



November 6, 2012

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 2013 and FY 2014

The Consensus Estimating Group met today to revise the State General Fund revenue estimate for FY 2013 and to make its first assessment of FY 2014.

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 2013, the estimate was decreased by \$5.2 million, or 0.1 percent, below the previous estimate (made in April and subsequently adjusted for legislation enacted during the veto session). The legislative adjustments to the April estimates include the first six months' impact of the new income tax law that will take effect on January 1, 2013. The revised estimate of \$6.169 billion represents 3.8 percent below final FY 2012 receipts.

The initial estimate for FY 2014 is \$5.464 billion, which is \$704.8 million, or 11.4 percent, below the newly revised FY 2013 figure. Various factors influencing this change in revenues in addition to the state of the economy include the fully annualized impact of the new income tax law; scheduled reductions in the retail sales and compensating use tax rates as well as the SGF's share of tax receipts from these sources (pursuant to legislation enacted in 2010); and a net change in transfers out of the SGF based on current statutory requirements for FY 2014. The amount of total taxes is estimated to decrease by 10.4 percent in FY 2014, following a 0.7 percent increase in FY 2013. Additional discussion will be provided in the detailed memo.

Table 1 compares the new FY 2013 and FY 2014 estimates with actual receipts from FY 2012. Table 2 shows the changes in the FY 2013 estimate.

Senate Ways and Means Committee
Date: 01-15-2013
Attachment #: 3

Table 1
State General Fund Receipts
(Dollars in Thousands)

	FY 2012 (Actual)		Consensus Estimate November 6, 2012			
			FY 2013 (Revised)		FY 2014	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Property Tax/Fee:						
Motor Carrier	\$ 24,814	7.1 %	\$ 26,000	4.8 %	\$ 39,000	50.0 %
Income Taxes:						
Individual	\$ 2,908,029	7.3 %	\$ 2,810,000	(3.4) %	\$ 2,385,000	(15.1) %
Corporation	284,466	26.5	340,000	19.5	360,000	5.9
Financial Inst.	25,849	19.4	29,000	12.2	30,000	3.4
Total	\$ 3,218,344	8.9 %	\$ 3,179,000	(1.2) %	\$ 2,775,000	(12.7) %
Excise Taxes:						
Retail Sales	\$ 2,136,353	8.7 %	\$ 2,225,000	4.1 %	\$ 1,952,000	(12.3) %
Compensating Use	325,339	13.1	345,000	6.0	303,000	(12.2)
Cigarette	96,661	0.8	92,000	(4.8)	92,000	--
Tobacco Products	6,978	6.2	7,000	0.3	7,200	2.9
Cereal Malt Bev.	2,081	9.2	1,900	(8.7)	1,900	--
Liquor Gallonage	18,543	1.5	19,000	2.5	19,200	1.1
Liquor Enforcement	58,862	4.9	60,500	2.8	61,500	1.7
Liquor Drink	9,528	5.8	9,500	(0.3)	9,800	3.2
Corp. Franchise	9,817	(67.6)	(5,000)	(150.9)	6,000	220.0
Severance	107,253	8.7	100,100	(6.7)	137,400	37.3
Gas	40,276	(2.3)	21,200	(47.4)	33,400	57.5
Oil	66,977	16.6	78,900	17.8	104,000	31.8
Total	\$ 2,771,417	7.8 %	\$ 2,855,000	3.0 %	\$ 2,590,000	(9.3) %
Other Taxes:						
Insurance Prem.	143,180	1.0 %	\$ 140,000	(2.2) %	\$ 149,000	6.4 %
Miscellaneous	2,718	34.0	2,500	(8.0)	2,500	--
Total	\$ 145,898	1.5 %	\$ 142,500	(2.3) %	\$ 151,500	6.3 %
Total Taxes	\$ 6,160,474	8.2 %	\$ 6,202,500	0.7 %	\$ 5,555,500	(10.4) %
Other Revenues:						
Interest	\$ 9,677	(51.0) %	\$ 10,000	3.3 %	\$ 9,700	(3.0) %
Net Transfers	180,521	51.9	(101,900)	(156.4)	(155,900)	(53.0)
Agency Earnings	62,079	23.1	58,500	(5.8)	55,000	(6.0)
Total	\$ 252,277	33.4 %	\$ (33,400)	(113.2) %	\$ (91,200)	(173.1) %
Total Receipts	\$ 6,412,751	9.0 %	\$ 6,169,100	(3.8) %	\$ 5,464,300	(11.4) %

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Table 2
State General Fund Receipts
FY 2013 Revised
Comparison of November 2012 Estimate to June 2012 Estimate
(Dollars in Thousands)

	FY 2013 CRE Est. as Adj. for Legis.	FY 2013 CRE Estimate	Difference	
			Amount	Pct. Chg.
Property Tax/Fee:				
Motor Carrier	\$ 21,000	\$ 26,000	\$ 5,000	23.8 %
Income Taxes:				
Individual	\$ 2,870,800	\$ 2,810,000	\$ (60,800)	(2.1) %
Corporation	270,000	340,000	70,000	25.9
Financial Inst.	26,000	29,000	3,000	11.5
Total	\$ 3,166,800	\$ 3,179,000	\$ 12,200	0.4 %
Excise Taxes:				
Retail Sales	\$ 2,225,000	\$ 2,225,000	\$ --	-- %
Compensating Use	350,000	345,000	(5,000)	(1.4)
Cigarette	92,000	92,000	--	--
Tobacco Product	6,900	7,000	100	1.4
Cereal Malt Beverage	1,900	1,900	--	--
Liquor Gallonage	19,000	19,000	--	--
Liquor Enforcement	59,500	60,500	1,000	1.7
Liquor Drink	9,300	9,500	200	2.2
Corporate Franchise	6,000	(5,000)	(11,000)	(183.3)
Severance	119,800	100,100	(19,700)	(16.4)
Gas	27,300	21,200	(6,100)	(22.3)
Oil	92,500	78,900	(13,600)	(14.7)
Total	\$ 2,889,400	\$ 2,855,000	\$ (34,400)	(1.2) %
Other Taxes:				
Insurance Premium	\$ 140,000	\$ 140,000	\$ --	-- %
Miscellaneous	2,000	2,500	500	25.0
Total	\$ 142,000	\$ 142,500	\$ 500	0.4 %
Total Taxes	\$ 6,219,200	\$ 6,202,500	\$ (16,700)	(0.3) %
Other Revenues:				
Interest	\$ 7,900	\$ 10,000	\$ 2,100	26.6 %
Net Transfers	(104,290)	(101,900)	2,390	2.3
Agency Earnings	51,510	58,500	6,990	13.6
Total Other Revenue	\$ (44,880)	\$ (33,400)	\$ 11,480	25.6 %
Total Receipts	\$ 6,174,320	\$ 6,169,100	\$ (5,220)	(0.1) %

November 2012 Consensus Revenue Estimates

STATE GENERAL FUND PROFILE
FY 2011-FY 2014
(Dollars in Millions)

	Actual FY 2011	Actual FY 2012	Estimated FY 2013	Estimated FY 2014
Beginning Balance	\$ (27.1)	\$ 188.3	\$ 502.9	\$ 471.7
Consensus Revenue Estimate (November 6, 2012)	5,882.1	6,412.7	6,169.1	5,464.3
Total Available Revenue	\$ 5,855.0	\$ 6,601.0	\$ 6,672.0	\$ 5,936.1
Expenditures	\$ 5,667.0	\$ 6,098.1	\$ 6,170.6	\$ 6,223.3
State General Fund Expenditures Shifted from FY 2012	-	-	27.2	-
Human Services Caseloads	-	-	(18.8)	-
School Finance General State Aid Adjustments	-	-	21.3	14.9
Adjustments to Reach Zero Ending Balance	-	-	-	(302.1)
Total Adjusted Expenditures	5,667.0	6,098.1	6,200.3	5,936.1
Ending Balance	<u>\$ 188.3</u>	<u>\$ 502.9</u>	<u>\$ 471.7</u>	<u>\$ -</u>
Ending Balance as a Percentage of Expenditures	3.3%	8.2%	7.6%	0.0%
Receipts in Excess of Approved Expenditures	\$ 215.2	\$ 319.3	\$ (31.2)	\$ (471.8)

Assumptions:

1. November 6, 2012 Consensus Revenue estimates for FY 2013 and FY 2014.
2. FY 2013 expenditure adjustments include: \$27.2 million expenditure authority shifted from FY 2012; a reduction of \$18.8 million for the Human Services Consensus estimates; and \$21.3 million for revisions to School Finance.
3. FY 2014 expenditure adjustments include: \$14.9 million for revisions to school finance, and \$50.0 million for KPERS increases.

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