Division of the Budget Docking State Office Building 915 SW Harrison Street, Suite 310 Topeka, Kansas 66612



Phone: (785) 296-2436 adam.c.proffitt@ks.gov http://budget.kansas.gov

Laura Kelly, Governor

Adam C. Proffitt, Director

November 13, 2025

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 2026 and FY 2027

The Consensus Revenue Estimating Group met today to revise the State General Fund revenue estimate for FY 2026 and to make its first official assessment of FY 2027. 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 2026, the estimate was increased by \$165.9 million, or 1.6 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 \$149.0 million, while the estimate for other revenues was increased by \$16.9 million. The revised estimate of \$10.227 billion represents a 2.0 percent increase above final FY 2025 receipts.

The initial estimate for FY 2027 is \$10.133 billion, which is \$93.9 million, or 0.9 percent, below the newly revised FY 2026 figure. Various factors influencing this change in revenues in addition to the state of the economy include net change in transfers out of the State General Fund based on current statutory requirements for FY 2026 and FY 2027. The amount of total taxes is estimated to increase by 1.3 percent in FY 2027, following a 1.0 percent increase in FY 2026.

Table 1 compares the revised estimates for FY 2026 and initial estimates for FY 2027 with actual receipts from FY 2025. Tables 2 shows the changes within the FY 2026 estimate.

Table 1
State General Fund Receipts
(Dollars in Thousands)

| | | EX. 2025 () | . 15 | Consensus Estimate November 13, 2025 FY 2026 (Revised) FY 2027 | | | | | | | | | | |
|------------------------|------|--------------|-------------------|--|-------------|-------------------|----|--------------|-------------------|--|--|--|--|--|
| | | FY 2025 (A | | | FY 2026 (Re | | | FY 20 | | | | | | |
| | | Amount | Percent Change | | Amount | Percent Change | | Amount | Percent Change | | | | | |
| Income Taxes: | | 111110 01111 | 5111115 | | | ommg* | | 111110 00111 | 21111151 | | | | | |
| Individual | \$ | 4,675,736 | 3.8 % | \$ | 4,945,000 | 5.8 % | \$ | 5,105,000 | 3.2 % | | | | | |
| Corporation | | 1,313,558 | (7.4) | | 1,145,000 | (12.8) | | 1,040,000 | (9.2) | | | | | |
| Financial Institutions | | 48,986 | 5.2 | | 43,000 | (12.2) | | 44,000 | 2.3 | | | | | |
| Total | \$ | 6,038,280 | 1.2 % | \$ | 6,133,000 | 1.6 % | \$ | 6,189,000 | 0.9 % | | | | | |
| Sales & Use Taxes: | | | | | | | | | | | | | | |
| Retail Sales | \$ | 2,581,699 | (3.6) % | \$ | 2,540,000 | (1.6) % | \$ | 2,590,000 | 2.0 % | | | | | |
| Compensating Use | | 893,761 | 3.8 | | 945,000 | 5.7 | | 975,000 | 3.2 | | | | | |
| Total | \$ | 3,475,460 | (1.8) % | \$ | 3,485,000 | 0.3 % | \$ | 3,565,000 | 2.3 % | | | | | |
| Other Excise Taxes: | | | | | | | | | | | | | | |
| Cigarette | \$ | 82,238 | (8.7) % | \$ | 77,000 | (6.4) % | \$ | 72,000 | (6.5) % | | | | | |
| Tobacco Products | | 10,291 | (2.1) | | 10,300 | 0.1 | | 10,300 | | | | | | |
| Liquor Gallonage | | 23,946 | (3.1) | | 24,300 | 1.5 | | 24,300 | | | | | | |
| Liquor Enforcement | | 82,831 | (1.1) | | 83,000 | 0.2 | | 83,000 | | | | | | |
| Liquor Drink | | 15,333 | 0.7 | | 15,400 | 0.4 | | 15,500 | 0.6 | | | | | |
| Gas Severance | | 3,491 | 315.9 | | 5,900 | 69.0 | | 6,000 | 1.7 | | | | | |
| Oil Severance | | 23,003 | (11.3) | | 19,300 | (16.1) | | 19,300 | | | | | | |
| Total | \$ | 241,133 | (3.0) % | \$ | 235,200 | (2.5) % | \$ | 230,400 | (2.0) % | | | | | |
| Other Taxes: | | | | | | | | | | | | | | |
| Insurance Premiums | \$ | 217,237 | (1.6) % | \$ | 223,000 | 2.7 % | \$ | 227,000 | 1.8 % | | | | | |
| Motor Carrier | | 11,761 | (0.2) | | 11,700 | (0.5) | | 11,700 | | | | | | |
| Corporate Franchise | | 11,052 | 34.4 | | 8,800 | (20.4) | | 9,000 | 2.3 | | | | | |
| Miscellaneous | | 5,245 | (8.2) | | 4,900 | (6.6) | | 4,900 | | | | | | |
| Total | \$ | 245,294 | (0.4) % | \$ | 248,400 | 1.3 % | \$ | 252,600 | 1.7 % | | | | | |
| Total Taxes | \$ 1 | 10,000,167 | (0.0) % | \$ | 10,101,600 | 1.0 % | \$ | 10,237,000 | 1.3 % | | | | | |
| Other Revenues: | | | | | | | | | | | | | | |
| Interest | \$ | 392,447 | (0.8) % | \$ | 289,800 | (26.2) % | \$ | 212,000 | (26.8) % | | | | | |
| Net Transfers | | (503,423) | (35.6) | | (298,400) | 40.7 | | (440,900) | (47.8) | | | | | |
| Agency Earnings | | 132,847 | 19.6 | | 133,800 | 0.7 | | 124,800 | (6.7) | | | | | |
| Total | \$ | 21,871 | (83.9) % | \$ | 125,200 | 472.5 % | \$ | (104,100) | (183.1) % | | | | | |
| Total Receipts | \$ | 10,022,038 | (1.2) % | • | 10,226,800 | 2.0 % | • | 10,132,900 | (0.9) % | | | | | |

Table 2 State General Fund Receipts FY 2026 Revised

Comparison of November 2025 Estimate with June 2025 Estimate

(Dollars in Thousands)

| | FY | 2026 CRE Est. | FY | 2026 CRE Est. | Difference | | | | | | |
|------------------------|----|-----------------|------|----------------|------------|-----------|-----------|--|--|--|--|
| | As | Adj. for Legis. | Revi | sed 11/13/2025 | | Amount | Pct. Chg. | | | | |
| Income Taxes: | | | | | | | | | | | |
| Individual | \$ | 4,670,380 | \$ | 4,945,000 | \$ | 274,620 | 5.9 % | | | | |
| Corporation | | 1,325,000 | | 1,145,000 | | (180,000) | (13.6) | | | | |
| Financial Institutions | | 45,000 | | 43,000 | | (2,000) | (4.4) | | | | |
| Total | \$ | 6,040,380 | \$ | 6,133,000 | \$ | 92,620 | 1.5 % | | | | |
| Sales & Use Taxes: | | | | | | | | | | | |
| Retail Sales | \$ | 2,515,000 | \$ | 2,540,000 | \$ | 25,000 | 1.0 % | | | | |
| Compensating Use | | 920,000 | | 945,000 | | 25,000 | 2.7 | | | | |
| Total | \$ | 3,435,000 | \$ | 3,485,000 | \$ | 50,000 | 1.5 % | | | | |
| Other Excise Taxes: | | | | | | | | | | | |
| Cigarette | \$ | 77,000 | \$ | 77,000 | \$ | | % | | | | |
| Tobacco Products | | 10,400 | | 10,300 | | (100) | (1.0) | | | | |
| Liquor Gallonage | | 24,300 | | 24,300 | | | · | | | | |
| Liquor Enforcement | | 83,500 | | 83,000 | | (500) | (0.6) | | | | |
| Liquor Drink | | 15,300 | | 15,400 | | 100 | 0.7 | | | | |
| Gas Severance | | 6,900 | | 5,900 | | (1,000) | (14.5) | | | | |
| Oil Severance | | 18,600 | | 19,300 | | 700 | 3.8 | | | | |
| Total | \$ | 236,000 | \$ | 235,200 | \$ | (800) | (0.3) % | | | | |
| Other Taxes: | | | | | | | | | | | |
| Insurance Premiums | \$ | 215,000 | \$ | 223,000 | \$ | 8,000 | 3.7 % | | | | |
| Motor Carrier | | 11,400 | | 11,700 | | 300 | 2.6 | | | | |
| Corporate Franchise | | 9,500 | | 8,800 | | (700) | (7.4) | | | | |
| Miscellaneous | | 5,300 | | 4,900 | | (400) | (7.5) | | | | |
| Total | \$ | 241,200 | \$ | 248,400 | \$ | 7,200 | 3.0 % | | | | |
| Total Taxes | \$ | 9,952,580 | \$ | 10,101,600 | \$ | 149,020 | 1.5 % | | | | |
| Other Revenues: | | | | | | | | | | | |
| Interest | \$ | 280,000 | \$ | 289,800 | \$ | 9,800 | 3.5 % | | | | |
| Net Transfers | | (286,000) | | (298,400) | | (12,400) | (4.3) | | | | |
| Agency Earnings | | 114,300 | | 133,800 | | 19,500 | 17.1 | | | | |
| Total | \$ | 108,300 | \$ | 125,200 | \$ | 16,900 | 15.6 % | | | | |
| Total Receipts | \$ | 10,060,880 | \$ | 10,226,800 | \$ | 165,920 | 1.6 % | | | | |

State General Fund Profile, FY 2024 - FY 2030

Includes FY 2025 Actuals and Projected HS Caseload Adjustments and One-Time Spends (Dollars in Millions)

| | | Actual | Actual | A | Approved | E | stimate | E | Estimate | E | Stimate | ı | stimate |
|------|---------------------------------------|----------------|----------------|----|----------|----|----------|----|----------|----|----------|----|----------|
| Line | | FY 2024 | FY 2025 | | FY 2026 | | FY 2027 | | FY 2028 | | FY 2029 | | FY 2030 |
| 1 | Beginning Balance | \$ 2,410.4 | \$ 3,220.8 | \$ | 2,933.2 | \$ | 2,307.1 | \$ | 1,939.5 | \$ | 1,636.8 | \$ | 1,391.5 |
| 2 | | | | | | | | | | | | | |
| 3 | Revenue | | | | | | | | | | | | |
| 4 | Consensus Revenue Estimates | \$ 10,139.6 | \$ 10,022.0 | \$ | 10,226.8 | \$ | 10,132.9 | \$ | 10,410.4 | \$ | 10,685.8 | \$ | 10,957.4 |
| 5 | Suspend Certain Statutory Transfers | - | - | | - | | - | | 19.5 | | 19.5 | | 19.5 |
| 6 | Encumbrances | 35.9 | 5.3 | | - | | - | | - | | - | | |
| 7 | Total Available Revenue | \$ 12,585.9 | \$ 13,248.1 | \$ | 13,160.0 | \$ | 12,440.0 | \$ | 12,369.4 | \$ | 12,342.1 | \$ | 12,368.3 |
| 8 | % Revenue Change from Previous FY | 9.4 % | (1.5) % | | 2.0 % | | (0.9) % | | 2.9 % | | 2.6 % | | 2.5 % |
| 9 | | | | | | | | | | | | | |
| 10 | Expenditures | | | | | | | | | | | | |
| 11 | Actual Expenditures / Approved | \$ 9,365.1 | \$ 10,314.9 | \$ | 10,629.4 | \$ | 10,853.0 | \$ | 10,500.5 | \$ | 10,732.7 | \$ | 10,950.6 |
| 12 | Reappropriations | - | - | | 517.3 | | (517.3) | | - | | - | | - |
| 13 | Caseload Reappropriations | - | - | | (65.9) | | 65.9 | | - | | - | | - |
| 14 | Human Services Caseloads (November) | - | - | | (68.9) | | 26.8 | | 115.0 | | 115.0 | | 115.0 |
| 15 | School Finance Estimates | - | - | | (158.9) | | 110.5 | | 117.2 | | 102.9 | | 104.7 |
| 16 | One-Time Spends | - | - | | - | | (38.4) | | - | | - | | - |
| 17 | Total Adjusted Expenditures | \$ 9,365.1 | \$ 10,314.9 | \$ | 10,853.0 | \$ | 10,500.5 | \$ | 10,732.7 | \$ | 10,950.6 | \$ | 11,170.2 |
| 18 | % Expenditure Change from Previous FY | 7.3 % | 10.1 % | | 5.2 % | | (3.2) % | | 2.2 % | | 2.0 % | | 2.0 % |
| 19 | | | | | | | | | | | | | |
| 20 | Ending Balance | \$ 3,220.8 | \$ 2,933.2 | \$ | 2,307.1 | \$ | 1,939.5 | \$ | 1,636.8 | \$ | 1,391.5 | \$ | 1,198.1 |
| 21 | | | | | | | | | | | | | _ |
| 22 | Budget Stabilization Fund balance | \$ 1,670.3 | \$ 1,890.2 | \$ | 1,984.7 | \$ | 2,083.9 | \$ | 2,167.3 | \$ | 2,254.0 | \$ | 2,344.1 |
| 23 | Ending balance as % of expenditures | 34.4 % | 28.4 % | | 21.3 % | | 18.5 % | | 15.3 % | | 12.7 % | | 10.7 % |
| 23 | Receipts above / (below) expenditures | \$ 810.4 | \$ (287.5) | \$ | (626.2) | \$ | (367.6) | \$ | (302.7) | \$ | (245.3) | \$ | (193.4) |

Note: Suspended Transfers include SCCHF, Infrastructure Maintenance Fund, and TIF Revenue Replacement Fund