

November 15, 2024

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 2025 and FY 2026

The Consensus Revenue Estimating Group met today to revise the State General Fund revenue estimate for FY 2025 and to make its first official assessment of FY 2026. 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 2025, the estimate was decreased by \$59.8 million, or 0.6 percent, below the previous estimate (made in April and subsequently adjusted for legislation enacted during the Special Session). The estimate for total taxes was decreased by \$72.2 million, while the estimate for other revenues was increased by \$12.4 million. The revised estimate of \$9.732 billion represents an 4.0 percent decrease below final FY 2024 receipts.

The initial estimate for FY 2026 is \$9.846 billion, which is \$114.1 million, or 1.2 percent, above the newly revised FY 2025 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 2025 and FY 2026. The amount of total taxes is estimated to increase by 2.2 percent in FY 2026, following a 3.5 percent decrease in FY 2025.

Table 1 compares the revised estimates for FY 2025 and initial estimates for FY 2026 with actual receipts from FY 2024. Tables 2 shows the changes within the FY 2025 estimate.

Table 1
State General Fund Receipts
(Dollars in Thousands)

	FY 2024 (Actual)		Consensus Estimate November 15, 2024			
			FY 2025 (Revised)		FY 2026	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Income Taxes:						
Individual	\$ 4,503,615	(0.1) %	\$ 4,300,000	(4.5) %	\$ 4,500,000	4.7 %
Corporation	1,419,201	(5.7)	1,350,000	(4.9)	1,360,000	0.7
Financial Institutions	46,580	(18.2)	44,000	(5.5)	45,000	2.3
Total	\$ 5,969,396	(1.6) %	\$ 5,694,000	(4.6) %	\$ 5,905,000	3.7 %
Sales & Use Taxes:						
Retail Sales	\$ 2,678,278	(3.6) %	\$ 2,575,000	(3.9) %	\$ 2,550,000	(1.0) %
Compensating Use	861,205	7.2	890,000	3.3	920,000	3.4
Total	\$ 3,539,483	(1.1) %	\$ 3,465,000	(2.1) %	\$ 3,470,000	0.1 %
Other Excise Taxes:						
Cigarette	\$ 90,094	(8.5) %	\$ 84,000	(6.8) %	\$ 80,000	(4.8) %
Tobacco Products	10,509	1.5	10,200	(2.9)	10,300	1.0
Liquor Gallonage	24,703	1.4	24,000	(2.8)	24,000	--
Liquor Enforcement	83,715	0.0	84,000	0.3	84,200	0.2
Liquor Drink	15,225	1.8	15,400	1.1	15,500	0.6
Gas Severance	(1,617)	(107.7)	1,600	199.0	5,100	218.8
Oil Severance	25,924	(30.4)	23,000	(11.3)	20,900	(9.1)
Total	\$ 248,553	(14.3) %	\$ 242,200	(2.6) %	\$ 240,000	(0.9) %
Other Taxes:						
Insurance Premiums	\$ 220,680	12.9 %	\$ 222,000	0.6 %	\$ 222,000	-- %
Motor Carrier	11,786	(1.6)	11,800	0.1	11,800	--
Corporate Franchise	8,224	(10.5)	9,500	15.5	9,200	(3.2)
Miscellaneous	5,712	9.3	5,600	(2.0)	5,600	--
Total	\$ 246,402	11.0 %	\$ 248,900	1.0 %	\$ 248,600	(0.1) %
Total Taxes	\$ 10,003,834	(1.5) %	\$ 9,650,100	(3.5) %	\$ 9,863,600	2.2 %
Other Revenues:						
Interest	\$ 395,775	97.4 %	\$ 348,300	(12.0) %	\$ 218,600	(37.2) %
Net Transfers	(371,151)	68.9	(383,600)	(3.4)	(346,300)	9.7
Agency Earnings	111,103	(4.7)	117,000	5.3	110,000	(6.0)
Total	\$ 135,727	115.5 %	\$ 81,700	(39.8) %	\$ (17,700)	(121.7) %
Total Receipts	\$ 10,139,561	9.2 %	\$ 9,731,800	(4.0) %	\$ 9,845,900	1.2 %

Table 2
State General Fund Receipts
FY 2024 Revised
Comparison of November 2024 Estimate with June 2024 Estimate
(Dollars in Thousands)

	FY 2025 CRE Est.	FY 2025 CRE Est.	Difference	
	As Adj. for Legis.	Revised 11/15/2024	Amount	Pct. Chg.
Income Taxes:				
Individual	\$ 4,186,200	\$ 4,300,000	\$ 113,800	2.7 %
Corporation	1,561,500	1,350,000	(211,500)	(13.5)
Financial Institutions	45,200	44,000	(1,200)	(2.7)
Total	\$ 5,792,900	\$ 5,694,000	\$ (98,900)	(1.7) %
Sales & Use Taxes:				
Retail Sales	\$ 2,532,900	\$ 2,575,000	\$ 42,100	1.7 %
Compensating Use	885,000	890,000	5,000	0.6
Total	\$ 3,417,900	\$ 3,465,000	\$ 47,100	1.4 %
Other Excise Taxes:				
Cigarette	\$ 85,000	\$ 84,000	\$ (1,000)	(1.2) %
Tobacco Products	10,900	10,200	(700)	(6.4)
Liquor Gallonage	24,000	24,000	--	--
Liquor Enforcement	84,500	84,000	(500)	(0.6)
Liquor Drink	16,000	15,400	(600)	(3.8)
Gas Severance	4,000	1,600	(2,400)	(60.0)
Oil Severance	28,400	23,000	(5,400)	(19.0)
Total	\$ 252,800	\$ 242,200	\$ (10,600)	(4.2) %
Other Taxes:				
Insurance Premiums	\$ 231,500	\$ 222,000	\$ (9,500)	(4.1) %
Motor Carrier	11,800	11,800	--	--
Corporate Franchise	9,100	9,500	400	4.4
Miscellaneous	6,300	5,600	(700)	(11.1)
Total	\$ 258,700	\$ 248,900	\$ (9,800)	(3.8) %
Total Taxes	\$ 9,722,300	\$ 9,650,100	\$ (72,200)	(0.7) %
Other Revenues:				
Interest	\$ 351,000	\$ 348,300	\$ (2,700)	(0.8) %
Net Transfers	(385,700)	(383,600)	2,100	0.5
Agency Earnings	104,000	117,000	13,000	12.5
Total	\$ 69,300	\$ 81,700	\$ 12,400	17.9 %
Total Receipts	\$ 9,791,600	\$ 9,731,800	\$ (59,800)	(0.6) %

State General Fund Profile FY 2024 – FY 2026
Includes FY 2024 Actuals and FY 2025 Approved Budget
(Dollars in Millions)

Line	Actual FY 2024	Approved FY 2025	Estimate FY 2026
1 Beginning Balance	\$ 2,410.4	\$ 3,220.8	\$ 1,893.1
2			
3 Revenue			
4 Consensus Revenue Estimates (as of June 26, 2024)	10,139.6	9,731.8	9,845.9
5 Continue Suspending Transfers–SCCHF	-		
6 Released Encumbrances	35.9	-	-
7 Total Available Revenue	\$ 12,585.9	\$ 12,952.6	\$ 11,739.0
8 % Revenue Change from Previous Fiscal Year	9.4 %	(4.4) %	1.2 %
9			
10 Expenditures			
11 Expenditures–Governor			
12 GBR	\$ 9,365.1	\$ 10,584.6	\$ 11,059.5
13 Reappropriations/One-Time Expenditures		619.0	(1,080.4)
14 Human Services Caseloads		(22.7)	72.0
15 School Finance		(121.4)	182.8
16 Expenditure Adjustments–Bills			
17 SB 28 - Mega Appropriations (with Vetoes)			9.8
18 HB 2551 - Omnibus Appropriations (with Vetoes)			4.2
19 SB 291 - Cybersecurity			14.1
20 Total Adjusted Expenditures	\$ 9,365.1	\$ 11,059.5	\$ 10,261.9
21 % Expenditure Change from Previous Fiscal Year	7.3 %	18.1 %	(7.2) %
22			
23 Ending Balance	\$ 3,220.8	\$ 1,893.1	\$ 1,477.1
24			
25 Budget Stabilization Fund Balance	\$ 1,670.3	\$ 1,741.4	\$ 1,793.7
26 Ending SGF balance as a percentage of expenditures	34.4 %	17.1 %	14.4 %
27 Receipts above / (below) expenditures	\$ 810.4	\$ (1,327.7)	\$ (416.0)
28			
29 * Note: Includes Revised Human Services, Education Caseload Estimates, & November 2024 CRE			