



Kansas Tax Facts

**2012 Supplement to the
Eighth Edition**



FOREWORD

The Eighth Edition of Kansas Tax Facts was published in December, 2010. This addendum is designed to supplement and update that publication by providing data from FY 2011 and FY 2012.

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COMBINED STATE AND LOCAL TAX REVENUE

Kansas state and local government net tax revenue totaled \$13.168 billion in FY 2012. Following are the tax levies or collections, combining state and local tax revenue, in descending order of magnitude for FY 2012.

TABLE 1
Kansas State and Local Taxes
(In Thousands)

	FY 2009	FY 2010	FY 2011	FY 2012	Percent of FY 2012 Total	Percent Change from FY 2011
General Property (a)	\$ 3,953,527	\$ 3,996,442	\$ 4,017,712	\$ 4,136,514	31.41 %	2.96 %
Sales and Use (b)	3,019,908	2,944,083	3,435,819	3,733,326	28.35	8.66
Income and Privilege	2,998,010	2,699,159	2,952,837	3,244,110	24.64	9.86
Motor Fuels	421,272	424,571	436,245	435,049	3.30	(0.27)
Unemployment Comp	171,035	305,645	398,878	434,283	3.30	8.88
Various Vehicle (a) (c)	346,570	338,873	337,735	346,942	2.63	2.73
Vehicle Registration	195,721	205,239	207,007	205,532	1.56	(0.71)
Insurance Premiums	128,554	138,769	159,824	166,404	1.26	4.12
Severance	133,601	93,783	112,791	124,921	0.95	10.75
Liquor and Beer	111,553	111,361	113,111	118,202	0.90	4.50
Cigarette and Tobacco	112,944	106,181	102,496	103,639	0.79	1.12
Mortgage Registration	41,563	41,397	35,471	37,795	0.29	6.55
Transient Guest	32,084	29,129	32,444	34,812	0.26	7.30
Motor Carrier Property	29,257	24,993	23,167	24,814	0.19	7.11
Corporation Franchise	41,720	41,462	30,283	9,817	0.07	(67.58)
Intangibles (a)	4,326	3,645	2,738	2,393	0.02	(12.60)
State/Local	22,520	8,306	220	604	0.01	203.06

Highlights

- In FY 2012, total state and local tax revenue in Kansas was \$13.168 billion, with state taxes accounting for \$7.738 billion—or about 58.8 percent—of the total. State and local taxes increased by 6.13 percent above the FY 2011 figure of \$12.407 billion. State taxes increased by about \$563 million, or 7.84 percent, from FY 2011 to FY 2012, while local taxes increased by \$198 million, or 3.79 percent.
- Local governments continue to spend most of the state and local tax revenue. In FY 2012, local government tax revenue was \$5.430 billion; and local units received another \$3.647 billion from state taxes allocated to or shared with them. Thus, local units received \$9.077 billion, or about 69 percent, of total state and local taxes in FY 2012. Over 47 percent of the state's tax revenue was shared with or allocated to local units, mostly for education.
- While the general property tax is still the most important single revenue producer, its proportion of total state and local taxes has declined steadily over the decades—from 82 percent of the total in FY 1930, to 56 percent in FY 1960, and to 31 percent in FY 2012 (or about 34 percent if the various vehicle taxes, which are levied in lieu of the general property tax, are included). But the trend has reversed itself recently, since in FY 1998 the general property tax was only about 27 percent of the burden (or 31 percent if vehicle taxes were included).
- Income and privilege taxes accounted for 25 percent of state and local tax

State Tax Revenue

In FY 2012, state tax revenue totaled \$7.738 billion, which was an increase of \$563 million, or 7.84 percent above collections in FY 2011. FY 2011 receipts, fueled by a sales and use tax increase, had increased \$816 million, or 12.82 percent, above FY 2010 receipts. FY 2010 receipts had decreased by \$281 million, or 4.23 percent, below FY 2009 receipts. FY 2009 receipts had decreased \$565 million, or 7.84 percent below FY 2008 collections. FY 2008 receipts had increased over FY 2007 receipts by \$191 million, or 2.72 percent.

For FY 2012, Table 3 shows state tax revenues in descending order of importance and how much of such revenue was credited to the State General Fund (SGF) and to other state funds. In that year, 79.61 percent went to the SGF and 20.39 percent was deposited in other funds.

Individual income taxes, corporation income taxes, and sales and use taxes accounted for almost 92 percent of SGF tax receipts in FY 2012. The same four sources comprised just over 80 percent of SGF taxes in FY 1985.

State and Local Taxes

The relative balance in the big three sources of state and local tax revenue – sales, income, and property – that Kansas had achieved for a number of years after the 1992 school finance law appears to have eroded since the late 1990s. (In FY 1992 – prior to the implementation of that law – property and vehicle taxes comprised 38.7 percent of total state

Shown below for the last nine years are state, local, and combined state and local tax revenues.

State and Local Tax Revenue
(In Thousands)

Fiscal Year	State	Percent Change	Local	Percent Change	State and Local	Percent Change
2002	\$ 4,905,300	(3.63) %	\$ 3,493,328	8.59 %	\$ 8,398,626	1.11 %
2003	5,141,714	4.82	3,632,124	3.97	8,773,839	4.47
2004	5,470,064	6.39	3,852,334	6.06	9,322,398	6.25
2005	5,888,881	7.66	4,119,260	6.93	10,008,141	7.36
2006	6,521,366	10.74	4,470,137	8.52	10,991,503	9.83
2007	7,014,817	7.57	4,796,364	7.30	11,811,181	7.46
2008	7,205,627	2.72	5,010,417	4.46	12,216,044	3.43
2009	6,640,963	(7.84)	5,131,395	2.41	11,772,358	(3.63)
2010	6,360,275	(4.23)	5,160,745	0.57	11,521,020	(2.13)
2011	7,175,855	12.82	5,231,085	1.36	12,406,970	7.69
2012	7,738,417	7.84	5,429,544	3.79	13,167,961	6.13

Comparative Kansas Tax Burden

The table shows ordinal state rankings (1 to 51, including the District of Columbia) for Kansas and neighboring states for the two major tax burden comparisons (taxes as a percent of

Recommended Tax Policy Objectives

The aforementioned Governor's Tax Equity Task Force in 1995 recommended that all tax legislation "be evaluated with the following objectives in mind."

- Kansas should maintain its enviable reputation as a fiscally responsible state.
- A tax system should produce revenues that are adequate to finance an agreed-upon level of public services over time.
- A tax system should produce adequate revenue during economic downturns and also respond to economic growth.
- State and local taxing and spending decisions should be consistent with economic growth and development.
- Administration of the tax system should be fair and efficient.
- Fiscal accountability should be strengthened by making taxpayers aware of their true tax liabilities.
- Tax revisions should not unduly erode the tax base.
- State fiscal policy should advance the interests of the state as a whole, while facilitating the fiscal autonomy of local governments.

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
TABLE 2 continued ...						
Income and Privilege						
Individual	\$ 2,744,934	\$ 2,944,851	\$ 2,731,560	\$ 2,457,704	\$ 2,706,319	\$ 2,933,795
Corporation	442,324	432,078	240,258	224,940	224,867	284,466
Financial Inst.	31,126	33,160	26,192	16,515	21,651	25,489
Total	\$ 3,218,384	\$ 3,410,089	\$ 2,998,010	\$ 2,669,159	\$ 2,952,837	\$ 3,244,110
Inheritance/Estate	\$ 55,620	\$ 44,247	\$ 22,530	\$ 8,396	\$ 229	\$ 694
Sales, Use, and Excise						
Retail Sales	\$ 1,934,390	\$ 1,983,594	\$ 1,958,999	\$ 1,918,397	\$ 2,268,352	\$ 2,457,009
Compensating Use	307,635	281,153	268,182	234,873	326,020	367,871
Subtotal	\$ 2,242,025	\$ 2,264,747	\$ 2,227,181	\$ 2,153,270	\$ 2,594,372	\$ 2,824,880
Motor Fuels	434,047	431,307	421,272	424,571	436,245	435,049
Vehicle Registration (5)	169,867	168,822	174,952	185,034	186,639	184,833
Cereal Malt Beverage	2,091	2,228	2,089	1,989	1,905	2,081
Liquor Gallonage	17,901	18,474	19,140	18,869	19,231	19,547
Liquor Enforcement	47,138	49,983	53,794	54,827	56,120	58,862
Liquor Drink	33,834	35,654	36,530	35,676	35,855	37,712
Cigarette	115,282	112,705	107,216	99,829	95,923	96,661
Tobacco Prod.	5,305	5,548	5,728	6,352	6,573	6,978
Corporation Franchise	47,892	46,659	41,720	41,462	30,283	9,817
Boat Registration	1,038	992	1,078	1,087	1,005	983
Severance	124,758	159,325	133,601	93,783	112,791	124,921
New Tires	711	707	677	681	702	704
Motor Vehicle Rental	3,361	3,366	3,396	3,126	3,280	3,507
Drycleaning & Laundry	1,242	1,178	1,103	993	917	889
Clean Water	3,535	3,226	2,905	2,873	3,602	4,024
Total	\$ 3,250,027	\$ 3,304,921	\$ 3,232,382	\$ 3,124,422	\$ 3,585,443	\$ 3,811,448

TABLE 3

Allocation to Funds of Total State Tax Revenue
 (Net Refunds)
 FY 2012
 (In Thousands)

	Amount	Percent of Total	Cumulative Percent	Taxes Credited to	
				SGF	Other Funds
Individual Income	\$ 2,933,795	37.91 %	37.91 %	\$ 2,908,029	\$ 25,766
Retail Sales	2,457,009	31.75	69.66	2,136,353	320,656
Motor Fuels	435,049	5.62	75.28	-	435,049
Unemployment Compensation	434,283	5.61	80.90	-	434,283
Compensating Use	367,871	4.75	85.65	325,339	42,532
Corporation Income	284,466	3.68	89.33	284,466	-
Motor Vehicle Registration	184,833	2.39	91.72	-	184,833
Insurance Premiums	166,404	2.15	93.87	143,180	23,224
Liquor and Beer	118,202	1.53	95.39	89,014	29,188
Cigarette and Tobacco	103,639	1.34	96.73	103,639	-
Oil Severance	77,643	1.00	97.74	66,977	10,666
Gas Severance	47,278	0.61	98.35	40,276	7,002
State Property	45,336	0.59	98.93	3	45,333
Financial Institutions Privilege	25,849	0.33	99.27	25,849	-
Motor Carrier Property	24,814	0.32	99.59	24,814	-

TABLE 4

**Local Government Tax Revenue
FY 2007-FY 2012
(In Thousands)**

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Counties						
Tangible Property (1)	\$ 998,314	\$ 1,044,608	\$ 1,091,024	\$ 1,092,163	\$ 1,100,469	\$ 1,142,122
Intangibles (2)	1,319	1,640	1,901	1,695	1,191	1,067
Mortgage Registration (3)	50,522	49,586	40,555	40,310	34,449	36,804
Motor Vehicle Registration (3)	13,847	20,416	20,769	20,205	20,368	20,699
Transient Guest	1,641	1,984	2,202	2,055	2,503	2,592
Various Vehicle (4)	105,946	108,972	110,505	110,123	108,472	110,202
Sales and Use	501,037	488,320	428,481	422,739	434,594	464,276
Subtotal-Counties	<u>\$ 1,672,626</u>	<u>\$ 1,715,526</u>	<u>\$ 1,695,437</u>	<u>\$ 1,689,290</u>	<u>\$ 1,702,046</u>	<u>\$ 1,777,762</u>
Cities						
Tangible Property (1)	\$ 676,378	\$ 718,474	\$ 761,859	\$ 766,064	\$ 774,723	\$ 803,256
Intangibles (2)	897	866	1,182	925	756	680
Transient Guest	23,789	28,817	29,254	26,484	29,292	31,511
Various Vehicle (4)	73,536	74,533	75,138	74,289	73,719	73,491
Sales and Use	315,998	335,577	325,301	330,012	363,399	395,005
Subtotal-Cities	<u>\$ 1,090,598</u>	<u>\$ 1,158,267</u>	<u>\$ 1,192,734</u>	<u>\$ 1,197,774</u>	<u>\$ 1,241,889</u>	<u>\$ 1,303,943</u>
Schools (5)						
Tangible Property (1)	\$ 1,607,240	\$ 1,687,446	\$ 1,777,869	\$ 1,800,243	\$ 1,816,405	\$ 1,848,541
Various Vehicle (4)	117,938	122,941	124,569	123,333	124,298	130,833
Subtotal-Schools	<u>\$ 1,725,178</u>	<u>\$ 1,810,387</u>	<u>\$ 1,902,438</u>	<u>\$ 1,923,576</u>	<u>\$ 1,940,703</u>	<u>\$ 1,979,374</u>

**STATE AND LOCAL TAX REVENUE
Analysis of FY 2012**

	FY 2000	FY 1990	FY 1980	FY 1970	FY 1960	FY 1950	FY 1940	FY 1930
%	28.00 %	32.34 %	39.19 %	53.06 %	56.44 %	52.19 %	62.95 %	82.02 %
	28.58	22.55	19.75	15.74	15.34	15.76	9.94	-
	27.01	21.87	21.42	10.57	6.73	4.95	2.04	-
	4.54	4.61	5.24	8.81	8.26	11.00	9.92	8.18
	1.36	3.49	3.86	1.77	2.21	2.51	4.85	-
	3.31	5.66	-	-	-	-	-	-
	1.89	2.02	3.03	3.50	4.39	4.35	3.99	5.69
	0.86	1.44	1.54	1.22	1.31	1.22	0.99	1.05
	0.72	1.71	-	-	-	-	-	-
	0.93	1.03	1.30	1.08	1.09	2.24	0.49	-
	0.67	1.15	1.44	2.20	1.83	2.08	1.27	0.63
	0.46	0.25	0.38	0.20	0.28	0.39	0.30	0.30
	0.22	0.15	0.04	-	-	-	-	-
	0.20	0.20	0.19	0.15	0.16	0.09	0.03	-
	0.21	0.19	0.25	0.09	0.13	0.17	0.31	0.34
	0.06	0.23	0.98	0.64	0.70	1.09	0.93	0.72
	0.80	0.89	1.19	0.82	0.82	0.48	0.39	0.67
	0.05	0.16	-	-	-	-	-	-
	0.13	0.06	0.20	0.15	-	-	-	-
	<u>0% 100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>

car excise taxes.