



Nick Jordan, Secretary
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Total tax collections grow \$9.6 million for August Corporate and sales tax shortfalls pull monthly collections below estimates

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TOPEKA – Overall, total tax collections were \$427.3 million for August or \$10.2 million less than estimates.

Total tax collections grew 2.3 percent \$9.7 million compared to August 2015.

Retail sales and corporate income tax receipt shortfalls pulled revenue collections for August below expectations.

Corporate income was \$9.7 million less than estimates.

Retail sales tax receipts were \$14.1 million less than anticipated.

Individual income tax receipts beat estimates by \$14.8 million for the month. The state collected \$179.8 million in individual income taxes for the month, \$9.3 million more than it collected in August 2015.

“Individual income taxes beat estimates for the second month of the fiscal year, which is encouraging, but corporate, sale and use tax receipts continue to lag pulling down the overall totals,” said Secretary of Revenue Nick Jordan.

Corporate income tax receipts appear to be following a national and regional trend as profits are weak. The Hill on Wednesday cited Moody’s Investors Services as saying that 31 of the 45 states that levy a tax on corporate incomes are expecting declining revenues in the future.

In Kansas, sales tax receipts have been particularly hard hit by slumping oil and agricultural industries. Kansas has seen a 50 percent reduction in sales tax receipts from national industry classification tax codes that include the oil industry.

The department’s Property Valuation Division is also reporting a 10.2 percent, or \$7.6 million decrease in 16/20M tagged vehicles values for the state which are typically trucks hauling trailers or heavy trucks used in the agricultural and oil industries. The category would be directly affected by farm and oil industry vehicle purchases.

To address concerns that monthly revenue receipts are not meeting estimates, the Budget Division and governor’s office have assembled an external review team of accountants and bankers who are reviewing the Consensus Estimating Process to see if the state can develop a new estimating formula that will be more reliable and accurate.

The group will present their recommendations to the governor's office by late October. Budget officials and the governor's office will then begin planning the budget and present a workable, structured plan to the Legislature in January.