

November 10, 2021

**To:** Governor Laura Kelly and Legislative Coordinating Council  
**From:** Division of the Budget and Kansas Legislative Research Department  
**Subject:** State General Fund Revenue Estimate for FY 2022 and FY 2023

The Consensus Estimating Group met today to revise the State General Fund revenue estimate for FY 2022 and to make its first official assessment of FY 2023. 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. Estimates for the State General Fund 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.

For FY 2022, the estimate was increased by \$1.308 billion, or 17.3 percent, above the previous estimate (made in April and subsequently adjusted for legislation enacted during the veto session). The estimate for total taxes was increased by \$1.298 billion, while the estimate for other revenues was increased by \$10.1 million. The revised estimate of \$8.870 billion represents a negligible increase above final FY 2021 receipts. The FY 2021 revenues included receipts shifted from FY 2020 attributable to extensions of tax filing and payment deadlines.

The initial estimate for FY 2023 is \$9.048 billion, which is \$177.9 million, or 2.0 percent, above the newly revised FY 2022 figure. Various factors influencing this change in revenues in addition to the state of the economy include net change in transfers out of the SGF based on current statutory requirements for FY 2023. The amount of total taxes is estimated to increase by 3.2 percent in FY 2023, following a negligible increase in FY 2022.

Table 1 compares the revised estimates for FY 2022 and initial estimates for FY 2023 with actual receipts from FY 2021. Tables 2 shows the changes within the FY 2022 estimate.

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

	FY 2021 (Actual)		Consensus Estimate November 10, 2021			
			FY 2022 (Revised)		FY 2023	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
<b>Income Taxes:</b>						
Individual	\$4,590,261	37.5 %	\$4,360,000	(5.0) %	\$4,610,000	5.7 %
Corporation	652,286	69.7	600,000	(8.0)	535,000	(10.8)
Financial Institutions	75,149	62.7	51,500	(31.5)	53,000	2.9
<b>Total</b>	<b>\$5,317,696</b>	<b>41.1 %</b>	<b>\$5,011,500</b>	<b>(5.8) %</b>	<b>\$5,198,000</b>	<b>3.7 %</b>
<b>Sales &amp; Use Taxes:</b>						
Retail Sales	\$2,522,553	7.2 %	\$2,650,000	5.1 %	\$2,700,000	1.9 %
Compensating Use	602,967	25.9	760,000	26.0	820,000	7.9
<b>Total</b>	<b>\$3,125,520</b>	<b>10.4 %</b>	<b>\$3,410,000</b>	<b>9.1 %</b>	<b>\$3,520,000</b>	<b>3.2 %</b>
<b>Other Excise Taxes:</b>						
Cigarette	\$ 113,491	(2.5) %	\$ 107,500	(5.3) %	\$ 104,000	(3.3) %
Tobacco Products	9,919	8.0	10,200	2.8	10,500	2.9
Liquor Gallonage	24,721	12.5	24,500	(0.9)	25,000	2.0
Liquor Enforcement	81,342	8.9	84,300	3.6	85,500	1.4
Liquor Drink	10,321	(0.3)	12,900	25.0	13,300	3.1
Gas Severance	3,913	904.0	13,900	255.3	7,900	(43.2)
Oil Severance	12,928	(36.3)	29,900	131.3	24,300	(18.7)
<b>Total</b>	<b>\$ 256,635</b>	<b>1.3 %</b>	<b>\$ 283,200</b>	<b>10.4 %</b>	<b>\$ 270,500</b>	<b>(4.5) %</b>
<b>Other Taxes:</b>						
Insurance Premiums	\$ 181,941	5.5 %	\$ 177,500	(2.4) %	\$ 181,500	2.3 %
Motor Carrier	13,536	8.3	14,300	5.6	14,500	1.4
Corporate Franchise	9,859	40.0	8,000	(18.9)	8,200	2.5
Miscellaneous	3,422	(0.1)	4,400	28.6	4,600	4.5
<b>Total</b>	<b>\$ 208,758</b>	<b>6.8 %</b>	<b>\$ 204,200</b>	<b>(2.2) %</b>	<b>\$ 208,800</b>	<b>2.3 %</b>
<b>Total Taxes</b>	<b>\$8,908,609</b>	<b>26.4 %</b>	<b>\$8,908,900</b>	<b>0.0 %</b>	<b>\$9,197,300</b>	<b>3.2 %</b>
<b>Other Revenues &amp; Receipts:</b>						
Interest	\$ 7,798	(86.1) %	\$ 3,000	(61.5) %	\$ 3,300	10.0 %
Transfers & Other Receipts	(113,550)	54.8	(103,700)	8.7	(209,800)	(102.3)
Agency Earnings	63,089	35.8	61,800	(2.0)	57,100	(7.6)
<b>Total</b>	<b>\$ (42,664)</b>	<b>71.3 %</b>	<b>\$ (38,900)</b>	<b>8.8 %</b>	<b>\$ (149,400)</b>	<b>(284.1) %</b>
<b>Total Receipts</b>	<b>\$8,865,945</b>	<b>28.5 %</b>	<b>\$8,870,000</b>	<b>0.0 %</b>	<b>\$9,047,900</b>	<b>2.0 %</b>

**Table 2**  
**State General Fund Receipts**  
**FY 2022 Revised**  
**Comparison of November 2021 Estimate to June 2021 Estimate**  
*(Dollars in Thousands)*

	FY 2022 CRE Est.	FY 2022 CRE Est.	Difference	
	As Adj. for Legis.	Revised 11/10/2021	Amount	Pct. Chg.
<b>Income Taxes:</b>				
Individual	\$ 3,688,630	\$ 4,360,000	\$ 671,370	18.2 %
Corporation	282,520	600,000	317,480	112.4
Financial Institutions	48,700	51,500	2,800	5.7
<b>Total</b>	<b>\$ 4,019,850</b>	<b>\$ 5,011,500</b>	<b>\$ 991,650</b>	<b>24.7 %</b>
<b>Sales &amp; Use Taxes:</b>				
Retail Sales	\$ 2,466,100	\$ 2,650,000	\$ 183,900	7.5 %
Compensating Use	665,500	760,000	94,500	14.2
<b>Total</b>	<b>\$ 3,131,600</b>	<b>\$ 3,410,000</b>	<b>\$ 278,400</b>	<b>8.9 %</b>
<b>Other Excise Taxes:</b>				
Cigarette	\$ 109,000	\$ 107,500	\$ (1,500)	(1.4) %
Tobacco Products	9,900	10,200	300	3.0
Liquor Gallonage	25,000	24,500	(500)	(2.0)
Liquor Enforcement	82,000	84,300	2,300	2.8
Liquor Drink	10,000	12,900	2,900	29.0
Gas Severance	4,100	13,900	9,800	239.0
Oil Severance	18,700	29,900	11,200	59.9
<b>Total</b>	<b>\$ 258,700</b>	<b>\$ 283,200</b>	<b>\$ 24,500</b>	<b>9.5 %</b>
<b>Other Taxes:</b>				
Insurance Premiums	\$ 176,500	\$ 177,500	\$ 1,000	0.6 %
Motor Carrier	12,900	14,300	1,400	10.9
Corporate Franchise	7,800	8,000	200	2.6
Miscellaneous	3,600	4,400	800	22.2
<b>Total</b>	<b>\$ 200,800</b>	<b>\$ 204,200</b>	<b>\$ 3,400</b>	<b>1.7 %</b>
<b>Total Taxes</b>	<b>\$ 7,610,950</b>	<b>\$ 8,908,900</b>	<b>\$ 1,297,950</b>	<b>17.1 %</b>
<b>Other Revenues &amp; Receipts:</b>				
Interest	\$ 1,500	\$ 3,000	\$ 1,500	100.0 %
Transfers & Other Receipts	(109,600)	(103,700)	5,900	5.4
Agency Earnings	59,090	61,800	2,710	4.6
<b>Total</b>	<b>\$ (49,010)</b>	<b>\$ (38,900)</b>	<b>\$ 10,110</b>	<b>20.6 %</b>
<b>Total Receipts</b>	<b>\$ 7,561,940</b>	<b>\$ 8,870,000</b>	<b>\$ 1,308,060</b>	<b>17.3 %</b>

**State General Fund Profile FY 2019 - FY 2023**  
(Dollars in Millions)

	<b>Actual FY 2019</b>	<b>Actual FY 2020</b>	<b>Actual FY 2021</b>	<b>Approved FY 2022</b>	<b>Estimated FY 2023</b>
Beginning Balance	\$ 761.7	\$ 1,105.1	\$ 495.0	\$ 2,094.8	\$ 2,892.0
<b>Revenue</b>					
Consensus Revenue Estimates (Nov. 2021 CRE)	\$ 7,376.2	\$ 6,912.4	\$ 8,865.9	\$ 8,870.0	\$ 9,047.9
<b>Total Available Revenue</b>	<b>\$ 8,137.9</b>	<b>\$ 8,017.5</b>	<b>\$ 9,362.6</b>	<b>\$ 10,964.8</b>	<b>\$ 11,939.9</b>
<b>Expenditures</b>					
Expenditures	\$ 7,032.8	\$ 7,522.5	\$ 7,267.8	\$ 8,143.2	\$ 8,072.8
Reappropriations	-	-	-	193.5	(193.5)
Human Services Caseload	-	-	-	(173.2)	170.0
School Finance	-	-	-	(90.7)	115.5
<b>Total Adjusted Expenditures</b>	<b>\$ 7,032.8</b>	<b>\$ 7,522.5</b>	<b>\$ 7,267.8</b>	<b>\$ 8,072.8</b>	<b>\$ 8,164.8</b>
<b>Ending Balance</b>	<b>\$ 1,105.1</b>	<b>\$ 495.0</b>	<b>\$ 2,094.8</b>	<b>\$ 2,892.0</b>	<b>\$ 3,775.1</b>
Budget Stabilization Fund Balance			81.9	-	-
Ending SGF balance as a percentage of expenditures	15.7%	6.6%	28.8%	35.8%	46.2%
Receipts above / (below) expenditures	\$ 343.4	\$ (610.1)	\$ 1,599.8	\$ 797.2	\$ 883.1
					<b>22-003</b>