

May 5, 2025

To: Governor Laura Kelly and Legislative Coordinating Council
From: Division of the Budget and Kansas Legislative Research Department
Subject: State General Fund Revenue Estimates for FY 2025 and FY 2026

Estimates for the State General Fund (SGF) are developed using a consensus process that involves the Division of the Budget, Kansas 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 as ultimately interpreted by the courts.

The Consensus Revenue Estimating Group (CRE Group) met on April 17, 2025, and increased the overall estimate for FY 2025 and FY 2026 by a combined \$377.5 million relative to the previous estimate made in November. The estimate for total taxes was increased by \$195.1 million, and other revenues were increased by \$182.4 million for the two years combined. The revised estimates incorporate the fiscal effect of all 2025 legislation signed into law through April 17, 2025. Table 1 compares the revised estimates for FY 2025 and FY 2026 with actual receipts from FY 2024.

For FY 2025, the revised estimate was increased by \$157.9 million, or 1.6 percent, above the November estimate. The estimate for total taxes was increased by \$101.5 million, while the estimate for other revenues was increased by \$56.4 million. The overall revised estimate of \$9.890 billion represents a 2.5 percent decrease below the final FY 2024 receipts.

For FY 2026, the revised estimate is \$10.066 billion, which is \$219.6 million, or 2.2 percent, above the previous estimate. The estimate for total taxes was increased by \$93.6 million, while the estimate for other revenues was increased by \$126.0 million. The overall revised estimate for FY 2026 represents a 1.8 percent increase above the newly revised FY 2025 figure.

Economic Forecast for Kansas Summary

Since the CRE Group's last meeting in November, most real economic variables and indicators have remained flat or have been revised downward. Significant concerns exist for the

economy as a whole relative to inflation and U.S. monetary policy, tariffs and trade policy, volatility in energy prices, and geopolitical risk spanning the globe and its potential impact on various commodity prices. Although the U.S. and Kansas economies continue to grow, uncertainty remains as several economic indicators are estimated to show only moderate improvements over the next few years. The economic forecast is based on no significant downturns or disruptions in the state or federal economy during the forecast period.

Real Kansas Gross State Product (GSP), which measures the cumulative economic output of the state's economy, is estimated to increase by 1.7 percent in calendar year (CY) 2025 and increase by 2.0 percent in both CY 2026 and CY 2027. The November estimate showed real Kansas GSP increasing by 2.1 percent in CY 2025 and increasing by 2.0 percent in both CY 2026 and CY 2027. Current forecasts call for real U.S. Gross Domestic Product (GDP) to increase by 1.9 percent in CY 2025 and increase by 2.0 percent in both CY 2026 and CY 2027. The November estimate had real U.S. GDP increasing by 2.2 percent in CY 2025 and increasing by 2.0 percent in both CY 2026 and CY 2027.

Kansas Personal Income

Real Kansas Personal Income (KPI), a measure of the economic well-being of state residents from all the income that they receive, is expected to increase by 1.7 percent in CY 2025 and increasing by 2.0 percent in both CY 2026 and CY 2027. The real KPI forecast used in November showed KPI increasing by 2.1 percent in CY 2025 and increasing by 2.0 percent in both CY 2026 and CY 2027. Current estimates indicate overall real U.S. Personal Income (USPI) increasing by 1.9 percent in CY 2025 and increasing by 2.0 percent in both CY 2026 and CY 2027.

Inflation Rate

The Consumer Price Index for All Urban Consumers (CPI-U) for CY 2025 is now projected to be 2.9 percent, which is higher than the 2.3 percent estimated in November. The current forecasts of 2.5 percent in CY 2026 and 2.3 percent in CY 2027 reflect slightly higher inflation expectations than the 2.2 percent in CY 2026 and 2.1 percent in CY 2027 estimated in November.

Employment

Data obtained from the Kansas Department of Labor indicate that employment levels have remained stable from levels reported last year at this time. The most recent monthly data show that total Kansas private sector employment from February 2024 to February 2025 had decreased by 100 jobs, while public sector jobs increased by 3,400 jobs. Sectors with the largest numbers of job increases over the last year include construction (+4,400), private education and health services (+4,400), and local government (+2,200). Professional and business services (-4,600), leisure and hospitality (-2,900), and manufacturing (-2,900) sectors had the largest job losses over the last year.

Current estimates indicate that the overall Kansas unemployment rate, which was 3.6 percent in CY 2024, is expected to increase to 4.0 percent in CY 2025 and decrease to 3.9 percent

in CY 2026. Kansas unemployment expectations have worsened since November when the Kansas unemployed rate was estimated to be 3.4 percent in CY 2025 and 3.3 percent in CY 2026. The national unemployment rate is expected to remain above the Kansas rate, with the U.S. rate now expected to be 4.4 percent in CY 2025 and 4.3 percent in CY 2026. A key factor in raising the estimate for the annual unemployment rate is the Kansas labor force participation rate is now higher than pre-pandemic levels. The labor force participation rate is the number of people ages 16 and older who are employed or actively seeking employment, divided by the total non-institutionalized, civilian working-age population. The Kansas labor force participation rate in February 2024 was 67.2 percent compared to 67.1 percent in February 2020.

Average weekly hours worked in the private sector in February 2025 increased to 33.3 hours, an increase of 0.4 hours from February 2024. Average real hourly earnings increased over the year by \$1.07 to \$31.62, which is an increase of 3.5 percent. The Kansas job market continues to reflect slightly more job openings than unemployed individuals, as January estimates indicate approximately 1.25 job openings for every unemployed person.

Interest Rates

The Pooled Money Investment Board (PMIB) is authorized to make investments in U.S. Treasury and federal agency securities, highly rated commercial paper and corporate bonds, and repurchase agreements and certificates of deposit at Kansas banks. In FY 2024, the state earned 5.33 percent on its SGF portfolio (compared with a 3.57 percent rate in FY 2023). The average rate of return forecasted for FY 2025 is estimated to be 4.73 percent (slightly higher than the 4.55 percent from the November estimate). For FY 2026, the average rate of return is estimated to be 4.02 percent (higher than the 3.47 percent from the November estimate).

The Federal Reserve is expected to further reduce interest rates this year, but rates are still expected to remain at elevated levels over the forecast period in an attempt to reduce inflation that has remained sticky. SGF interest earnings are estimated to be \$405.0 million in FY 2025 (an increase of \$56.7 million from the November estimate) and \$280.0 million in FY 2026 (an increase of \$61.4 million from the November estimate). Higher cash balance expectations combined with higher rates are projected to bring in more earnings to the SGF for the balance of FY 2025 and into FY 2026 than previously estimated. The estimate for FY 2026 incorporates the investment changes enacted in HB 2152 that allow the PMIB to invest state monies at Kansas financial institutions with an interest rate of up to 2.0 percent below the market rate.

Agriculture

The agricultural sector is, in many ways, a tale of two economies. Crop producers face significant headwinds as prices for all grain commodities have continued to decline without commensurate reductions in input prices. However, cattle prices have continued to increase and the economic experience of beef producers in the current climate is significantly different than that of crop producers. Many Kansas cattle producers indicate an interest in expanding their herd size, but high prices and demand for beef impose a supply chain difficulty for expansion. Additionally, Kansas dairy production continues its recent trend of expansion. The persistent drought, while not

as severe as at the time of the fall estimate, remains an obstacle for the entire agricultural sector and the outcomes of trade upheaval pose both risks and potential rewards to the agricultural sector.

Oil & Gas

The price per taxable barrel of Kansas crude oil is now estimated to average \$62.00 in FY 2025 (unchanged from the estimate used in November) and reflects higher prices received in the first half of the fiscal year while notable declines in the prices occurred over the winter and are expected to continue for the remainder of the fiscal year. Since there is a two-month lag from when production occurs and when the tax is due, oil severance tax receipts are estimated to be subdued but stable over the last three months of FY 2025. The estimated average price of \$52.00 per barrel in FY 2026 (down from the \$58.00 estimate used in November) is based largely on oil futures price expectations leading up to the April 17, 2025, meeting. A great deal of uncertainty remains in forecasting the price of this commodity. Kansas is estimated to produce 27.0 million barrels of oil in FY 2025, which is 1.0 million more than the 26.0 million barrels that was used in the November estimate. The current forecast of 26.5 million barrels for FY 2026 is 1.5 million more than the 25.0 million barrels that was used in the November estimate. Of all Kansas oil produced, 53.0 percent is predicted to not be subject to severance taxation because of various exemptions in state law for FY 2025 and 54.0 percent for FY 2026.

Based on an industry source's analysis of futures markets, the price of natural gas is expected to average \$2.15 per thousand cubic feet (Mcf) for FY 2025, which is up from the \$1.75 per Mcf estimated in November. The price is estimated to increase to \$3.10 per Mcf for FY 2026, which is up from the \$2.60 per Mcf estimated in November. The higher price estimates are indicative of the higher demand from the recent colder than average winter combined with lower inventories that are expected over the forecast period. Kansas natural gas production is estimated to reach 123.0 million Mcf in FY 2025, which is unchanged from the amount estimated in November and represents a significant decrease from the modern era peak of 730.0 million Mcf in FY 1996 (largely a result of depleting reserves in the Hugoton Field and no new drilling activity). Production is estimated to continue to decrease in the future and is expected to be 113.0 million Mcf in FY 2026, which is unchanged from the amount estimated in November. Approximately 55.0 percent of natural gas produced is estimated to be exempt from severance taxation in FY 2025 and 45.0 percent is estimated to be exempt in FY 2026.

Incorporated Estimated Fiscal Impacts of Legislation

The estimates include the effects of previously enacted state and federal legislation. For retail sales and compensating use taxes, these effects include the elimination in the state sales tax on food and food ingredients, and an additional change in the disposition of revenues percentages for the SGF and the State Highway Fund that occurred on January 1, 2025. The corporate income tax estimate for both FY 2025 and FY 2026 includes the reduction of revenues attributed to the Attracting Powerful Economic Expansion Act (APEX) agreement between Panasonic and the State of Kansas.

The 2025 Legislature passed HB 2062 which includes a provision that allows a personal exemption of \$2,320 for any unborn child starting in tax year 2025. The bill is expected to reduce

individual income taxes by \$2.9 million in FY 2026. The bill was vetoed by the Governor, but that veto was overridden. Changes to the historic structures tax credit were included in SB 227 which is estimated to reduce individual income taxes by \$600,000 in FY 2026.

The Legislature passed SB 269 which creates a procedure to decrease individual income, corporation income, and privilege tax rates in future tax years. Once made, any rate reduction would remain in effect unless further reduced, and lower tax receipts would not trigger an automatic rate increase. The bill requires that a rate reduction not occur in a year in which the balance of the Budget Stabilization Fund is less than 15.0 percent of the prior fiscal year's State General Fund tax revenues. The bill has the potential to reduce State General Fund tax revenues by unknown amounts in future tax years; however, a reduction to any income tax rates is not expected to occur over the forecast period.

Economic Forecasts

	<u>CY 2025</u>	<u>CY 2026</u>	<u>CY 2027</u>
Inflation (CPI-U)	2.9 %	2.5 %	2.3 %
U.S. Real GDP Growth	1.9 %	2.0 %	2.0 %
Real USPI Growth	1.9 %	2.0 %	2.0 %
Corporate Profits Before Tax	2.0 %	2.7 %	3.0 %
KS Real GSP Growth	1.7 %	2.0 %	2.0 %
KS Real Personal Income Growth	1.7 %	2.0 %	2.0 %
Kansas Real Disposable Income	1.7 %	2.0 %	2.0 %
U.S. Unemployment Rate	4.4 %	4.3 %	4.3 %
Kansas Unemployment Rate	4.0 %	3.9 %	3.9 %
	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>
SGF Interest	5.33 %	4.73 %	4.02 %
Oil and Gas			
Oil Price per Barrel	\$74.73	\$62.00	\$52.00
Gross Oil Production	27,109,897	27,000,000	26,500,000
Gas Price per Mcf	\$2.08	\$2.15	\$3.10
Gross Gas Production	133,156,071	123,000,000	113,000,000

State General Fund Receipt Estimates

Each individual SGF source was reevaluated independently, and consideration was given to revised and updated economic forecasts, collection information from the Department of Revenue and Department of Insurance, and year-to-date receipts. The growth rates for individual income taxes are heavily influenced by 2024 Special Session SB 1, which reduces tax receipts by additional amounts in FY 2025 compared to FY 2026 due to the retroactive nature of the bill. The corporation income tax growth rate reflects the rate reduction that went into effect in tax year 2024 and stable corporate earnings going forward. The growth rates of retail sales tax reflect lower tax collections for food and food ingredients and increasing the share of the distribution of tax

collections to the State Highway Fund. The compensating use tax reflects strong continued growth in online sales.

Growth Rates of Key Revenue Sources (Percentages)

Revenue Source	FY 2024	FY 2025	FY 2026
Individual Income	(0.1) %	(1.2) %	5.1 %
Corporation Income	(5.7)	(6.6)	--
Retail Sales	(3.6)	(4.6)	(1.6)
Compensating Use	7.2	3.3	3.4

FY 2025

The revised estimate of SGF receipts for FY 2025 is \$9.890 billion, an increase of \$157.9 million from the previous estimate made in November. Total SGF receipts through March were \$206.4 million above the previous estimate. The revised estimate is \$249.9 million, or 2.5 percent, below actual FY 2024 receipts. This result is heavily influenced by 2024 Special Session SB 1, which reduces SGF receipts by \$476.8 million. Details of the current year's revised estimate are reflected in Table 2.

Income Taxes

The individual income tax estimate was increased by \$150.0 million in FY 2025 based on higher nominal growth in personal income and strong income tax withholdings payments, which is partially offset by increased refunds from tax cuts enacted last year. Individual income tax receipts through March were running \$187.3 million above the fiscal year-to-date estimate. Receipts from this source are extremely bottom-heavy in terms of the state's fiscal year, and there is often a great deal of volatility in the spring months as taxpayers are filing and reconciling their liabilities from the previous tax year, especially as it relates to capital gains.

The corporation income tax estimate was decreased by \$25.0 million in FY 2025 from the amount estimated in November. Fiscal year-to-date receipts were down \$11.1 million through March. The CRE Group decreased the estimate primarily based on preliminary data for April that showed lower balance due payments for tax year 2024. The estimate for the financial institutions privilege tax was increased by \$1.0 million as revenues for banks have remained stable.

Retail Sales & Compensating Use Taxes

The retail sales tax estimate for FY 2025 was decreased by \$20.0 million from the amount estimated in November. Retail sales tax receipts were \$12.6 million below the fiscal-year-to-date estimate through March. Monthly retail sales tax receipts have been falling slightly below expectations since November that began with weaker than expected holiday sales and exacerbated

by cold weather that reduced sales in January and February that shows up in receipts recorded in February and March. The Consensus Group also looked at increased consumer expenditures for items that are not subject to the state sales tax including food and food ingredients; medical care, digital goods, and other services; and consumer behavior changes from persistent high inflation that will limit the growth in receipts from retail sales taxes in the near-term despite steady increases in Kansas disposable personal income.

The compensating use tax estimate remained unchanged from the amount estimated in November. Fiscal year-to-date receipts were up by \$1.8 million through March but are up \$24.8 million over FY 2024 receipts. The slower year-to-date growth in compensating use tax receipts represents a return to normal growth patterns combined with current inflationary conditions.

Net Transfers

The estimate for net transfers was increased by \$5.4 million in FY 2025, primarily from increasing the Expanded Lottery Act Revenues Fund transfer to the SGF by \$2.2 million from increasing the net gaming facility revenue estimate collected from the four state-owned gaming operations, reducing the Attorney General's Tort Claims Fund transfers from the SGF by \$1.8 million for fewer costs to defend the state and make settlement payments, and reducing the SGF transfer to the Kansas Department for Aging and Disability Services' County Competency Expense Fund by \$1.6 million. Various other net transfer adjustments reduced the SGF by \$200,000.

Other State General Fund Receipts

The estimate for SGF interest was increased by \$56.7 million from higher earnings based on higher cash balance expectations combined with higher rates than what was estimated in November. Other receipt estimates that were increased by at least \$1.0 million include gas severance tax (increased by \$1.3 million) and oil severance tax (increased by \$1.2 million).

The insurance premiums tax estimate was decreased by \$4.0 million in FY 2025 as the Insurance Department has issued additional refunds related to insurance companies claiming certain housing tax credits which were more than what was estimated in November. Other receipt estimates that were decreased by at least \$1.0 million include agency earnings (decreased by \$5.7 million), cigarette tax (decreased by \$2.0 million), and liquor enforcement (decreased by \$1.0 million).

FY 2026

SGF receipts are estimated to be \$10.066 billion in FY 2026, an increase of \$219.6 million relative to the November estimate. The new FY 2026 estimate is \$175.8 million or 1.8 percent above the newly revised FY 2025 estimate. The growth rate is heavily influenced by modest growth expectations in overall tax receipts and lower amounts of net transfers going out to various state funds, which is partially offset by lower SGF interest earned on the state's idle fund balance. Details of the revised estimate for FY 2026 are reflected in Table 3.

The individual income tax estimate was increased by \$175.0 million in FY 2026, primarily for the continuation of nominal growth in personal income and strong income tax withholdings payments. The corporation income tax estimate was decreased by \$35.0 million in FY 2026 from the amount estimated in November. The decrease is primarily a result of recognizing slightly slower growth from this revenue source.

The retail sales tax estimate for FY 2026 was reduced by \$35.0 million from the amount estimated in November, as slower growth from this source is expected. The compensating use tax estimate was unchanged from the amount estimated in November.

The estimate for SGF interest earnings was increased by \$61.4 million in FY 2026 based on higher cash balance expectations and higher sustained interest rates. The estimate for net transfers was increased by \$60.3 million in FY 2026, primarily from reducing the SGF transfer to the State Treasurer's Build Kansas Matching Grant Fund by \$50.0 million, reducing the SGF transfer to the Board of Regents' Kansas Campus Restoration Fund by \$25.7 million, transferring \$10.5 million from the Kansas Department of Health and Environment's Health Care Access Improvement Fund to the SGF, and increasing the Average Daily Balance transfers from the SGF to various agencies' special revenue funds that have statutory authority to retain their interest income by \$17.4 million. Various other net transfer adjustments decrease the SGF by \$8.5 million. Other receipt estimates that were increased by at least \$1.0 million include agency earnings (increased by \$4.3 million) and gas severance tax (increased by \$1.8 million).

The cigarette tax estimate was reduced by \$3.0 million as the long-term decline in receipts from this source is expected to continue. Other receipt estimates that were decreased by at least \$1.0 million include insurance premiums tax (decreased by \$7.0 million) and oil severance tax (decreased by \$2.3 million).

Accuracy of Consensus Revenue Estimates

For 50 years, SGF revenue estimates for Kansas have been developed using the consensus revenue estimating process. Each of the parties involved in the process prepared independent estimates and met on April 17, 2025, to discuss estimates and come to a consensus for each fiscal year. These estimates will be further adjusted to reflect any state legislation enacted after April 17, 2025, which affects SGF receipts.

The table on the next page presents estimates compared to actual receipts since FY 1975, the fiscal year for which the current process was initiated. The adjusted original estimate is first compared to actual collections and then the final estimate is compared to actual receipts.

STATE GENERAL FUND ESTIMATES

Fiscal Year	Adjusted Original Estimate*	Adjusted Final Estimate**	Actual Receipts	Difference from:			
				Original Estimate Amount	Percent	Final Estimate Amount	Percent
1975	\$ --	\$ 614.9	\$ 627.6	\$ --	-- %	\$ 12.7	2.1 %
1976	676.3	699.7	701.2	24.9	3.7	1.4	0.2
1977	760.2	760.7	776.5	16.3	2.1	15.8	2.1
1978	830.1	861.2	854.6	24.5	3.0	(6.5)	(0.8)
1979	945.2	1,019.3	1,006.8	61.6	6.5	(12.5)	(1.2)
1980	1,019.3	1,095.9	1,097.8	78.5	7.7	1.9	0.2
1981	1,197.1	1,226.4	1,226.5	29.4	2.5	0.1	--
1982	1,351.3	1,320.0	1,273.0	(78.3)	(5.8)	(47.0)	(3.6)
1983	1,599.2	1,366.9	1,363.6	(235.6)	(14.7)	(3.2)	(0.2)
1984	1,596.7	1,539.0	1,546.9	(49.8)	(3.1)	7.9	0.5
1985	1,697.7	1,679.7	1,658.5	(39.2)	(2.3)	(21.3)	(1.3)
1986	1,731.2	1,666.4	1,641.4	(89.8)	(5.2)	(25.0)	(1.5)
1987	1,903.1	1,764.7	1,778.5	(124.6)	(6.5)	13.8	0.8
1988	1,960.0	2,031.5	2,113.1	153.1	7.8	81.6	4.0
1989	2,007.8	2,206.9	2,228.3	220.5	11.0	21.4	1.0
1990	2,241.2	2,283.3	2,300.5	59.3	2.6	17.2	0.8
1991	2,338.8	2,360.6	2,382.3	43.5	1.9	21.7	0.9
1992	2,478.7	2,454.5	2,465.8	(12.9)	(0.5)	11.3	0.5
1993	2,913.4	2,929.6	2,932.0	18.6	0.6	2.4	0.1
1994	3,040.1	3,126.8	3,175.7	135.6	4.5	48.9	1.6
1995	3,174.4	3,243.9	3,218.8	44.4	1.4	(25.1)	(0.8)
1996	3,428.0	3,409.2	3,448.3	20.3	0.6	39.0	1.1
1997	3,524.8	3,642.4	3,683.8	159.0	4.5	41.4	1.1
1998	3,714.4	3,971.0	4,023.7	309.3	8.3	52.7	1.3
1999	3,844.7	4,051.9	3,978.4	133.7	3.5	(73.4)	(1.8)
2000	4,204.1	4,161.0	4,203.1	(1.0)	--	42.1	1.0
2001	4,420.7	4,408.7	4,415.0	(5.7)	(0.1)	6.4	0.1
2002	4,674.5	4,320.6	4,108.9	(565.6)	(12.1)	(211.7)	(4.9)
2003	4,641.0	4,235.6	4,245.6	(395.4)	(8.5)	9.9	0.2
2004	4,605.5	4,450.5	4,518.7	(86.8)	(1.9)	68.2	1.5
2005	4,490.5	4,793.8	4,841.3	350.8	7.8	47.5	1.0
2006	4,834.0	5,308.7	5,394.4	560.4	11.6	85.7	1.6
2007	5,144.0	5,721.3	5,809.0	665.0	12.9	87.8	1.5
2008	5,700.4	5,736.3	5,693.4	(7.0)	(0.1)	(43.0)	(0.7)
2009	6,185.7	5,709.7	5,587.4	(598.3)	(9.7)	(122.3)	(2.1)
2010	5,974.2	5,291.0	5,191.3	(782.9)	(13.1)	(99.8)	(1.9)
2011	5,851.0	5,779.6	5,882.1	31.1	0.5	102.5	1.8
2012	6,098.9	6,404.3	6,412.8	313.9	5.1	8.5	0.1
2013	6,414.2	6,250.4	6,341.1	(73.1)	(1.1)	90.7	1.5
2014	5,947.0	5,986.5	5,653.2	(293.8)	(4.9)	(333.3)	(5.6)
2015	5,992.3	5,944.4	5,928.8	(63.5)	(1.1)	(15.6)	(0.3)
2016	6,358.0	6,149.6	6,073.5	(284.6)	(4.5)	(76.2)	(1.2)
2017	6,377.8	6,266.8	6,339.1	(38.7)	(0.6)	72.3	1.2
2018	6,453.5	7,030.9	7,298.1	844.6	13.1	267.2	3.8
2019	6,571.0	7,231.2	7,368.4	797.4	12.1	137.2	1.9
2020	7,376.0	6,825.2	6,900.5	(475.5)	(6.4)	75.2	1.1
2021	7,747.9	8,099.9	8,865.9	1,118.1	14.4	766.1	9.5
2022	5,827.3	7,695.0	7,916.0	2,088.7	35.8	221.0	2.9
2023	7,854.4	9,230.1	9,282.8	1,428.4	18.2	52.7	0.6
2024	10,241.3	10,182.6	10,139.6	(101.8)	(1.0)	(43.0)	(0.4)

* The adjusted original estimate is the estimate made in November or December prior to the start of the next fiscal year in July and adjusted to account for legislation enacted, if any, which affect receipts to the SGF.

** The final estimate made in March or April is the adjusted original estimate plus or minus changes subsequently made by the CRE Group. It also includes the estimated impact of legislation on receipts.

Table 1
State General Fund Receipts
(Dollars in Thousands)

	Consensus Estimate April 17, 2025					
	FY 2024 (Actual)		FY 2025 (Revised)		FY 2026 (Revised)	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Income Taxes:						
Individual	\$ 4,503,615	(0.1) %	\$ 4,450,000	(1.2) %	\$ 4,675,000	5.1 %
Corporation	1,419,201	(5.7)	1,325,000	(6.6)	1,325,000	--
Financial Institutions	46,580	(18.2)	45,000	(3.4)	45,000	--
Total	\$ 5,969,396	(1.6) %	\$ 5,820,000	(2.5) %	\$ 6,045,000	3.9 %
Sales & Use Taxes:						
Retail Sales	\$ 2,678,278	(3.6) %	\$ 2,555,000	(4.6) %	\$ 2,515,000	(1.6) %
Compensating Use	861,205	7.2	890,000	3.3	920,000	3.4
Total	\$ 3,539,483	(1.1) %	\$ 3,445,000	(2.7) %	\$ 3,435,000	(0.3) %
Other Excise Taxes:						
Cigarette	\$ 90,094	(8.5) %	\$ 82,000	(9.0) %	\$ 77,000	(6.1) %
Tobacco Products	10,509	1.5	10,300	(2.0)	10,400	1.0
Liquor Gallonage	24,703	1.4	24,300	(1.6)	24,300	--
Liquor Enforcement	83,715	0.0	83,000	(0.9)	83,500	0.6
Liquor Drink	15,225	1.8	15,200	(0.2)	15,300	0.7
Gas Severance	(1,617)	(107.7)	2,900	279.4	6,900	137.9
Oil Severance	25,924	(30.4)	24,200	(6.6)	18,600	(23.1)
Total	\$ 248,553	(14.3) %	\$ 241,900	(2.7) %	\$ 236,000	(2.4) %
Other Taxes:						
Insurance Premiums	\$ 220,680	12.9 %	\$ 218,000	(1.2) %	\$ 215,000	(1.4) %
Motor Carrier	11,786	(1.6)	11,600	(1.6)	11,400	(1.7)
Corporate Franchise	8,224	(10.5)	9,800	19.2	9,500	(3.1)
Miscellaneous	5,712	9.3	5,300	(7.2)	5,300	--
Total	\$ 246,402	11.0 %	\$ 244,700	(0.7) %	\$ 241,200	(1.4) %
Total Taxes	\$ 10,003,834	(1.5) %	\$ 9,751,600	(2.5) %	\$ 9,957,200	2.1 %
Other Revenues:						
Interest	\$ 395,775	97.4 %	\$ 405,000	2.3 %	\$ 280,000	(30.9) %
Net Transfers	(371,151)	68.9	(378,200)	(1.9)	(286,000)	24.4
Agency Earnings	111,103	(4.7)	111,300	0.2	114,300	2.7
Total	\$ 135,727	115.5 %	\$ 138,100	1.7 %	\$ 108,300	(21.6) %
Total Receipts	<u>\$ 10,139,561</u>	<u>9.2 %</u>	<u>\$ 9,889,700</u>	<u>(2.5) %</u>	<u>\$ 10,065,500</u>	<u>1.8 %</u>

Table 2
State General Fund Receipts
FY 2025 Revised
Comparison of April 2025 Estimate with November 2024 Estimate
(Dollars in Thousands)

	FY 2025 CRE Est. Revised 11/15/2024	FY 2025 CRE Est. Revised 04/17/2025	Difference	
			Amount	Pct. Chg.
Income Taxes:				
Individual	\$ 4,300,000	\$ 4,450,000	\$ 150,000	3.5 %
Corporation	1,350,000	1,325,000	(25,000)	(1.9)
Financial Institutions	44,000	45,000	1,000	2.3
Total	\$ 5,694,000	\$ 5,820,000	\$ 126,000	2.2 %
Sales & Use Taxes:				
Retail Sales	\$ 2,575,000	\$ 2,555,000	\$ (20,000)	(0.8) %
Compensating Use	890,000	890,000	--	--
Total	\$ 3,465,000	\$ 3,445,000	\$ (20,000)	(0.6) %
Other Excise Taxes:				
Cigarette	\$ 84,000	\$ 82,000	\$ (2,000)	(2.4) %
Tobacco Products	10,200	10,300	100	1.0
Liquor Gallonage	24,000	24,300	300	1.3
Liquor Enforcement	84,000	83,000	(1,000)	(1.2)
Liquor Drink	15,400	15,200	(200)	(1.3)
Gas Severance	1,600	2,900	1,300	81.3
Oil Severance	23,000	24,200	1,200	5.2
Total	\$ 242,200	\$ 241,900	\$ (300)	(0.1) %
Other Taxes:				
Insurance Premiums	\$ 222,000	\$ 218,000	\$ (4,000)	(1.8) %
Motor Carrier	11,800	11,600	(200)	(1.7)
Corporate Franchise	9,500	9,800	300	3.2
Miscellaneous	5,600	5,300	(300)	(5.4)
Total	\$ 248,900	\$ 244,700	\$ (4,200)	(1.7) %
Total Taxes	\$ 9,650,100	\$ 9,751,600	\$ 101,500	1.1 %
Other Revenues:				
Interest	\$ 348,300	\$ 405,000	\$ 56,700	16.3 %
Net Transfers	(383,600)	(378,200)	5,400	1.4
Agency Earnings	117,000	111,300	(5,700)	(4.9)
Total	\$ 81,700	\$ 138,100	\$ 56,400	69.0 %
Total Receipts	\$ 9,731,800	\$ 9,889,700	\$ 157,900	1.6 %

Table 3
State General Fund Receipts
FY 2026 Revised
Comparison of April 2025 Estimate with November 2024 Estimate
(Dollars in Thousands)

	FY 2026 CRE Est. Revised 11/15/2024	FY 2026 CRE Est. Revised 04/17/2025	Difference	
			Amount	Pct. Chg.
Income Taxes:				
Individual	\$ 4,500,000	\$ 4,675,000	\$ 175,000	3.9 %
Corporation	1,360,000	1,325,000	(35,000)	(2.6)
Financial Institutions	45,000	45,000	--	--
Total	\$ 5,905,000	\$ 6,045,000	\$ 140,000	2.4 %
Sales & Use Taxes:				
Retail Sales	\$ 2,550,000	\$ 2,515,000	\$ (35,000)	(1.4) %
Compensating Use	920,000	920,000	--	--
Total	\$ 3,470,000	\$ 3,435,000	\$ (35,000)	(1.0) %
Other Excise Taxes:				
Cigarette	\$ 80,000	\$ 77,000	\$ (3,000)	(3.8) %
Tobacco Products	10,300	10,400	100	1.0
Liquor Gallonage	24,000	24,300	300	1.3
Liquor Enforcement	84,200	83,500	(700)	(0.8)
Liquor Drink	15,500	15,300	(200)	(1.3)
Gas Severance	5,100	6,900	1,800	35.3
Oil Severance	20,900	18,600	(2,300)	(11.0)
Total	\$ 240,000	\$ 236,000	\$ (4,000)	(1.7) %
Other Taxes:				
Insurance Premiums	\$ 222,000	\$ 215,000	\$ (7,000)	(3.2) %
Motor Carrier	11,800	11,400	(400)	(3.4)
Corporate Franchise	9,200	9,500	300	3.3
Miscellaneous	5,600	5,300	(300)	(5.4)
Total	\$ 248,600	\$ 241,200	\$ (7,400)	(3.0) %
Total Taxes	\$ 9,863,600	\$ 9,957,200	\$ 93,600	0.9 %
Other Revenues:				
Interest	\$ 218,600	\$ 280,000	\$ 61,400	28.1 %
Net Transfers	(346,300)	(286,000)	60,300	17.4
Agency Earnings	110,000	114,300	4,300	3.9
Total	\$ (17,700)	\$ 108,300	\$ 126,000	711.9 %
Total Receipts	\$ 9,845,900	\$ 10,065,500	\$ 219,600	2.2 %