



Kansas Legislative Research Department

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

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June 22, 2020

To: Legislative Coordinating Council and Governor Laura Kelly

From: Kansas Legislative Research Department and Division of Budget

Re: Legislative Adjustments to Consensus Estimates for FY 2020 and FY 2021

KSA 75-6701 provides for the most recent estimates of State General Fund (SGF) receipts for FY 2020 and FY 2021 to be adjusted to reflect the fiscal impact of legislation involving receipts to the SGF enacted during the 2020 Legislative Session subsequent to the Consensus Revenue Estimate made on April 20, 2020.

None of the legislation enacted during the May 21 sine die session or June 3-4 special session had a quantifiable impact on the SGF for either fiscal year (see Tables 1-3).

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

The Consensus Revenue Estimating Group will meet again prior to December 4 to consider revisions to the FY 2021 estimates and to make the initial forecast for FY 2022.

FY 2020

No adjustments were made.

FY 2021

Although no quantifiable adjustments were made, **Senate Sub. for HB 2585** (which provides an income tax exemption for certain public utilities beginning in tax year 2021) has the potential to reduce SGF receipts during the latter half of FY 2021. The fiscal impact of this exemption is unknown at this time.

Special Session HB 2016, which extends through January 26, 2021, certain provisions authorizing the sale and removal of unconsumed liquor from licensed premises, has the potential to provide a slightly positive but indeterminate impact on liquor drink and liquor enforcement tax receipts for the first eight months of the fiscal year.

FY 2022

Cancer Center research transfer. An annual new transfer of \$10.0 million, beginning in FY 2022, from the SGF to the Cancer Research and Public Information Trust Fund was enacted by **HB 2246**.

Property tax relief transfer. Current law provides for reinstatement of Local *Ad Valorem* Tax Reduction Fund transfers from the SGF beginning in FY 2022 at \$54.0 million.

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 \$3.7 million as a result of that sunset.

Corporation income tax. The fiscal impact of the income tax exemption provided to certain public utilities in **Senate Sub. for HB 2585**, unknown at this time, will be fully annualized beginning in FY 2022.

Table 1
State General Fund Receipts
(Dollars in Thousands)

	Consensus Estimate June 22, 2020					
	FY 2019 (Actual)		FY 2020 (Revised)		FY 2021 (Revised)	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Property Tax/Fee:						
Motor Carrier	\$ 11,852	(4.7) %	\$ 11,800	(0.4) %	\$ 12,700	7.6 %
Income Taxes:						
Individual	\$ 3,755,710	11.3 %	\$ 3,290,000	(12.4) %	\$ 3,770,000	14.6 %
Corporation	437,400	11.5	360,000	(17.7)	370,000	2.8
Financial Institutions	48,648	6.9	40,000	(17.8)	48,000	20.0
Total	<u>\$ 4,241,759</u>	<u>11.3 %</u>	<u>\$ 3,690,000</u>	<u>(13.0) %</u>	<u>\$ 4,188,000</u>	<u>13.5 %</u>
Excise Taxes:						
Retail Sales	\$ 2,335,436	(0.3) %	\$ 2,300,000	(1.5) %	\$ 2,320,000	0.9 %
Compensating Use	431,967	6.3	460,000	6.5	450,000	(2.2)
Cigarette	116,693	(2.8)	110,000	(5.7)	107,000	(2.7)
Tobacco Products	8,968	3.4	9,000	0.4	9,000	--
Liquor Gallonage	22,080	3.5	21,000	(4.9)	21,500	2.4
Liquor Enforcement	74,267	1.1	74,000	(0.4)	75,500	2.0
Liquor Drink	12,208	5.7	9,500	(22.2)	9,000	(5.3)
Severance	41,696	0.7	19,800	(52.5)	7,100	(64.1)
Gas	9,905	(23.3)	400	(96.0)	1,500	275.0
Oil	31,791	11.6	19,400	(39.0)	5,600	(71.1)
Total	<u>\$ 3,043,314</u>	<u>0.6 %</u>	<u>\$ 3,003,300</u>	<u>(1.3) %</u>	<u>\$ 2,999,100</u>	<u>(0.1) %</u>
Other Taxes:						
Insurance Premiums	\$ 163,283	(4.6) %	\$ 172,000	5.3 %	\$ 172,500	0.3 %
Corporate Franchise	7,352	(1.8)	5,000	(32.0)	8,200	64.0
Miscellaneous	3,743	38.7	3,300	(11.8)	3,000	(9.1)
Total	<u>\$ 174,378</u>	<u>(3.8) %</u>	<u>\$ 180,300</u>	<u>3.4 %</u>	<u>\$ 183,700</u>	<u>1.9 %</u>
Total Taxes	<u>\$ 7,471,302</u>	<u>6.3 %</u>	<u>\$ 6,885,400</u>	<u>(7.8) %</u>	<u>\$ 7,383,500</u>	<u>7.2 %</u>
Other Revenues & Receipts:						
Interest	\$ 48,943	114.8 %	\$ 54,300	10.9 %	\$ 500	(99.1) %
Transfers & Other Receipts	(202,361)	(202.0)	(164,500)	18.7	(201,200)	(22.3)
Agency Earnings	50,549	9.8	50,000	(1.1)	47,700	(4.6)
Total	<u>\$ (102,870)</u>	<u>(138.5) %</u>	<u>\$ (60,200)</u>	<u>41.5 %</u>	<u>\$ (153,000)</u>	<u>(154.2) %</u>
Total Receipts	<u><u>\$ 7,368,432</u></u>	<u><u>1.0 %</u></u>	<u><u>\$ 6,825,200</u></u>	<u><u>(7.4) %</u></u>	<u><u>\$ 7,230,500</u></u>	<u><u>5.9 %</u></u>

Table 2
State General Fund Receipts
FY 2020 Revised
Comparison of April 2020 Estimate to June 2020 Estimate
(Dollars in Thousands)

	FY 2020 CRE Est.	FY 2020 CRE Est.	Difference	
	Revised 04/20/20	Revised 06/22/20	Amount	Pct. Chg.
Property Tax/Fee:				
Motor Carrier	\$ 11,800	\$ 11,800	\$ --	-- %
Income Taxes:				
Individual	\$ 3,290,000	\$ 3,290,000	\$ --	-- %
Corporation	360,000	360,000	--	--
Financial Institutions	40,000	40,000	--	--
Total	\$ 3,690,000	\$ 3,690,000	\$ --	-- %
Excise Taxes:				
Retail Sales	\$ 2,300,000	\$ 2,300,000	\$ --	-- %
Compensating Use	460,000	460,000	--	--
Cigarette	110,000	110,000	--	--
Tobacco Products	9,000	9,000	--	--
Liquor Gallonage	21,000	21,000	--	--
Liquor Enforcement	74,000	74,000	--	--
Liquor Drink	9,500	9,500	--	--
Severance	19,800	19,800	--	--
Gas	400	400	--	--
Oil	19,400	19,400	--	--
Total	\$ 3,003,300	\$ 3,003,300	\$ --	-- %
Other Taxes:				
Insurance Premiums	\$ 172,000	\$ 172,000	\$ --	-- %
Corporate Franchise	5,000	5,000	--	--
Miscellaneous	3,300	3,300	--	--
Total	\$ 180,300	\$ 180,300	\$ --	-- %
Total Taxes	\$ 6,885,400	\$ 6,885,400	\$ --	-- %
Other Revenues & Receipts:				
Interest	\$ 54,300	\$ 54,300	\$ --	-- %
Transfers & Other Receipts	(164,500)	(164,500)	--	--
Agency Earnings	50,000	50,000	--	--
Total	\$ (60,200)	\$ (60,200)	\$ --	-- %
Total Receipts	\$ 6,825,200	\$ 6,825,200	\$ --	-- %

Table 3
State General Fund Receipts
FY 2021 Revised
Comparison of April 2020 Estimate to June 2020 Estimate
(Dollars in Thousands)

	FY 2021 CRE Est.	FY 2021 CRE Est.	Difference	
	Revised 04/20/20	Revised 06/22/20	Amount	Pct. Chg.
Property Tax/Fee:				
Motor Carrier	\$ 12,700	\$ 12,700	\$ --	-- %
Income Taxes:				
Individual	\$ 3,770,000	\$ 3,770,000	\$ --	-- %
Corporation	370,000	370,000	--	--
Financial Institutions	48,000	48,000	--	--
Total	\$ 4,188,000	\$ 4,188,000	\$ --	-- %
Excise Taxes:				
Retail Sales	\$ 2,320,000	\$ 2,320,000	\$ --	-- %
Compensating Use	450,000	450,000	--	--
Cigarette	107,000	107,000	--	--
Tobacco Products	9,000	9,000	--	--
Liquor Gallonage	21,500	21,500	--	--
Liquor Enforcement	75,500	75,500	--	--
Liquor Drink	9,000	9,000	--	--
Severance	7,100	7,100	--	--
Gas	1,500	1,500	--	--
Oil	5,600	5,600	--	--
Total	\$ 2,999,100	\$ 2,999,100	\$ --	-- %
Other Taxes:				
Insurance Premiums	\$ 172,500	\$ 172,500	\$ --	-- %
Corporate Franchise	8,200	8,200	--	--
Miscellaneous	3,000	3,000	--	--
Total	\$ 183,700	\$ 183,700	\$ --	-- %
Total Taxes	\$ 7,383,500	\$ 7,383,500	\$ --	-- %
Other Revenues & Receipts:				
Interest	\$ 500	\$ 500	\$ --	-- %
Transfers & Other Receipts	(201,200)	(201,200)	--	--
Agency Earnings	47,700	47,700	--	--
Total	\$ (153,000)	\$ (153,000)	\$ --	-- %
Total Receipts	\$ 7,230,500	\$ 7,230,500	\$ --	-- %