

November 5, 2009

To: Governor Mark Parkinson and Legislative Budget Committee
From: Kansas Division of the Budget and Kansas Legislative Research Department
Re: State General Fund Revenue Estimate for FY 2010 and FY 2011

The Consensus Estimating Group met today to revise the revenue estimates for FY 2010 and to make its first SGF estimates for FY 2011.

A detailed memo will be available next week 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 2010, the estimate was decreased by \$235.2 million, or 4.2 percent, below the previous estimate. The revised estimate of \$5.301 billion represents a 5.1 percent decrease below final FY 2009 receipts.

The initial estimate for FY 2011 is \$5.179 billion, which is \$122.2 million, or 2.3 percent, below the newly revised FY 2010 figure. The primary reason for the reduction of revenues is a net change in over \$250.0 million for transfers out in compliance with statutory requirements. Excluding these transfers, FY 2011 receipts would have been increased 2.6 percent. Factors affecting tax receipts in addition to the state of the economy include several pieces of legislation enacted in 2005-2007 that are continuing to reduce the amount of severance, income, estate, corporation franchise, and motor carrier property tax receipts deposited in the SGF. Additional details will be provided in the more detailed memo.

Table 1 compares the new FY 2010 and FY 2011 estimates with actual receipts for FY 2009. Table 2 shows the changes in the FY 2010 estimates by revenue source.

Table 1
State General Fund Receipts
(Dollars in Thousands)

	Consensus Estimate November 5, 2009					
	FY 2009 (Actual)		FY 2010 (Revised)		FY 2011	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Property Tax:						
Motor Carrier	\$ 29,257	0.8 %	\$ 24,000	(18.0) %	\$ 24,000	-- %
Income Taxes:						
Individual	\$ 2,682,000	(7.4) %	\$ 2,560,000	(4.5) %	\$ 2,610,000	2.0 %
Corporation	240,258	(44.4)	245,000	2.0	245,000	--
Financial Inst.	26,192	(21.0)	24,000	(8.4)	25,000	4.2
Total	<u>\$ 2,948,450</u>	<u>(12.3) %</u>	<u>\$ 2,829,000</u>	<u>(4.1) %</u>	<u>\$ 2,880,000</u>	<u>1.8 %</u>
Estate Tax	\$ 22,530	(49.1) %	\$ 14,500	(35.6) %	\$ 5,000	(65.5) %
Excise Taxes:						
Retail Sales	\$ 1,689,516	(1.3) %	\$ 1,660,500	(1.7) %	\$ 1,710,000	3.0 %
Compensating Use	235,026	(4.6)	222,000	(5.5)	250,000	12.6
Cigarette	107,216	(4.9)	102,000	(4.9)	100,000	(2.0)
Tobacco Products	5,728	3.2	6,000	4.7	6,200	3.3
Cereal Malt Bev.	2,089	(6.2)	2,200	5.3	2,200	--
Liquor Gallonage	18,214	3.6	18,500	1.6	19,100	3.2
Liquor Enforcement	53,794	7.6	57,000	6.0	59,000	3.5
Liquor Drink	9,141	2.7	9,500	3.9	9,700	2.1
Corp. Franchise	41,720	(10.6)	26,000	(37.7)	15,000	(42.3)
Severance	124,249	(16.1)	101,700	(18.1)	118,800	16.8
Gas	73,814	(19.3)	47,700	(35.4)	62,800	31.7
Oil	50,436	(11.0)	54,000	7.1	56,000	3.7
Total	<u>\$ 2,286,693</u>	<u>(2.7) %</u>	<u>\$ 2,205,400</u>	<u>(3.6) %</u>	<u>\$ 2,290,000</u>	<u>3.8 %</u>
Other Taxes:						
Insurance Prem.	119,590	1.7 %	\$ 117,500	(1.7) %	\$ 123,000	4.7 %
Miscellaneous	1,794	(65.7)	2,000	11.5	2,000	--
Total	<u>\$ 121,384</u>	<u>(1.2) %</u>	<u>\$ 119,500</u>	<u>(1.6) %</u>	<u>\$ 125,000</u>	<u>4.6 %</u>
Total Taxes	\$ 5,408,314	(8.4) %	\$ 5,192,400	(4.0) %	\$ 5,324,000	2.5 %
Other Revenues:						
Interest	\$ 64,199	(42.3) %	\$ 20,000	(68.8) %	\$ 22,000	10.0 %
Net Transfers	34,056	109.0	33,700	(1.0)	(223,700)	(763.8)
Agency Earnings	80,879	50.1	54,600	(32.5)	56,200	2.9
Total	<u>\$ 179,134</u>	<u>183.7 %</u>	<u>\$ 108,300</u>	<u>(39.5) %</u>	<u>\$ (145,500)</u>	<u>(234.3) %</u>
Total Receipts	<u><u>\$ 5,587,448</u></u>	<u><u>(1.9) %</u></u>	<u><u>\$ 5,300,700</u></u>	<u><u>(5.1) %</u></u>	<u><u>\$ 5,178,500</u></u>	<u><u>(2.3) %</u></u>

Table 2
State General Fund Receipts
FY 2010 Revised
Comparison of November 2009 Estimate to June 2009 Estimate
(Dollars in Thousands)

	FY 2010 CRE Est. as Adj. for Legis.	FY 2010 CRE Estimate	Difference	
			Amount	Pct. Chg.
Property Tax:				
Motor Carrier	\$ 28,000	\$ 24,000	\$ (4,000)	(14.3) %
Income Taxes:				
Individual	\$ 2,755,335	\$ 2,560,000	\$ (195,335)	(7.1) %
Corporation	268,200	245,000	(23,200)	(8.7)
Financial Inst.	26,000	24,000	(2,000)	(7.7)
Total	\$ 3,049,535	\$ 2,829,000	\$ (220,535)	(7.2) %
Estate Tax	\$ 14,500	\$ 14,500	\$ --	-- %
Excise Taxes:				
Retail Sales	\$ 1,699,428	\$ 1,660,500	\$ (38,928)	(2.3) %
Compensating Use	231,200	222,000	(9,200)	(4.0)
Cigarette	102,000	102,000	--	--
Tobacco Product	5,800	6,000	200	3.4
Cereal Malt Beverage	2,200	2,200	--	--
Liquor Gallonage	18,500	18,500	--	--
Liquor Enforcement	57,000	57,000	--	--
Liquor Drink	9,700	9,500	(200)	(2.1)
Corporate Franchise	22,000	26,000	4,000	18.2
Severance	74,500	101,700	27,200	36.5
Gas	43,200	47,700	4,500	10.4
Oil	31,300	54,000	22,700	72.5
Total	\$ 2,222,328	\$ 2,205,400	\$ (16,928)	(0.8) %
Other Taxes:				
Insurance Premium	\$ 117,300	\$ 117,500	\$ 200	0.2 %
Miscellaneous	2,000	2,000	--	--
Total	\$ 119,300	\$ 119,500	\$ 200	0.2 %
Total Taxes	\$ 5,433,663	\$ 5,192,400	\$ (241,263)	(4.4) %
Other Revenues:				
Interest	\$ 24,000	\$ 20,000	\$ (4,000)	(16.7) %
Net Transfers	23,610	33,700	10,090	42.7
Agency Earnings	54,600	54,600	--	--
Total Other Revenue	\$ 102,210	\$ 108,300	\$ 6,090	6.0 %
Total Receipts	\$ 5,535,873	\$ 5,300,700	\$ (235,173)	(4.2) %