300	(400)	(4.1)
Corporate Franchise	15,000	17,000	2,000	13.3
Severance	118,800	98,400	(20,400)	(17.2)
Gas	62,800	50,900	(11,900)	(18.9)
Oil	56,000	47,500	(8,500)	(15.2)
Total	\$ 2,290,000	\$ 2,225,200	\$ (64,800)	(2.8) %
Other Taxes:				
Insurance Premiums	\$ 123,000	\$ 123,000	\$ --	-- %
Miscellaneous	2,000	1,800	(200)	(10.0)
Total	\$ 125,000	\$ 124,800	\$ (200)	(0.2) %
Total Taxes	\$ 5,324,000	\$ 5,242,000	\$ (82,000)	(1.5) %
Other Revenues:				
Interest	\$ 22,000	\$ 25,000	\$ 3,000	13.6 %
Net Transfers	(223,700)	(228,491)	(4,791)	(2.1)
Agency Earnings	56,200	56,200	--	--
Total Other Revenue	\$ (145,500)	\$ (147,291)	\$ (1,791)	(1.2) %
Total Receipts	\$ 5,178,500	\$ 5,094,709	\$ (83,791)	(1.6) %