



Kansas Legislative Research Department

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April 19, 2024

To: Governor Laura Kelly and Legislative Coordinating Council

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

Re: State General Fund Revenue Estimate for FY 2024 and FY 2025

The Consensus Estimating Group met today to revise the November 9, 2023 State General Fund (SGF) estimates for FY 2024 and FY 2025. The revisions include the estimated impact of all 2024 legislation signed into law thus far. The impact of any legislation affecting the SGF that becomes law after April 19 will be quantified in a separate legislative adjustments report prepared at the conclusion of the *sine die* adjournment. Consensus revenue estimates are based on current federal and state laws and their current interpretation. A more detailed memo will be available soon which contains the economic forecast for Kansas upon which the new estimates are based, as well as a discussion of the other factors influencing the individual source estimates.

The overall estimate for FY 2024 and FY 2025 was increased by a combined \$45.9 million. The estimate for total taxes was decreased by \$39.0 million, and other revenues were increased by \$84.9 million for the two years combined.

For FY 2024, the estimate was decreased by \$100.3 million, or 1.0 percent, below the November estimate. The estimate for total taxes was decreased by \$119.3 million, while the estimate for other revenues was increased by \$19.0 million. The overall revised estimate of \$10.183 billion represents a 9.7 percent increase above the final FY 2023 receipts.

The revised estimate for FY 2025 is \$10.404 billion, which is \$146.2 million, or 1.4 percent, above the previous estimate. The estimate for total taxes was increased by \$80.3 million, while the estimate for other revenues was increased by \$65.9 million. The revised forecast for FY 2025 represents a 2.2 percent increase above the newly revised FY 2024 figure.

Table 1 compares the revised estimates for FY 2024 and FY 2025 with actual receipts from FY 2023. Tables 2 and 3 show the revisions in each fiscal year's estimates.

Table 1
State General Fund Receipts
(Dollars in Thousands)

| | Consensus Estimate April 19, 2024 | | | | | |
|---------------------------------------|-----------------------------------|----------------|----------------------|-----------------|----------------------|----------------|
| | FY 2023 (Actual) | | FY 2024 (Revised) | | FY 2025 (Revised) | |
| | Amount | Percent Change | Amount | Percent Change | Amount | Percent Change |
| Income Taxes: | | | | | | |
| Individual | \$ 4,507,007 | (6.8) % | \$ 4,475,000 | (0.7) % | \$ 4,630,000 | 3.5 % |
| Corporation | 1,504,575 | 86.7 | 1,520,000 | 1.0 | 1,580,000 | 3.9 |
| Financial Institutions | 56,944 | (8.5) | 49,000 | (14.0) | 50,000 | 2.0 |
| Total | \$ 6,068,526 | 6.4 % | \$ 6,044,000 | (0.4) % | \$ 6,260,000 | 3.6 % |
| Excise Taxes: | | | | | | |
| Retail Sales | \$ 2,776,857 | 0.6 % | \$ 2,675,000 | (3.7) % | \$ 2,550,000 | (4.7) % |
| Compensating Use | 802,991 | 3.6 | 855,000 | 6.5 | 885,000 | 3.5 |
| Total | \$ 3,579,848 | 1.3 % | \$ 3,530,000 | (1.4) % | \$ 3,435,000 | (2.7) % |
| Other Excise Taxes: | | | | | | |
| Cigarette | \$ 98,453 | (10.0) % | \$ 91,000 | (7.6) % | \$ 85,000 | (6.6) % |
| Tobacco Products | 10,358 | 1.8 | 10,600 | 2.3 | 10,900 | 2.8 |
| Liquor Gallonage | 24,351 | (0.8) | 24,100 | (1.0) | 24,000 | (0.4) |
| Liquor Enforcement | 83,675 | 0.8 | 84,000 | 0.4 | 84,500 | 0.6 |
| Liquor Drink | 14,951 | 8.7 | 15,400 | 3.0 | 16,000 | 3.9 |
| Gas | 20,890 | 0.3 | (1,900) | (109.1) | 4,000 | 310.5 |
| Oil | 37,234 | 5.4 | 26,600 | (28.6) | 28,400 | 6.8 |
| Total | \$ 289,914 | (2.4) % | \$ 249,800 | (13.8) % | \$ 252,800 | 1.2 % |
| Other Taxes: | | | | | | |
| Insurance Premiums | \$ 195,541 | (0.4) % | \$ 221,000 | 13.0 % | \$ 231,500 | 4.8 % |
| Motor Carrier | 11,982 | (7.3) | 11,900 | (0.7) | 11,800 | (0.8) |
| Corporate Franchise | 9,191 | 8.7 | 9,100 | (1.0) | 9,100 | -- |
| Miscellaneous | 5,226 | 16.4 | 5,900 | 12.9 | 6,300 | 6.8 |
| Total | \$ 221,940 | (0.1) % | \$ 247,900 | 11.7 % | \$ 258,700 | 4.4 % |
| Total Taxes | \$ 10,160,227 | 4.1 % | \$ 10,071,700 | (0.9) % | \$ 10,206,500 | 1.3 % |
| Other Revenues & Receipts: | | | | | | |
| Interest | \$ 200,484 | 7,004.3 % | \$ 381,400 | 90.2 % | \$ 351,000 | (8.0) % |
| Transfers & Other Receipts | (1,194,467) | 37.6 | (371,600) | 68.9 | (258,000) | 30.6 |
| Agency Earnings | 116,566 | 66.6 | 101,700 | (12.8) | 104,000 | 2.3 |
| Total | \$ (877,417) | 52.4 % | \$ 111,500 | 112.7 % | \$ 197,000 | 76.7 % |
| Total Receipts | \$ 9,282,810 | 17.3 % | \$ 10,183,200 | 9.7 % | \$ 10,403,500 | 2.2 % |

Table 2
State General Fund Receipts
FY 2024 Revised
Comparison of April 2024 Estimate to November 2023 Estimate
(Dollars in Thousands)

| | FY 2024 CRE Est. | FY 2024 CRE Est. | Difference | |
|---------------------------------------|----------------------|----------------------|---------------------|----------------|
| | Revised 11/09/2023 | Revised 04/19/2024 | Amount | Pct. Chg. |
| Income Taxes: | | | | |
| Individual | \$ 4,550,000 | \$ 4,475,000 | \$ (75,000) | (1.6) % |
| Corporation | 1,470,000 | 1,520,000 | 50,000 | 3.4 |
| Financial Institutions | 52,000 | 49,000 | (3,000) | (5.8) |
| Total | \$ 6,072,000 | \$ 6,044,000 | \$ (28,000) | (0.5) % |
| Sales & Use Taxes: | | | | |
| Retail Sales | \$ 2,760,000 | \$ 2,675,000 | \$ (85,000) | (3.1) % |
| Compensating Use | 870,000 | 855,000 | (15,000) | (1.7) |
| Total | \$ 3,630,000 | \$ 3,530,000 | \$ (100,000) | (2.8) % |
| Other Excise Taxes: | | | | |
| Cigarette | \$ 94,000 | \$ 91,000 | \$ (3,000) | (3.2) % |
| Tobacco Products | 10,700 | 10,600 | (100) | (0.9) |
| Liquor Gallonage | 24,000 | 24,100 | 100 | 0.4 |
| Liquor Enforcement | 84,500 | 84,000 | (500) | (0.6) |
| Liquor Drink | 15,900 | 15,400 | (500) | (3.1) |
| Gas Severance | (300) | (1,900) | (1,600) | (533.3) |
| Oil Severance | 26,300 | 26,600 | 300 | 1.1 |
| Total | \$ 255,100 | \$ 249,800 | \$ (5,300) | (2.1) % |
| Other Taxes: | | | | |
| Insurance Premiums | \$ 207,000 | \$ 221,000 | \$ 14,000 | 6.8 % |
| Motor Carrier | 11,600 | 11,900 | 300 | 2.6 |
| Corporate Franchise | 9,400 | 9,100 | (300) | (3.2) |
| Miscellaneous | 5,900 | 5,900 | -- | -- |
| Total | \$ 233,900 | \$ 247,900 | \$ 14,000 | 6.0 % |
| Total Taxes | \$ 10,191,000 | \$ 10,071,700 | \$ (119,300) | (1.2) % |
| Other Revenues & Receipts: | | | | |
| Interest | \$ 380,000 | \$ 381,400 | \$ 1,400 | 0.4 % |
| Transfers & Other Receipts | (383,400) | (371,600) | 11,800 | 3.1 |
| Agency Earnings | 95,900 | 101,700 | 5,800 | 6.0 |
| Total | \$ 92,500 | \$ 111,500 | \$ 19,000 | 20.5 % |
| Total Receipts | \$ 10,283,500 | \$ 10,183,200 | \$ (100,300) | (1.0) % |

Table 3
State General Fund Receipts
FY 2025 Revised
Comparison of April 2024 Estimate to November 2023 Estimate
(Dollars in Thousands)

| | FY 2025 CRE Est. | FY 2025 CRE Est. | Difference | |
|---------------------------------------|----------------------|----------------------|--------------------|----------------|
| | Revised 11/09/2023 | Revised 04/19/2024 | Amount | Pct. Chg. |
| Income Taxes: | | | | |
| Individual | \$ 4,700,000 | \$ 4,630,000 | \$ (70,000) | (1.5) % |
| Corporation | 1,380,000 | 1,580,000 | 200,000 | 14.5 |
| Financial Institutions | 53,000 | 50,000 | (3,000) | (5.7) |
| Total | \$ 6,133,000 | \$ 6,260,000 | \$ 127,000 | 2.1 % |
| Sales & Use Taxes: | | | | |
| Retail Sales | \$ 2,610,000 | \$ 2,550,000 | \$ (60,000) | (2.3) % |
| Compensating Use | 885,000 | 885,000 | -- | -- |
| Total | \$ 3,495,000 | \$ 3,435,000 | \$ (60,000) | (1.7) % |
| Other Excise Taxes: | | | | |
| Cigarette | \$ 90,000 | \$ 85,000 | \$ (5,000) | (5.6) % |
| Tobacco Products | 10,900 | 10,900 | -- | -- |
| Liquor Gallonage | 24,000 | 24,000 | -- | -- |
| Liquor Enforcement | 85,000 | 84,500 | (500) | (0.6) |
| Liquor Drink | 16,300 | 16,000 | (300) | (1.8) |
| Gas Severance | 6,900 | 4,000 | (2,900) | (42.0) |
| Oil Severance | 25,900 | 28,400 | 2,500 | 9.7 |
| Total | \$ 259,000 | \$ 252,800 | \$ (6,200) | (2.4) % |
| Other Taxes: | | | | |
| Insurance Premiums | \$ 212,000 | \$ 231,500 | \$ 19,500 | 9.2 % |
| Motor Carrier | 11,300 | 11,800 | 500 | 4.4 |
| Corporate Franchise | 9,600 | 9,100 | (500) | (5.2) |
| Miscellaneous | 6,300 | 6,300 | -- | -- |
| Total | \$ 239,200 | \$ 258,700 | \$ 19,500 | 8.2 % |
| Total Taxes | \$ 10,126,200 | \$ 10,206,500 | \$ 80,300 | 0.8 % |
| Other Revenues & Receipts: | | | | |
| Interest | \$ 310,000 | \$ 351,000 | \$ 41,000 | 13.2 % |
| Transfers & Other Receipts | (276,800) | (258,000) | 18,800 | 6.8 |
| Agency Earnings | 97,900 | 104,000 | 6,100 | 6.2 |
| Total | \$ 131,100 | \$ 197,000 | \$ 65,900 | 50.3 % |
| Total Receipts | \$ 10,257,300 | \$ 10,403,500 | \$ 146,200 | 1.4 % |

State General Fund Profile FY 2023 - FY 2025
(Dollars in Millions)

| | Actual FY 2023 | Approved FY 2024 | Estimated FY 2025 |
|---|--------------------|---------------------|----------------------|
| Beginning Balance | \$ 1,834.5 | \$ 2,410.4 | \$ 2,653.8 |
| Revenue | | | |
| Consensus Revenue Estimates (As of April 19, 2024) | \$ 9,282.8 | \$ 10,183.2 | \$ 10,403.5 |
| Continue Suspending Transfers, CCRSF, SCCHF | - | - | - |
| Governor's Revenue Adjustments | - | 29.4 | (104.6) |
| SB 28 CCR - Revenue Adjustment (Mega) | - | - | 31.3 |
| Tax Revenue Adjustments | | | |
| HB 2036 <i>Includes Interest</i> | - | - | (529.6) |
| SB 410 | - | - | (38.1) |
| HB 2465 - <i>Vetoed</i> | - | - | - |
| HB 2098 | - | - | (19.8) |
| Released Encumbrances | 20.3 | - | - |
| Total Available Revenue | \$ 11,137.6 | \$ 12,623.0 | \$ 12,396.5 |
| % Revenue Change from Previous Fiscal Year | 11.0% | 13.3% | -1.8% |
| Expenditures | | | |
| Expenditures - Governor's Budget Recommendations | \$ 8,727.2 | \$ 9,504.5 | \$ 11,493.6 |
| Gov. Rec. - Special Education | - | - | - |
| Reappropriations/One-time Expenditure | - | 551.3 | (551.3) |
| Human Services Caseload - Fall and Spring | - | (35.9) | 124.9 |
| School Finance - Fall and Spring | - | (106.3) | 181.1 |
| Governor's Budget Amendment #1 | - | 497.7 | (487.6) |
| HB 2036 - Expenditure Adjustments | - | - | 12.1 |
| SB 28 CCR - Expenditure Adjustments (Mega) | - | (442.1) | (256.8) |
| SB 387 CCR - Education Bill | - | - | (68.2) |
| Total Adjusted Expenditures | \$ 8,727.2 | \$ 9,969.2 | \$ 10,447.8 |
| % Expenditure Change from Previous Fiscal Year | 6.5% | 14.2% | 4.8% |
| Ending Balance | \$ 2,410.4 | \$ 2,653.8 | \$ 1,948.7 |
| Budget Stabilization Fund Balance | 1,610.3 | 1,693.6 | 1,773.6 |
| Ending SGF balance as a percentage of expenditures | 27.6% | 26.6% | 18.7% |
| Receipts above / (below) expenditures | \$ 575.9 | \$ 243.4 | \$ (705.1) |

Assumptions: Continue suspending CCRSF

Profile 24-027