



**Kansas Legislative Research Department**

*Providing nonpartisan, objective research and fiscal analysis for the Kansas Legislature since 1934*

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**To:** Legislative Coordinating Council and Governor Laura Kelly

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

**Re:** Legislative Adjustments to Consensus Estimates for FY 2019 thru FY 2021

Pursuant to KSA 2018 Supp. 75-6701, the most recent estimates of State General Fund (SGF) receipts for FY 2019, FY 2020, and FY 2021 have been adjusted to reflect the fiscal impact of legislation involving receipts to the SGF enacted during the 2019 Legislative Session subsequent to the Consensus Revenue Estimate (CRE) made on April 18, 2019 (see Table 1).

Estimated receipts for all three fiscal years combined were increased by \$202,586,000 relative to the April 18 estimate. Of this amount, \$29,986,000 is attributable to an increase in the estimates for total taxes, and \$172,600,000 is attributable to increases in other revenues. FY 2019 receipts were decreased \$5,400,000, FY 2020 receipts were increased \$104,693,000, and FY 2021 receipts were increased \$103,293,000.

Tables 2 - 4 show changes by source for each fiscal year and incorporate those changes into the overall estimate for that year. Tables 3 and 4 establish the new baseline estimates for FY 2020 and FY 2021 that will be revised again in the fall.

Tables 5 - 7 provide more specific information on the adjustments by bill and by source for each fiscal year.

A final section of this report discusses the implications for SGF receipts in FY 2022 and subsequent years relative to certain upcoming changes in law.

The Consensus Revenue Estimating Group will meet again prior to December 4 to consider revisions to the newly adjusted FY 2020 and FY 2021 estimates.

## **FY 2019**

The following FY 2019 adjustment was made:

- **House Sub. for SB 25**, the omnibus budget bill, decreases net transfers by \$5,400,000. The major adjustment involved enactment of a new \$5,375,000 transfer from the SGF to the Insurance Department Service Regulation Fund.

## FY 2020

The following FY 2020 adjustments were made:

- **HB 2140**, which provides a sales tax exemption for certain gold or silver coins and gold, silver, platinum, or palladium bullion, reduces sales tax receipts by \$7,000.
- **House Sub. for SB 25**, the omnibus bill, increases net transfers by \$104,700,000. Major adjustments include a transfer to the SGF of \$231,776,000 of sales tax receipts originally deposited in the State Highway Fund; an additional \$79,300,000 transfer from the SGF to the Pooled Money Investment Board's Bridge Funding Payment Plan; and a \$51,000,000 SGF transfer to the Kansas Public Employees Retirement Fund.

Two additional bills signed into law after April 18 could have a slightly positive but unquantifiable impact on receipts. **SB 70**, which makes a number of changes in liquor law licensure, could have a positive but small impact on liquor gallonage receipts. **SB 78**, which enacts housing protections for victims of certain crimes, could have a positive but small impact on agency earnings.

## FY 2021

The following FY 2021 adjustments were made:

- **HB 2140**, the exemption for certain coins and bullion, again reduces sales tax receipts by \$7,000.
- **House Sub. for SB 25** increases receipts by \$103,300,000. Of this amount, net transfers are increased by \$73,300,000, and individual income taxes are increased by \$30,000,000. Major transfer adjustments include a subsequent \$79,300,000 transfer from the SGF to the Pooled Money Investment Board's Bridge Funding Payment Plan and suspension of various SGF transfers to other funds that under prior law had been scheduled to resume in FY 2021 (\$78,100,000 to the County and City Revenue Sharing Fund [CCRSF], \$54,000,000 to the Local *Ad Valorem* Tax Reduction Fund [LAVTRF], and \$13,000,000 to the Special City and County Highway Fund). An additional provision of the bill caps a diversion of certain withholding taxes otherwise scheduled for distribution to the Job Creation Program Fund, effectively increasing net individual income taxes credited to the SGF by \$30,000,000.

## FY 2022 and Thereafter

**Property tax relief and revenue sharing.** Current law provides for reinstatement of LAVTRF transfers from the SGF beginning in FY 2022 at \$54,000,000 annually and of CCRSF transfers (at 2.823 percent of sales and use taxes otherwise credited to the SGF).

**Sales tax.** The sales tax exclusion enacted in 2018 for certain manufacturers' car rebates sunsets on June 30, 2021. FY 2022 SGF sales tax receipts are expected to increase by an additional \$3,700,000 as a result of that sunset.

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

	FY 2018 (Actual)		Consensus Estimate -- May 31, 2019					
			FY 2019 (Revised)		FY 2020 (Revised)		FY 2021 (Revised)	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Property Tax/Fee:								
Motor Carrier	\$ 12,430	14.4 %	\$ 12,300	(1.0) %	\$ 12,400	0.8 %	\$ 12,500	0.8 %
Income Taxes:								
Individual	\$ 3,374,420	46.5 %	\$ 3,575,000	5.9 %	\$ 3,750,000	4.9 %	\$ 3,850,000	2.7 %
Corporation	392,440	20.8	445,000	13.4	450,000	1.1	455,000	1.1
Financial Institutions	45,527	10.7	41,000	(9.9)	42,000	2.4	43,000	2.4
Total	\$ 3,812,387	42.8 %	\$ 4,061,000	6.5 %	\$ 4,242,000	4.5 %	\$ 4,348,000	2.5 %
Excise Taxes:								
Retail Sales	\$ 2,341,693	2.4 %	\$ 2,330,000	(0.5) %	\$ 2,344,993	0.6 %	\$ 2,359,993	0.6 %
Compensating Use	406,514	5.7	422,000	3.8	440,000	4.3	455,000	3.4
Cigarette	120,073	(7.7)	114,000	(5.1)	110,000	(3.5)	107,000	(2.7)
Tobacco Products	8,676	3.0	8,800	1.4	8,900	1.1	9,000	1.1
Cereal Malt Beverage	1,479	(4.2)	1,000	(32.4)	100	(90.0)	--	(100.0)
Liquor Gallonage	19,851	2.1	20,500	3.3	21,000	2.4	21,500	2.4
Liquor Enforcement	73,475	2.7	73,500	0.0	74,500	1.4	75,500	1.3
Liquor Drink	11,548	4.6	12,000	3.9	12,200	1.7	12,300	0.8
Corporate Franchise	7,487	(1.9)	7,300	(2.5)	7,400	1.4	7,500	1.4
Severance	41,401	(1.6)	41,500	0.2	34,700	(16.4)	32,600	(6.1)
Gas	12,920	(13.2)	10,700	(17.2)	7,500	(29.9)	6,800	(9.3)
Oil	28,481	4.7	30,800	8.1	27,200	(11.7)	25,800	(5.1)
Total	\$ 3,032,195	2.4 %	\$ 3,030,600	(0.1) %	\$ 3,053,793	0.8 %	\$ 3,080,393	0.9 %
Other Taxes:								
Insurance Premiums	\$ 171,100	(0.7) %	\$ 173,000	1.1 %	\$ 182,000	5.2 %	\$ 185,000	1.6 %
Miscellaneous	2,699	99.6	3,500	29.7	3,800	8.6	4,000	5.3
Total	\$ 173,799	0.1 %	\$ 176,500	1.6 %	\$ 185,800	5.3 %	\$ 189,000	1.7 %
Total Taxes	\$ 7,030,811	20.9 %	\$ 7,280,400	3.5 %	\$ 7,493,993	2.9 %	\$ 7,629,893	1.8 %
Other Revenues & Receipts:								
Interest	\$ 22,786	(65.3) %	\$ 50,000	119.4 %	\$ 54,000	8.0 %	\$ 55,000	1.9 %
Transfers & Other Receipts	198,441	(48.0)	(147,700)	(174.4)	(167,600)	(13.5)	(365,800)	(118.3)
Agency Earnings	46,034	(38.4)	48,500	5.4	51,300	5.8	51,300	--
Total	\$ 267,261	(48.8) %	\$ (49,200)	(118.4) %	\$ (62,300)	(26.6) %	\$ (259,500)	(316.5) %
Total Receipts	\$ 7,298,073	15.1 %	\$ 7,231,200	(0.9) %	\$ 7,431,693	2.8 %	\$ 7,370,393	(0.8) %

**Table 2**  
**State General Fund Receipts**  
**FY 2019 Revised**  
**Comparison of May 2019 Estimate to April 2019 Estimate**  
*(Dollars in Thousands)*

	FY 2019 CRE Est.	FY 2019 CRE Est.	Difference	
	04/18/19	Revised 05/31/19	Amount	Pct. Chg.
Property Tax/Fee:				
Motor Carrier	\$ 12,300	\$ 12,300	\$ --	-- %
Income Taxes:				
Individual	\$ 3,575,000	\$ 3,575,000	\$ --	-- %
Corporation	445,000	445,000	--	--
Financial Institutions	41,000	41,000	--	--
Total	\$ 4,061,000	\$ 4,061,000	\$ --	-- %
Excise Taxes:				
Retail Sales	\$ 2,330,000	\$ 2,330,000	\$ --	-- %
Compensating Use	422,000	422,000	--	--
Cigarette	114,000	114,000	--	--
Tobacco Products	8,800	8,800	--	--
Cereal Malt Beverage	1,000	1,000	--	--
Liquor Gallonage	20,500	20,500	--	--
Liquor Enforcement	73,500	73,500	--	--
Liquor Drink	12,000	12,000	--	--
Corporate Franchise	7,300	7,300	--	--
Severance	41,500	41,500	--	--
Gas	10,700	10,700	--	--
Oil	30,800	30,800	--	--
Total	\$ 3,030,600	\$ 3,030,600	\$ --	-- %
Other Taxes:				
Insurance Premiums	\$ 173,000	\$ 173,000	\$ --	-- %
Miscellaneous	3,500	3,500	--	--
Total	\$ 176,500	\$ 176,500	\$ --	-- %
Total Taxes	\$ 7,280,400	\$ 7,280,400	\$ --	-- %
Other Revenues & Receipts:				
Interest	\$ 50,000	\$ 50,000	\$ --	-- %
Transfers & Other Receipts	(142,300)	(147,700)	(5,400)	(3.8)
Agency Earnings	48,500	48,500	--	--
Total	\$ (43,800)	\$ (49,200)	\$ (5,400)	(12.3) %
Total Receipts	\$ 7,236,600	\$ 7,231,200	\$ (5,400)	(0.1) %

**Table 3**  
**State General Fund Receipts**  
**FY 2020 Revised**  
**Comparison of May 2019 Estimate to April 2019 Estimate**  
*(Dollars in Thousands)*

	FY 2020 CRE Est.	FY 2020 CRE Est.	Difference	
	04/18/19	Revised 05/31/19	Amount	Pct. Chg.
<b>Property Tax/Fee:</b>				
Motor Carrier	\$ 12,400	\$ 12,400	\$ --	-- %
<b>Income Taxes:</b>				
Individual	\$ 3,750,000	\$ 3,750,000	\$ --	-- %
Corporation	450,000	450,000	--	--
Financial Institutions	42,000	42,000	--	--
<b>Total</b>	<b>\$ 4,242,000</b>	<b>\$ 4,242,000</b>	<b>\$ --</b>	<b>-- %</b>
<b>Excise Taxes:</b>				
Retail Sales	\$ 2,345,000	\$ 2,344,993	\$ (7)	(0.0) %
Compensating Use	440,000	440,000	--	--
Cigarette	110,000	110,000	--	--
Tobacco Products	8,900	8,900	--	--
Cereal Malt Beverage	100	100	--	--
Liquor Gallonage	21,000	21,000	--	--
Liquor Enforcement	74,500	74,500	--	--
Liquor Drink	12,200	12,200	--	--
Corporate Franchise	7,400	7,400	--	--
Severance	34,700	34,700	--	--
Gas	7,500	7,500	--	--
Oil	27,200	27,200	--	--
<b>Total</b>	<b>\$ 3,053,800</b>	<b>\$ 3,053,793</b>	<b>\$ (7)</b>	<b>(0.0) %</b>
<b>Other Taxes:</b>				
Insurance Premiums	\$ 182,000	\$ 182,000	\$ --	-- %
Miscellaneous	3,800	3,800	--	--
<b>Total</b>	<b>\$ 185,800</b>	<b>\$ 185,800</b>	<b>\$ --</b>	<b>-- %</b>
<b>Total Taxes</b>	<b>\$ 7,494,000</b>	<b>\$ 7,493,993</b>	<b>\$ (7)</b>	<b>(0.0) %</b>
<b>Other Revenues &amp; Receipts:</b>				
Interest	\$ 54,000	\$ 54,000	\$ --	-- %
Transfers & Other Receipts	(272,300)	(167,600)	104,700	38.5
Agency Earnings	51,300	51,300	--	--
<b>Total</b>	<b>\$ (167,000)</b>	<b>\$ (62,300)</b>	<b>\$ 104,700</b>	<b>62.7 %</b>
<b>Total Receipts</b>	<b>\$ 7,327,000</b>	<b>\$ 7,431,693</b>	<b>\$ 104,693</b>	<b>1.4 %</b>

**Table 4**  
**State General Fund Receipts**  
**FY 2021 Revised**  
**Comparison of May 2019 Estimate to April 2019 Estimate**  
*(Dollars in Thousands)*

	FY 2021 CRE Est.	FY 2021 CRE Est.	Difference	
	04/18/19	Revised 05/31/19	Amount	Pct. Chg.
<b>Property Tax/Fee:</b>				
Motor Carrier	\$ 12,500	\$ 12,500	\$ --	-- %
<b>Income Taxes:</b>				
Individual	\$ 3,820,000	\$ 3,850,000	\$ 30,000	0.8 %
Corporation	455,000	455,000	--	--
Financial Institutions	43,000	43,000	--	--
<b>Total</b>	<b>\$ 4,318,000</b>	<b>\$ 4,348,000</b>	<b>\$ 30,000</b>	<b>0.7 %</b>
<b>Excise Taxes:</b>				
Retail Sales	\$ 2,360,000	\$ 2,359,993	\$ (7)	(0.0) %
Compensating Use	455,000	455,000	--	--
Cigarette	107,000	107,000	--	--
Tobacco Products	9,000	9,000	--	--
Cereal Malt Beverage	--	--	--	--
Liquor Gallonage	21,500	21,500	--	--
Liquor Enforcement	75,500	75,500	--	--
Liquor Drink	12,300	12,300	--	--
Corporate Franchise	7,500	7,500	--	--
Severance	32,600	32,600	--	--
Gas	6,800	6,800	--	--
Oil	25,800	25,800	--	--
<b>Total</b>	<b>\$ 3,080,400</b>	<b>\$ 3,080,393</b>	<b>\$ (7)</b>	<b>(0.0) %</b>
<b>Other Taxes:</b>				
Insurance Premiums	\$ 185,000	\$ 185,000	\$ --	-- %
Miscellaneous	4,000	4,000	--	--
<b>Total</b>	<b>\$ 189,000</b>	<b>\$ 189,000</b>	<b>\$ --</b>	<b>-- %</b>
<b>Total Taxes</b>	<b>\$ 7,599,900</b>	<b>\$ 7,629,893</b>	<b>\$ 29,993</b>	<b>0.4 %</b>
<b>Other Revenues &amp; Receipts:</b>				
Interest	\$ 55,000	\$ 55,000	\$ --	-- %
Transfers & Other Receipts	(439,100)	(365,800)	73,300	16.7
Agency Earnings	51,300	51,300	--	--
<b>Total</b>	<b>\$ (332,800)</b>	<b>\$ (259,500)</b>	<b>\$ 73,300</b>	<b>22.0 %</b>
<b>Total Receipts</b>	<b>\$ 7,267,100</b>	<b>\$ 7,370,393</b>	<b>\$ 103,293</b>	<b>1.4 %</b>

<u>Table 5 - Legislative Adjustments by Bill by Source to FY 2019 Estimates</u>					
<i>(\$ in thousands)</i>					
		<u>Sales</u>	<u>Indiv Inc</u>	<u>Transfers</u>	<u>Total</u>
H Sub SB 109	<u>Omnibus Budget Bill</u>	--	--	<u>(\$5,400)</u>	<u>(\$5,400)</u>
<b>Total</b>		<b>--</b>	<b>--</b>	<b><u>(\$5,400)</u></b>	<b><u>(\$5,400)</u></b>

<u>Table 6 - Legislative Adjustments by Bill by Source to FY 2020 Estimates</u>					
<i>(\$ in thousands)</i>					
		<u>Sales</u>	<u>Indiv Inc</u>	<u>Transfers</u>	<u>Total</u>
HB 2140	Sales Tax Exemptions	(\$7)	--	--	(\$7)
H Sub SB 109	<u>Omnibus Budget Bill</u>	--	--	<u>\$104,700</u>	<u>\$104,700</u>
<b>Total</b>		<b><u>(\$7)</u></b>	<b>--</b>	<b><u>\$104,700</u></b>	<b><u>\$104,693</u></b>

<u>Table 7 - Legislative Adjustments by Bill by Source to FY 2021 Estimates</u>					
<i>(\$ in thousands)</i>					
		<u>Sales</u>	<u>Indiv Inc</u>	<u>Transfers</u>	<u>Total</u>
HB 2140	Sales Tax Exemptions	(\$7)	--	--	(\$7)
H Sub SB 109	<u>Omnibus Budget Bill</u>	--	<u>\$30,000</u>	<u>\$73,300</u>	<u>\$103,300</u>
<b>Total</b>		<b><u>(\$7)</u></b>	<b><u>\$30,000</u></b>	<b><u>\$73,300</u></b>	<b><u>\$103,293</u></b>

Three FY Combined Totals		(\$14)	\$30,000	\$172,600	\$202,586
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