

February 28, 2019

The Honorable Janis Lee, Co-Chairperson
The Honorable Steve Morris, Co-Chairperson
Governor's Council on Tax Reform

Dear Co-Chairpersons Lee and Morris:

SUBJECT: Budget Brief

Enclosed are documents providing an overview of the Governor's FY 2021 budget and an update on State General Fund receipts. The documents include:

1. State General Fund Outlook table from *The FY 2021 Governor's Budget Report* and from the budget presentation by Budget Director Campbell;
2. Lists of transfers in and out of the State General Fund for FY 2020 and FY 2021 from *The FY 2021 Governor's Budget Report*;
3. A report on State General Fund receipts for the month of January FY 2020; and
4. A report on cumulative State General Fund receipts as of January FY 2020 (July 1, 2019 to January 31, 2020).

Governor's FY 2021 Budget

The Governor's budget for FY 2021 was released on January 16, 2020 and contains a revised budget for FY 2020 and the first proposed budget for FY 2021. The State General Fund Outlook table provides a high-level view of revenues and expenditures. Please see *The FY 2021 Governor's Budget Report* for more details on the Governor's recommendations and policy proposals. *The FY 2021 Governor's Budget Report* can be found on the Division of the Budget's website: <https://budget.kansas.gov/>.

State General Fund Receipts: January FY 2020

The state received total receipts of \$747.9 million in January, which was \$63.0 million more than the estimate of \$684.9 million. Revenue sources that were above estimates by more than \$1.0 million include:

- Individual income tax collections were \$38.7 million above estimates;
- Retail sales tax collections were \$8.8 million above estimates;
- Compensating use tax collections were \$7.6 million above estimates;
- Corporate income tax collections were \$3.3 million above estimates;
- Interest earnings were \$1.8 million above estimates; and
- Insurance premium tax collections were \$1.0 million above estimates.

State General Fund Receipts: Cumulative as of January FY 2020

The state has received cumulative receipts of \$4,297.8 million as of January, which is \$116.9 million more than the estimate of \$4,180.9 million. Key revenue sources that are above estimates include:

- Individual income tax collections are \$51.1 million above estimates;
- Corporate income tax collections are \$24.4 million above estimates;
- Retail sales tax collections are \$16.2 million above estimates;
- Compensating use tax collections are \$8.9 million above estimates;
- Insurance premium tax collections are \$4.7 million above estimates; and
- Cigarette tax collections are \$2.4 million above estimates;

February Receipts

The report for February will be available March 2, 2020. The report will be available on the Division of the Budget's website: <https://budget.kansas.gov/>.