

May 10, 2017

To: Governor Sam Brownback and Legislative Budget Committee
From: Kansas Division of the Budget and Kansas Legislative Research Department
Subject: State General Fund Receipt Revisions for FY 2017, FY 2018, and FY 2019

Estimates for the State General Fund (SGF) are developed using a consensus process that involves the Division of the Budget, Legislative Research Department, Department of Revenue, and three consulting economists from state universities. This estimate is the base from which the Governor and the Legislature build the annual budget. Consensus revenue estimates are based on current federal and state laws and their current interpretation.

The Consensus Revenue Estimating Group met on April 20, 2017, and increased the overall estimate for FY 2017, FY 2018, and FY 2019 by a combined \$550.4 million relative to the previous estimate made in November. The estimate for total taxes was increased by \$156.4 million, and other revenues were increased by \$394.0 million for the three years combined. The revised estimates incorporate the fiscal effect of all 2017 legislation signed into law through April 20, 2017. Table 1 compares the actual receipts from FY 2016 with the new FY 2017, FY 2018, and FY 2019 estimates.

For FY 2017, the estimate was increased by \$309.4 million, or 5.2 percent, above the November estimate. The estimate for total taxes was increased by \$62.5 million, while the estimate for other revenues was increased by \$246.9 million. The overall revised estimate of \$6.290 billion represents a 3.6 percent increase above final FY 2016 receipts.

The revised estimate for FY 2018 of \$5.788 billion was increased by \$252.0 million, or 4.6 percent, above the November estimate. The estimate for total taxes was increased by \$42.9 million, while the estimate for other revenues was increased by \$209.1 million. The revised forecast for FY 2018 represents an 8.0 percent decrease below the newly revised FY 2017 figure.

For FY 2019, the estimate was decreased by \$11.0 million, or 0.2 percent, below the November estimate. The estimate for total taxes was increased by \$51.0 million, while the estimate for other revenues was decreased by \$62.0 million. The overall revised estimate of \$5.564 billion represents a 3.9 percent decrease below the newly revised FY 2018 figure.

Economic Forecast for Kansas Summary

Most economic variables and indicators have been adjusted slightly upward since the Consensus Group last convened in November. While the U.S. and Kansas economies continue to grow, uncertainty remains as a number of economic indicators are estimated to show only modest improvements over the next few years. Significant concerns exist for the economy as a whole relative to volatility in energy prices, lower sustained agricultural commodity prices, and consumer and business demand for products and services subject to sales taxation. The economic forecast is based on no significant downturns or disruptions in the state or federal economy over the forecast period. The nominal Kansas Gross State Product is expected to grow by 2.2 percent in CY 2016 (the November estimate had been 1.2 percent), 4.0 percent in CY 2017 (the November estimate had been 3.8 percent), and 4.1 percent in CY 2018 (the November estimate had been 3.9 percent). Current forecasts call for the nominal U.S. Gross Domestic Product to grow by 3.0 percent in 2016 (the November estimate had been 2.7 percent), by 4.0 percent in 2017 (the November estimate had been 4.1 percent), and by 4.3 percent in 2018 (the November estimate had been 4.0 percent).

Kansas Personal Income

Kansas Personal Income (KPI) in 2016 increased by 2.8 percent, which improved from the KPI forecast used in November that showed KPI increasing by 2.0 percent. KPI is currently expected to increase by 4.0 percent in 2017 and 4.1 percent in 2018. The new estimates for 2017 and 2018 are slightly higher than the 3.9 percent reported for both years in the November estimate. The overall U.S. Personal Income (USPI) is expected to grow at the same rate as KPI in 2017 and will grow faster than KPI in 2018, with nominal USPI estimates of 4.0 percent in 2017 and 4.3 percent in 2018.

Employment

Data obtained from the Kansas Department of Labor indicate that employment levels have remained relatively stagnant from levels reported last year at this time. The most recent monthly data show that total Kansas private sector employment from February 2016 to February 2017 had decreased by 700 jobs, while public sector jobs increased by 300 jobs. Sectors with the largest amount of job losses over the last year include manufacturing, information, and construction sectors. Education and health services; financial activities; professional and business services; and trade, transportation, and utilities had the largest job gains over the last year.

Current estimates indicate that the overall Kansas unemployment rate, which was 4.2 percent in CY 2016, is expected to reduce to 3.7 percent in CY 2017 and increase slightly to 3.8 percent in CY 2018. Unemployment forecasts have changed significantly since the November estimate when it was estimated the Kansas would have a 4.1 percent unemployment rate in CY 2016, 4.4 percent in CY 2017, and 4.8 percent in CY 2018. The unemployment rates in November indicated that the Kansas rate would be higher than the national rate beginning CY 2018; however, the new forecast indicates that the Kansas unemployment rate will remain below

the national rate. The national unemployment rate is now expected to be 4.5 percent in both CY 2017 and CY 2018.

Interest Rates

The Pooled Money Investment Board (PMIB) is authorized to make investments in U.S. Treasury and agency securities; highly rated commercial paper and corporate bonds; as well as repurchase agreements and certificates of deposit at Kansas banks. In FY 2016, the state earned 0.44 percent on its SGF portfolio (compared with a 0.19 percent rate in FY 2015). The average rate of return forecasted for FY 2017 is now estimated to be 0.72 percent (up from the 0.59 percent estimated in November). For FY 2018, the average rate of return is now estimated to be 0.80 percent (up from the 0.50 percent estimated in November). The average rate of return forecasted for FY 2019 is now estimated to be 1.00 percent (up from the 0.50 percent estimated in November). Low balances have required the PMIB to maintain a highly liquid portfolio, which reduces the amount of return available to the pool. SGF interest earnings are estimated to be \$63.7 million in FY 2016 (an increase of \$46.0 million from November), \$200,000 in FY 2018 (a reduction of \$9.3 million from November), and \$100,000 in FY 2019 (a reduction of \$9.0 million from November).

The rescission bill included language to sell the assets of the Treasurer's Unclaimed Property Fund at KPERS in FY 2017. Selling off this portfolio at KPERS will generate an estimated \$44.8 million in realized capital gains that will be received as interest earnings for the State General Fund in FY 2017. The \$317.2 million in capital will be transferred back to the PMIB and will be used as a bridge loan in FY 2017 and FY 2018. In November, the State General Fund was estimated to receive \$9.0 million in interest earnings from the Treasurer's Unclaimed Property Fund in FY 2018 and FY 2019, which will no longer be generated with the liquidation of the Treasurer's Unclaimed Property Fund.

Inflation Rate

The Consumer Price Index for All Urban Consumers (CPI-U) increased by 1.3 percent in 2016, which is slightly higher than the 1.1 percent estimated in November. The current forecast of 2.1 percent in both 2017 and 2018 reflect higher inflation expectations than the 1.9 percent estimated in November for both years. Since the forecast reported in November, higher oil and gas prices have slightly increased inflation expectations.

Agriculture

Net farm income is predicted to decline for the fifth straight year in 2017, with only modest recovery starting in 2018. Data from the Kansas Farm Management Association (KFMA) associated with Kansas State University show negative net farm cash income in 2016 and predicts that it will continue to be negative in 2017. There continues to be pressure on farm finances with rising debt/asset ratios, higher costs of production, and lower prices have significantly affected farmers' ability to repay debt. Higher yields for the dominant crops in Kansas have helped, but repayment capacity has continued to deteriorate in the last two years.

Oil and Gas

The average price per taxable barrel of Kansas crude oil is now estimated to be \$43 in FY 2017 (up from the \$35 estimate used in November) and reflects the annualized effect of the recent increase in world prices since the November estimate. The estimated average price of \$45 per barrel for both FY 2018 and FY 2019 (unchanged for the estimate used in November) takes into account current oil futures price expectations. A great deal of uncertainty remains about forecasting the price of this commodity. Kansas is estimated to produce 36.0 million barrels in FY 2017, which is slightly higher than the 35.0 million barrels estimated in November, but significantly lower than the 49.4 million barrels produced just two years ago in FY 2015. The current forecast of 34.0 million barrels for FY 2018 and 32.0 million barrels in FY 2019 is slightly higher than the 33.0 million barrels in FY 2018 and 31.0 million barrels in FY 2019 estimated in November. Kansas production declines are reflective of decreases in drilling rig counts for new oil exploration and large storage inventories. Of all Kansas oil produced, 48.0 percent is predicted to not be subject to severance taxation because of various exemptions in state law in FY 2017, FY 2018, and FY 2019. The exemption percentages have increased significantly from the November estimate when 40.0 percent was estimated for FY 2017 and 38.0 percent was estimated for both FY 2018 and FY 2019.

The price of natural gas is expected to average \$2.50 per thousand cubic feet (Mcf) for FY 2017, which is significantly higher than the \$2.20 per Mcf estimated in November. The price is estimated to increase to \$2.60 per Mcf for FY 2018 before reducing to \$2.50 per Mcf for FY 2019. Based on an industry source's analysis of futures markets, the new price estimates for FY 2018 and FY 2019 have not varied significantly from the \$2.50 per Mcf in FY 2018 and \$2.60 per Mcf in FY 2019 that were estimated in November. Kansas natural gas production is estimated to reach 235.0 million Mcf in FY 2017, which is slightly higher than the 220.0 million Mcf estimated in November, but represents a significant decrease from the modern era peak of 730.0 million Mcf in FY 1996 (largely as a result of depleting reserves in the Hugoton Field). Production is estimated to continue to decrease in the future and is expected to be 210.0 million Mcf in FY 2018 and 185.0 million Mcf in FY 2019. Approximately 38.0 percent of natural gas produced is expected to be exempt from severance taxation in FY 2017 and 35.0 percent will be exempt in both FY 2018 and FY 2019.

Economic Forecasts

| | <u>CY 16</u> | <u>CY 17*</u> | <u>CY 18*</u> |
|------------------------------|--------------|---------------|---------------|
| Inflation (CPI-U) | 1.3% | 2.1% | 2.1% |
| U.S. Nominal GDP Growth | 3.0% | 4.0% | 4.3% |
| Nominal USPI Growth | 3.6% | 4.0% | 4.3% |
| Corporate Profits Before Tax | 2.7% | 4.0% | 3.0% |
| KS Nominal GSP Growth | 2.2% | 4.0% | 4.1% |
| KPI Growth | 2.8% | 4.0% | 4.1% |
| Kansas Disposable Income | 3.2% | 4.0% | 4.1% |
| U.S. Unemployment Rate | 4.7% | 4.5% | 4.5% |
| Kansas Unemployment Rate | 4.2% | 3.7% | 3.8% |

| | <u>FY 16</u> | <u>FY 17*</u> | <u>FY 18*</u> | <u>FY 19*</u> |
|----------------------|--------------|---------------|---------------|---------------|
| SGF Interest | 0.44% | 0.72% | 0.80% | 1.00% |
| Oil and Gas | | | | |
| Oil Price per Barrel | \$39.09 | \$43.00 | \$45.00 | \$45.00 |
| Gross Oil Production | 42,663,000 | 36,000,000 | 34,000,000 | 32,000,000 |
| Gas Price per Mcf | \$1.94 | \$2.50 | \$2.60 | \$2.50 |
| Gross Gas Production | 259,773,000 | 235,000,000 | 210,000,000 | 185,000,000 |

* Estimated

State General Fund Receipt Estimates

Each individual State General Fund source was reevaluated independently, and consideration was given to revised and updated economic forecasts, collection information from the Departments of Revenue and Insurance, and year-to-date receipts. The growth rates of the four highest generating revenue sources indicate slow receipt growth will continue over the forecast period.

| <u>Revenue Source</u> | <u>FY 2017</u> | <u>FY 2018</u> | <u>FY 2019</u> |
|-----------------------|----------------|----------------|----------------|
| Individual Income | 2.5 % | 1.7 % | 1.3 % |
| Corporation Income | (23.9) | 1.9 | 1.8 |
| Retail Sales | (0.1) | 0.6 | 0.9 |
| Compensating Use | (1.3) | 1.3 | 1.3 |

FY 2017. The revised estimate of State General Fund receipts for FY 2017 is \$6.290 billion, an increase of \$309.4 million from the previous estimate made in November. Total State General Fund receipts through March were running \$57.5 million above the previous estimate. The revised estimate is \$216.0 million or 3.6 percent above actual FY 2016 receipts. Details of the current year's revised estimate are reflected in Table 2.

Other Revenues (Net Transfers, Interest, and Agency Earnings)

The estimate for net transfers was increased by \$221.2 million, which primarily includes net transfer adjustments related to the enactment of Senate Sub. for Sub. for HB 2052 (the rescission bill). The rescission bill includes language that transfers up to \$317.2 million from the PMIB to the State General Fund at the end of FY 2017 for a bridge loan that will allow for a \$50.0 million ending balance in the State General Fund. The loan amount represents excess idle funds that have been liquidated from the Treasurer's Unclaimed Property Fund at KPERS in FY 2017. With the current level of State General Fund expenditures and newly estimated State General Fund revenues for FY 2017, it is estimated that the loan amount will be \$216.4 million. Of the \$317.2 million that is not loaned out in FY 2017, the remainder will be loaned out to the State General Fund in FY 2018, which is now estimated to be \$100.8 million. The net transfer adjustments also include an additional \$3.0 million from the Economic Development Initiatives

Fund; an additional \$1.3 million from the Expanded Lottery Act Revenues Fund; an additional \$2.6 million in various other net transfers; which is partially offset by a decrease of \$2.1 million from the State Gaming Revenues Fund based on lower lottery tickets sales estimates.

The SGF interest earnings estimate was increased by a total of \$46.0 million, including an additional \$44.8 million in realized capital gains from liquidating the Treasurer's Unclaimed Property Fund at KPERS, and an additional \$1.2 million from higher earnings based on higher interest rates than were estimated in November.

The estimate for agency earnings was decreased by \$20.3 million, including approximately \$18.0 million from reducing the estimate for the sale of the Kansas Bioscience Authority (KBA) portfolio and cash reserves. The estimate made during the 2016 Special Session indicated that the sale of the KBA portfolio and cash reserves would bring in a total of \$47.9 million, which has now been reduced to \$29.9 million. The KBA building is the last remaining asset of the KBA and the Department of Commerce indicates that it will be sold by the end of the fiscal year.

Retail Sales and Compensating Use Taxes

The retail sales tax estimate was increased by \$37.0 million based on slightly higher than expected growth in consumer spending than was estimated in November. Retail sales tax receipts were up \$28.8 million above the fiscal-year-to-date estimate through March and the trend of increased receipts is expected to continue over the final three months of the fiscal year. Even with approximately \$35.2 million in new collections from the Village West STAR Bond District in FY 2017 that the state did not receive in FY 2016, the new retail sales tax estimate is expected to collect slightly less revenue in FY 2017 than was collected in FY 2016. The Consensus Revenue Estimating Group again looked at the amount of sales lost to Internet retailers and national trend data involving two widely divergent inflation rates for goods (most of which are taxable) versus services (many of which are not). For the 12 months ending in February, multiple categories of goods experienced price deflation, including food purchased for home consumption, home furnishings, and used vehicles; while costs associated with medical care and shelter grew at rates well in excess of the overall national inflation rate.

The retail sales tax estimate includes the effect of HB 2387, which provides a sales tax exemption for purchases of supplies and services to replace agricultural fencing that have been destroyed or damaged by wildfires in 2016 and 2017. The sales tax exemption is effective for calendar years 2017 and 2018, which means that the sales tax exemption would be effective for the remainder of FY 2017, all of FY 2018, and the first half of FY 2019. The exemption reduces sales tax revenue to the State General Fund by approximately \$3.5 million, which will be spread out over the three fiscal years, but predominantly in FY 2018.

The compensating use tax estimate for FY 2017 was decreased an additional \$5.0 million from the amount estimated in November 2016. Fiscal year-to-date receipts were down \$4.3 million through March. In November, the FY 2017 compensating use tax estimate was reduced by \$20.0 million to reflect a more sluggish economic outlook and slowing business investment which has continued in the revised estimate.

Individual Income and Corporation Income Taxes

The individual income tax was increased by \$25.0 million based on higher income tax withholding growth expectations than were estimated in November. Individual income tax receipts through March were running \$26.8 million above the fiscal year-to-date estimate. Receipts from this source are extremely bottom-heavy in terms of the state's fiscal year, and there is often a great deal of volatility in the spring months as taxpayers are filing and reconciling their liabilities from the previous tax year, especially as it relates to capital gains.

The corporation income tax estimate remained unchanged from the amount estimated in November 2016, which showed the Consensus Revenue Estimating Group reducing the corporation income tax estimate by \$126.0 million. Fiscal year-to-date receipts were up \$4.8 million through March. The Consensus Revenue Estimating Group did not adjust the estimate after reviewing fiscal year-to-date data on corporation income tax receipts, including preliminary data from the Department of Revenue, and the amount of outstanding High Performance Incentive Program (HPIP) tax credits yet to be claimed from the Department of Commerce.

Other State General Fund Receipts

The severance tax estimate was increased by a net total of \$6.7 million (\$3.9 million increase attributable to gas and \$2.8 million increase attributable to oil). The estimate was increased largely as a result of slightly higher prices and marginally higher estimated production for both oil and gas than had been assumed in the fall. The only other receipt estimate that was increased by at least \$1.0 million was the financial institutions privilege tax, which was increased by \$2.0 million. The cigarette tax estimate was decreased by \$4.0 million and was the only other revenue source that was decreased by at least \$1.0 million.

FY 2018. SGF receipts are estimated to be \$5.788 billion in FY 2018, an increase of \$252.0 million relative to the November estimate. The new FY 2018 figure is \$501.1 million or 8.0 percent below the newly revised FY 2017 estimate. This result is influenced by net transfers that are authorized to take place in FY 2017, but have not been authorized in the budgetary process for FY 2018. Details of the revised estimate for FY 2018 are reflected in Table 3.

The estimate for net transfers was increased by \$216.9 million, which is primarily impacted from two net transfer adjustments in the rescission bill. The remaining PMIB loan will transfer an estimated \$100.8 million to the State General Fund. The rescission bill also eliminates the net transfer of \$115.5 million by no longer requiring that the FY 2016 delayed KPERS employer contributions and accrued interest be paid back by the end of FY 2018. The net transfer adjustments also include a decrease of \$1.7 million from the State Gaming Revenues Fund based on lower lottery tickets sales estimates. Revised estimates reflect that the state will transfer \$2.3 million less from the State General Fund for interest earned on idle funds that are retained by certain state agencies.

The retail sales tax estimate was increased by \$30.0 million to reflect slightly stronger consumer spending than was estimated in November. The retail sales tax estimate is now \$13.0 million, or 0.6 percent, above the revised FY 2017 estimate. The individual income tax was

increased by \$25.0 million based on the continuation of higher withholding growth and stronger employment growth. Other receipt estimates that were increased by at least \$1.0 million include financial institutions privilege tax (increased by \$2.0 million), agency earnings (increased by \$1.5 million), and insurance premiums tax (increased by \$1.0 million).

The interest earnings estimate was decreased by \$9.3 million, based largely on the liquidation of the Treasurer's Unclaimed Property Fund that will no longer generate approximately \$9.0 million in earnings for the state. The severance tax estimate was decreased by a net total of \$5.9 million (\$5.6 million decrease attributable to oil and \$300,000 decrease attributable to gas). The estimate was decreased largely as a result of a higher percentage of oil production that will be exempt from severance taxation and lower estimated production for gas than had been assumed in the fall. Other receipt estimates that were decreased by at least \$1.0 million include the compensating use tax (decreased by \$5.0 million) and the cigarette tax (decreased by \$5.0 million).

FY 2019. SGF receipts are estimated to be \$5.564 billion in FY 2019, a decrease of \$11.0 million relative to the November estimate. The new FY 2019 figure is \$224.0 million or 3.9 percent below the newly revised FY 2018 estimate. This result is influenced by net transfers and other revenue sources that revert back to previous statutory levels unless addressed in the budgetary process for FY 2019. Assumed transfers in FY 2019 include the resumption of certain demand transfers to local units of government earmarked for revenue sharing (\$72.6 million) and property tax relief (\$54.0 million); and another \$60.0 million earmarked for bioscience initiatives. The FY 2019 increase in the insurance premiums tax estimate is attributable to an upcoming 2018 shift in the HMO privilege fee to the State General Fund. Finally, the individual income tax estimate for FY 2019 includes \$22.2 million in revenue diversions to the Job Creation Program Fund. Details of the revised estimate for FY 2019 are reflected in Table 4.

The estimate for net transfers was decreased by \$52.5 million, which is primarily a result of making the first of six required payments for the \$317.2 million PMIB loan that will occur in FY 2017 and FY 2018. The first loan payment of approximately \$52.9 million will be transferred from the State General Fund to the PMIB in FY 2019. The net transfer adjustments also include a decrease of \$1.2 million from the State Gaming Revenues Fund based on lower lottery tickets sales estimates; a decrease of \$1.2 million from lower earnings from the PMIB Investment Portfolio Fee Fund; and revised estimates that the state will transfer \$2.8 million less from the State General Fund for interest earned on idle funds that are retained by certain state agencies.

The interest earnings estimate was decreased by \$9.0 million, based on the liquidation of the Treasurer's Unclaimed Property Fund that will no longer generate approximately \$9.0 million in earnings for the state. The severance tax estimate was decreased by a net total of \$5.6 million (\$3.6 million decrease attributable to oil and \$2.0 million decrease attributable to gas). Other receipt estimates that were decreased by at least \$1.0 million include the cigarette tax (decreased by \$6.0 million) and the compensating use tax (decreased by \$5.0 million).

The retail sales tax estimate was increased by \$30.0 million to reflect slightly stronger consumer spending. The individual income tax was increased by \$25.0 million based on the

continuation of higher withholding growth and stronger employment growth. Other receipt estimates that were increased by at least \$1.0 million include the insurance premiums tax (increased by \$10.0 million) and the financial institutions privilege tax (increased by \$2.0 million).

Accuracy of Consensus Revenue Estimates

For 42 years, SGF revenue estimates for Kansas have been developed using the consensus revenue estimating process. Each of the agencies and individuals involved in the process prepared independent estimates and met on April 20, 2017, to discuss estimates and come to a consensus for each fiscal year. These estimates will be further adjusted at the conclusion of the 2017 Legislative Session to reflect state legislation enacted after April 20, 2017, which affects SGF receipts.

The table on the next page presents estimates compared to actual receipts since FY 1975, the fiscal year for which the current process was initiated. First, the adjusted original estimate is compared to actual collections and then the final estimate is compared to actual receipts.

STATE GENERAL FUND ESTIMATES

| Fiscal Year | Adjusted Original Estimate* | Adjusted Final Estimate** | Actual Receipts | Difference from: | | | |
|-------------|-----------------------------|---------------------------|-----------------|-------------------|---------|----------------|---------|
| | | | | Original Estimate | | Final Estimate | |
| | | | | Amount | Percent | Amount | Percent |
| 1975 | \$ -- | \$ 614.9 | \$ 627.6 | \$ -- | -- % | \$ 12.7 | 2.1 % |
| 1976 | 676.3 | 699.7 | 701.2 | 24.9 | 3.7 | 1.4 | 0.2 |
| 1977 | 760.2 | 760.7 | 776.5 | 16.3 | 2.1 | 15.8 | 2.1 |
| 1978 | 830.1 | 861.2 | 854.6 | 24.5 | 3.0 | (6.5) | (0.8) |
| 1979 | 945.2 | 1,019.3 | 1,006.8 | 61.6 | 6.5 | (12.5) | (1.2) |
| 1980 | 1,019.3 | 1,095.9 | 1,097.8 | 78.5 | 7.7 | 1.9 | 0.2 |
| 1981 | 1,197.1 | 1,226.4 | 1,226.5 | 29.4 | 2.5 | 0.1 | -- |
| 1982 | 1,351.3 | 1,320.0 | 1,273.0 | (78.3) | (5.8) | (47.0) | (3.6) |
| 1983 | 1,599.2 | 1,366.9 | 1,363.6 | (235.6) | (14.7) | (3.2) | (0.2) |
| 1984 | 1,596.7 | 1,539.0 | 1,546.9 | (49.8) | (3.1) | 7.9 | 0.5 |
| 1985 | 1,697.7 | 1,679.7 | 1,658.5 | (39.2) | (2.3) | (21.3) | (1.3) |
| 1986 | 1,731.2 | 1,666.4 | 1,641.4 | (89.8) | (5.2) | (25.0) | (1.5) |
| 1987 | 1,903.1 | 1,764.7 | 1,778.5 | (124.6) | (6.5) | 13.8 | 0.8 |
| 1988 | 1,960.0 | 2,031.5 | 2,113.1 | 153.1 | 7.8 | 81.6 | 4.0 |
| 1989 | 2,007.8 | 2,206.9 | 2,228.3 | 220.5 | 11.0 | 21.4 | 1.0 |
| 1990 | 2,241.2 | 2,283.3 | 2,300.5 | 59.3 | 2.6 | 17.2 | 0.8 |
| 1991 | 2,338.8 | 2,360.6 | 2,382.3 | 43.5 | 1.9 | 21.7 | 0.9 |
| 1992 | 2,478.7 | 2,454.5 | 2,465.8 | (12.9) | (0.5) | 11.3 | 0.5 |
| 1993 | 2,913.4 | 2,929.6 | 2,932.0 | 18.6 | 0.6 | 2.4 | 0.1 |
| 1994 | 3,040.1 | 3,126.8 | 3,175.7 | 135.6 | 4.5 | 48.9 | 1.6 |
| 1995 | 3,174.4 | 3,243.9 | 3,218.8 | 44.4 | 1.4 | (25.1) | (0.8) |
| 1996 | 3,428.0 | 3,409.2 | 3,448.3 | 20.3 | 0.6 | 39.0 | 1.1 |
| 1997 | 3,524.8 | 3,642.4 | 3,683.8 | 159.0 | 4.5 | 41.4 | 1.1 |
| 1998 | 3,714.4 | 3,971.0 | 4,023.7 | 309.3 | 8.3 | 52.7 | 1.3 |
| 1999 | 3,844.7 | 4,051.9 | 3,978.4 | 133.7 | 3.5 | (73.4) | (1.8) |
| 2000 | 4,204.1 | 4,161.0 | 4,203.1 | (1.0) | -- | 42.1 | 1.0 |
| 2001 | 4,420.7 | 4,408.7 | 4,415.0 | (5.7) | (0.1) | 6.4 | 0.1 |
| 2002 | 4,674.5 | 4,320.6 | 4,108.9 | (565.6) | (12.1) | (211.7) | (4.9) |
| 2003 | 4,641.0 | 4,235.6 | 4,245.6 | (395.4) | (8.5) | 9.9 | 0.2 |
| 2004 | 4,605.5 | 4,450.5 | 4,518.7 | (86.8) | (1.9) | 68.2 | 1.5 |
| 2005 | 4,490.5 | 4,793.8 | 4,841.3 | 350.8 | 7.8 | 47.5 | 1.0 |
| 2006 | 4,834.0 | 5,308.7 | 5,394.4 | 560.4 | 11.6 | 85.7 | 1.6 |
| 2007 | 5,144.0 | 5,721.3 | 5,809.0 | 665.0 | 12.9 | 87.8 | 1.5 |
| 2008 | 5,700.4 | 5,736.3 | 5,693.4 | (7.0) | (0.1) | (43.0) | (0.7) |
| 2009 | 6,185.7 | 5,709.7 | 5,587.4 | (598.3) | (9.7) | (122.3) | (2.1) |
| 2010 | 5,974.2 | 5,291.0 | 5,191.3 | (782.9) | (13.1) | (99.8) | (1.9) |
| 2011 | 5,851.0 | 5,779.6 | 5,882.1 | 31.1 | 0.5 | 102.5 | 1.8 |
| 2012 | 6,098.9 | 6,404.3 | 6,412.8 | 313.9 | 5.1 | 8.5 | 0.1 |
| 2013 | 6,414.2 | 6,250.4 | 6,341.1 | (73.1) | (1.1) | 90.7 | 1.5 |
| 2014 | 5,947.0 | 5,986.5 | 5,653.2 | (293.8) | (4.9) | (333.3) | (5.6) |
| 2015 | 5,992.3 | 5,944.4 | 5,928.8 | (63.5) | (1.1) | (15.6) | (0.3) |
| 2016 | 6,358.0 | 6,149.6 | 6,073.5 | (284.6) | (4.5) | (76.2) | (1.2) |

* The adjusted original estimate is the estimate made in November or December prior to the start of the next fiscal year in July and adjusted to account for legislation enacted, if any, which affected receipts to the SGF.

** The final estimate made in March or April is the adjusted original estimate plus or minus changes subsequently made by the Consensus Revenue Estimating Group. It also includes the estimated impact of legislation on receipts.

Table 1
State General Fund Receipts
(Dollars in Thousands)

| | Consensus Estimate April 20, 2017 | | | | | | | |
|--------------------|-----------------------------------|----------------|---------------------|----------------|---------------------|----------------|---------------------|----------------|
| | FY 2016 (Actual) | | FY 2017 (Revised) | | FY 2018 (Revised) | | FY 2019 (Revised) | |
| | Amount | Percent Change | Amount | Percent Change | Amount | Percent Change | Amount | Percent Change |
| Property Tax/Fee: | | | | | | | | |
| Motor Carrier | \$ 11,376 | 2.1 % | \$ 11,800 | 3.7 % | \$ 12,000 | 1.7 % | \$ 12,200 | 1.7 % |
| Income Taxes: | | | | | | | | |
| Individual | \$ 2,248,936 | (1.3) % | \$ 2,305,000 | 2.5 % | \$ 2,345,000 | 1.7 % | \$ 2,375,000 | 1.3 % |
| Corporation | 354,726 | (15.0) | 270,000 | (23.9) | 275,000 | 1.9 | 280,000 | 1.8 |
| Financial Inst. | 37,151 | (8.4) | 40,000 | 7.7 | 41,000 | 2.5 | 42,000 | 2.4 |
| Total | \$ 2,640,812 | (3.5) % | \$ 2,615,000 | (1.0) % | \$ 2,661,000 | 1.8 % | \$ 2,697,000 | 1.4 % |
| Excise Taxes: | | | | | | | | |
| Retail Sales | \$ 2,273,941 | 6.6 % | \$ 2,272,000 | (0.1) % | \$ 2,285,000 | 0.6 % | \$ 2,305,000 | 0.9 % |
| Compensating Use | 384,992 | 9.3 | 380,000 | (1.3) | 385,000 | 1.3 | 390,000 | 1.3 |
| Cigarette | 138,512 | 55.9 | 130,000 | (6.1) | 127,000 | (2.3) | 124,000 | (2.4) |
| Tobacco Products | 8,040 | 7.5 | 8,400 | 4.5 | 8,500 | 1.2 | 8,600 | 1.2 |
| Cereal Malt Bev. | 1,410 | (10.0) | 1,500 | 6.4 | 1,400 | (6.7) | 1,300 | (7.1) |
| Liquor Gallonage | 19,714 | 2.0 | 19,700 | (0.1) | 19,900 | 1.0 | 20,100 | 1.0 |
| Liquor Enforcement | 67,730 | (1.1) | 71,500 | 5.6 | 72,500 | 1.4 | 73,500 | 1.4 |
| Liquor Drink | 10,941 | 3.8 | 11,000 | 0.5 | 11,200 | 1.8 | 11,400 | 1.8 |
| Corp. Franchise | 6,884 | (5.5) | 6,600 | (4.1) | 6,700 | 1.5 | 6,800 | 1.5 |
| Severance | 22,395 | (76.0) | 41,500 | 85.3 | 36,400 | (12.3) | 32,500 | (10.7) |
| Gas | 5,975 | (77.3) | 13,200 | 120.9 | 11,200 | (15.2) | 9,100 | (18.8) |
| Oil | 16,420 | (75.5) | 28,300 | 72.3 | 25,200 | (11.0) | 23,400 | (7.1) |
| Total | \$ 2,934,559 | 5.5 % | \$ 2,942,200 | 0.3 % | \$ 2,953,600 | 0.4 % | \$ 2,973,200 | 0.7 % |
| Other Taxes: | | | | | | | | |
| Insurance Prem. | \$ 170,202 | (9.3) % | \$ 174,500 | 2.5 % | \$ 177,500 | 1.7 % | \$ 256,500 | 44.5 % |
| Miscellaneous | 1,395 | (0.1) | 2,200 | 57.7 | 3,200 | 45.5 | 3,300 | 3.1 |
| Total | \$ 171,598 | (9.2) % | \$ 176,700 | 3.0 % | \$ 180,700 | 2.3 % | \$ 259,800 | 43.8 % |
| Total Taxes | \$ 5,758,345 | 0.7 % | \$ 5,745,700 | (0.2) % | \$ 5,807,300 | 1.1 % | \$ 5,942,200 | 2.3 % |
| Other Revenues: | | | | | | | | |
| Interest | \$ 28,121 | 128.3 % | \$ 63,700 | 126.5 % | \$ 200 | (99.7) % | \$ 100 | (50.0) % |
| Net Transfers | 239,330 | 66.7 | 403,400 | 68.6 | (70,000) | (117.4) | (426,800) | (509.7) |
| Agency Earnings | 47,667 | (14.1) | 76,700 | 60.9 | 50,900 | (33.6) | 48,900 | (3.9) |
| Total | \$ 315,118 | 49.0 % | \$ 543,800 | 72.6 % | \$ (18,900) | (103.5) % | \$ (377,800) | (1,898.9) % |
| Total Receipts | <u>\$ 6,073,463</u> | <u>2.4 %</u> | <u>\$ 6,289,500</u> | <u>3.6 %</u> | <u>\$ 5,788,400</u> | <u>(8.0) %</u> | <u>\$ 5,564,400</u> | <u>(3.9) %</u> |

Table 2
State General Fund Receipts
FY 2017 Revised
Comparison of April 2017 Estimate to November 2016 Estimate
(Dollars in Thousands)

| | FY 2017 CRE Est. | FY 2017 CRE Est. | Difference | |
|----------------------|------------------|------------------|------------|-----------|
| | Revised 11/10/16 | Revised 04/20/17 | Amount | Pct. Chg. |
| Property Tax/Fee: | | | | |
| Motor Carrier | \$ 11,500 | \$ 11,800 | \$ 300 | 2.6 % |
| Income Taxes: | | | | |
| Individual | \$ 2,280,000 | \$ 2,305,000 | \$ 25,000 | 1.1 % |
| Corporation | 270,000 | 270,000 | -- | -- |
| Financial Inst. | 38,000 | 40,000 | 2,000 | 5.3 |
| Total | \$ 2,588,000 | \$ 2,615,000 | \$ 27,000 | 1.0 % |
| Excise Taxes: | | | | |
| Retail Sales | \$ 2,235,000 | \$ 2,272,000 | \$ 37,000 | 1.7 % |
| Compensating Use | 385,000 | 380,000 | (5,000) | (1.3) |
| Cigarette | 134,000 | 130,000 | (4,000) | (3.0) |
| Tobacco Product | 8,400 | 8,400 | -- | -- |
| Cereal Malt Beverage | 1,400 | 1,500 | 100 | 7.1 |
| Liquor Gallonage | 19,400 | 19,700 | 300 | 1.5 |
| Liquor Enforcement | 71,000 | 71,500 | 500 | 0.7 |
| Liquor Drink | 11,000 | 11,000 | -- | -- |
| Corporate Franchise | 6,800 | 6,600 | (200) | (2.9) |
| Severance | 34,800 | 41,500 | 6,700 | 19.3 |
| Gas | 9,300 | 13,200 | 3,900 | 41.9 |
| Oil | 25,500 | 28,300 | 2,800 | 11.0 |
| Total | \$ 2,906,800 | \$ 2,942,200 | \$ 35,400 | 1.2 % |
| Other Taxes: | | | | |
| Insurance Premium | \$ 174,500 | \$ 174,500 | \$ -- | -- % |
| Miscellaneous | 2,400 | 2,200 | (200) | (8.3) |
| Total | \$ 176,900 | \$ 176,700 | \$ (200) | (0.1) % |
| Total Taxes | \$ 5,683,200 | \$ 5,745,700 | \$ 62,500 | 1.1 % |
| Other Revenues: | | | | |
| Interest | \$ 17,700 | \$ 63,700 | \$ 46,000 | 259.9 % |
| Net Transfers | 182,200 | 403,400 | 221,200 | 121.4 |
| Agency Earnings | 97,000 | 76,700 | (20,300) | (20.9) |
| Total Other Revenue | \$ 296,900 | \$ 543,800 | \$ 246,900 | 83.2 % |
| Total Receipts | \$ 5,980,100 | \$ 6,289,500 | \$ 309,400 | 5.2 % |

Table 3
State General Fund Receipts
FY 2018 Revised
Comparison of April 2017 Estimate to November 2016 Estimate
(Dollars in Thousands)

| | FY 2018 CRE Est. | FY 2018 CRE Est. | Difference | |
|----------------------------|---------------------|---------------------|-------------------|---------------|
| | Revised 11/10/16 | Revised 04/20/17 | Amount | Pct. Chg. |
| Property Tax/Fee: | | | | |
| Motor Carrier | \$ 11,700 | \$ 12,000 | \$ 300 | 2.6 % |
| Income Taxes: | | | | |
| Individual | \$ 2,320,000 | \$ 2,345,000 | \$ 25,000 | 1.1 % |
| Corporation | 275,000 | 275,000 | -- | -- |
| Financial Inst. | 39,000 | 41,000 | 2,000 | 5.1 |
| Total | \$ 2,634,000 | \$ 2,661,000 | \$ 27,000 | 1.0 % |
| Excise Taxes: | | | | |
| Retail Sales | \$ 2,255,000 | \$ 2,285,000 | \$ 30,000 | 1.3 % |
| Compensating Use | 390,000 | 385,000 | (5,000) | (1.3) |
| Cigarette | 132,000 | 127,000 | (5,000) | (3.8) |
| Tobacco Product | 8,500 | 8,500 | -- | -- |
| Cereal Malt Beverage | 1,300 | 1,400 | 100 | 7.7 |
| Liquor Gallonage | 19,600 | 19,900 | 300 | 1.5 |
| Liquor Enforcement | 72,000 | 72,500 | 500 | 0.7 |
| Liquor Drink | 11,200 | 11,200 | -- | -- |
| Corporate Franchise | 6,900 | 6,700 | (200) | (2.9) |
| Severance | 42,300 | 36,400 | (5,900) | (13.9) |
| Gas | 11,500 | 11,200 | (300) | (2.6) |
| Oil | 30,800 | 25,200 | (5,600) | (18.2) |
| Total | \$ 2,938,800 | \$ 2,953,600 | \$ 14,800 | 0.5 % |
| Other Taxes: | | | | |
| Insurance Premium | \$ 176,500 | \$ 177,500 | \$ 1,000 | 0.6 % |
| Miscellaneous | 3,400 | 3,200 | (200) | (5.9) |
| Total | \$ 179,900 | \$ 180,700 | \$ 800 | 0.4 % |
| Total Taxes | \$ 5,764,400 | \$ 5,807,300 | \$ 42,900 | 0.7 % |
| Other Revenues: | | | | |
| Interest | \$ 9,500 | \$ 200 | \$ (9,300) | (97.9) % |
| Net Transfers | (286,900) | (70,000) | 216,900 | 75.6 |
| Agency Earnings | 49,400 | 50,900 | 1,500 | 3.0 |
| Total Other Revenue | \$ (228,000) | \$ (18,900) | \$ 209,100 | 91.7 % |
| Total Receipts | \$ 5,536,400 | \$ 5,788,400 | \$ 252,000 | 4.6 % |

Table 4
State General Fund Receipts
FY 2019 Revised
Comparison of April 2017 Estimate to November 2016 Estimate
(Dollars in Thousands)

| | FY 2019 CRE Est. | FY 2019 CRE Est. | Difference | |
|----------------------|----------------------------|----------------------------|---------------------------|-----------------------|
| | Revised 11/10/16 | Revised 04/20/17 | Amount | Pct. Chg. |
| Property Tax/Fee: | | | | |
| Motor Carrier | \$ 11,900 | \$ 12,200 | \$ 300 | 2.5 % |
| Income Taxes: | | | | |
| Individual | \$ 2,350,000 | \$ 2,375,000 | \$ 25,000 | 1.1 % |
| Corporation | 280,000 | 280,000 | -- | -- |
| Financial Inst. | 40,000 | 42,000 | 2,000 | 5.0 |
| Total | <u>\$ 2,670,000</u> | <u>\$ 2,697,000</u> | <u>\$ 27,000</u> | <u>1.0 %</u> |
| Excise Taxes: | | | | |
| Retail Sales | \$ 2,275,000 | \$ 2,305,000 | \$ 30,000 | 1.3 % |
| Compensating Use | 395,000 | 390,000 | (5,000) | (1.3) |
| Cigarette | 130,000 | 124,000 | (6,000) | (4.6) |
| Tobacco Product | 8,600 | 8,600 | -- | -- |
| Cereal Malt Beverage | 1,200 | 1,300 | 100 | 8.3 |
| Liquor Gallonage | 19,800 | 20,100 | 300 | 1.5 |
| Liquor Enforcement | 73,000 | 73,500 | 500 | 0.7 |
| Liquor Drink | 11,500 | 11,400 | (100) | (0.9) |
| Corporate Franchise | 7,000 | 6,800 | (200) | (2.9) |
| Severance | 38,100 | 32,500 | (5,600) | (14.7) |
| Gas | 11,100 | 9,100 | (2,000) | (18.0) |
| Oil | 27,000 | 23,400 | (3,600) | (13.3) |
| Total | <u>\$ 2,959,200</u> | <u>\$ 2,973,200</u> | <u>\$ 14,000</u> | <u>0.5 %</u> |
| Other Taxes: | | | | |
| Insurance Premium | \$ 246,500 | \$ 256,500 | \$ 10,000 | 4.1 % |
| Miscellaneous | 3,600 | 3,300 | (300) | (8.3) |
| Total | <u>\$ 250,100</u> | <u>\$ 259,800</u> | <u>\$ 9,700</u> | <u>3.9 %</u> |
| Total Taxes | \$ 5,891,200 | \$ 5,942,200 | \$ 51,000 | 0.9 % |
| Other Revenues: | | | | |
| Interest | \$ 9,100 | \$ 100 | \$ (9,000) | (98.9) % |
| Net Transfers | (374,300) | (426,800) | (52,500) | (14.0) |
| Agency Earnings | 49,400 | 48,900 | (500) | (1.0) |
| Total Other Revenue | <u>\$ (315,800)</u> | <u>\$ (377,800)</u> | <u>\$ (62,000)</u> | <u>(19.6) %</u> |
| Total Receipts | <u><u>\$ 5,575,400</u></u> | <u><u>\$ 5,564,400</u></u> | <u><u>\$ (11,000)</u></u> | <u><u>(0.2) %</u></u> |