

KANSAS BUDGET 101

Part II: Revenues



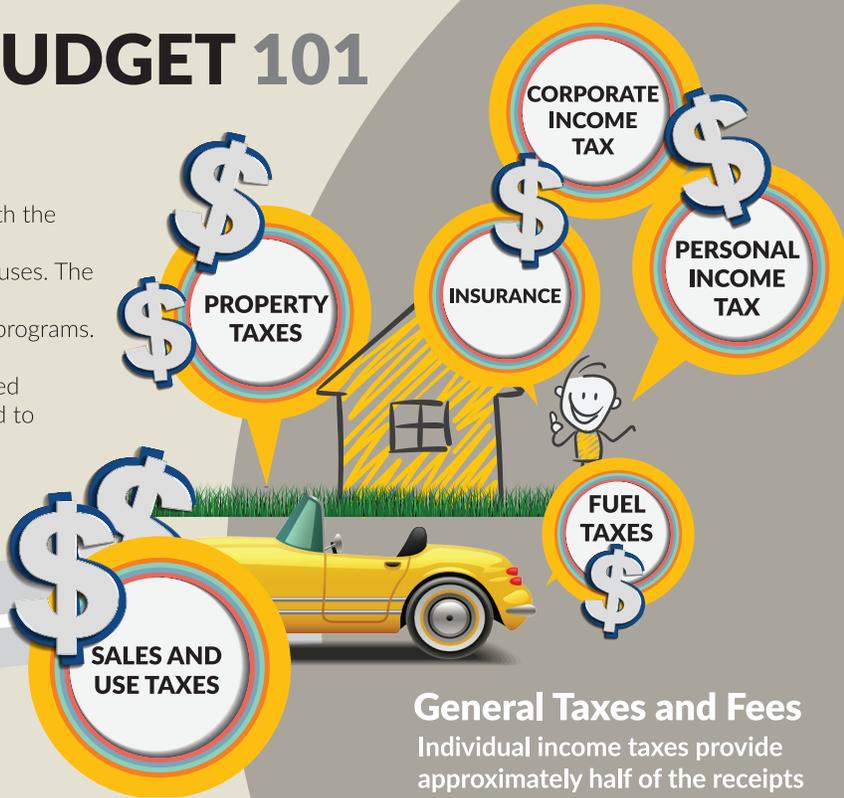
In general, two-thirds of all tax dollars go to the federal government with the remaining one-fifth and one-tenth going to state and local government, respectively. There are a variety of sources for the money that the state uses. The state may obtain money through taxes, fees, grants and other ways.

State money is added into state funds, which is spent by agencies and programs. This infographic details how the state generates revenue.

The Kansas Health Institute and the Kansas Health Foundation produced a primer on the Kansas budget. A series of five infographics were created to tell the story:

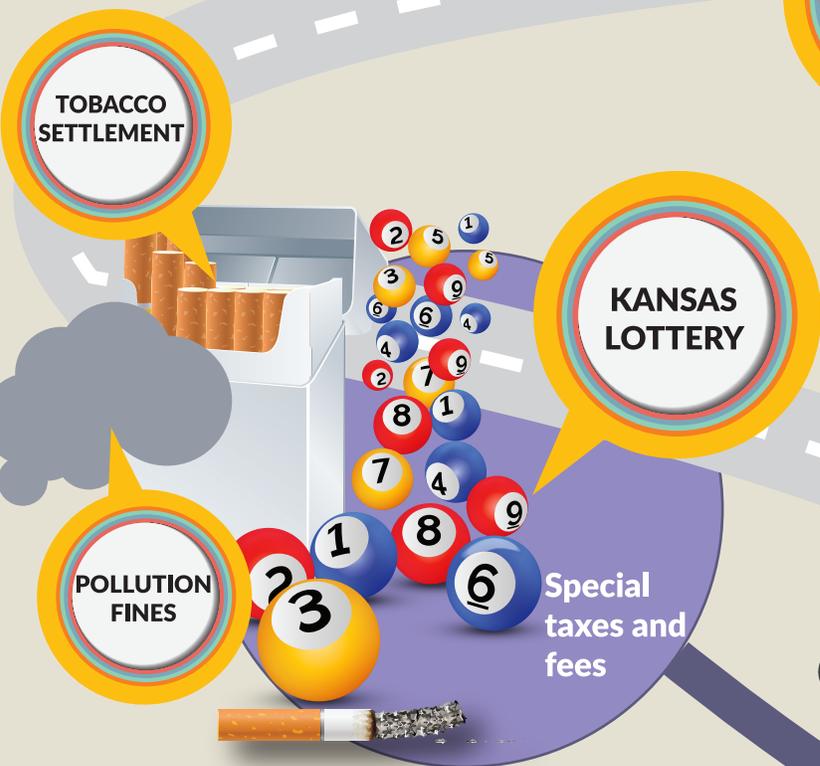
- I – Cash Flow
- II – Revenues**
- III – Expenditures
- IV – Education Spending
- V – Health and Human Services Spending

Available at khi.org and kansashealth.org



General Taxes and Fees

Individual income taxes provide approximately half of the receipts in the State General Fund (SGF). Another 37.5% of the SGF comes from retail sales and compensating use taxes. Corporate income taxes provide 6.1% of the SGF. The remaining 6% comes from other excise taxes, financial institutions privilege taxes and miscellaneous revenue.



Just more than one-third of all revenues are special taxes and fees that must be spent for special purposes, such as vehicle registrations added to the non-federal Highway Fund to be spent on improving Kansas highways. Proceeds from the national settlement with tobacco companies are deposited in the Children's Initiatives Fund, which is used to finance programs related to children's issues. Wildlife and Parks fees are used to finance upkeep of Kansas' great landscape and creatures.

Almost one-quarter comes back from Washington, D.C., in federal receipts.



Up next **Part III: Expenditures**

Kansas Budget: Revenues

How Does the State Make Its Money?



Budgeting Basics

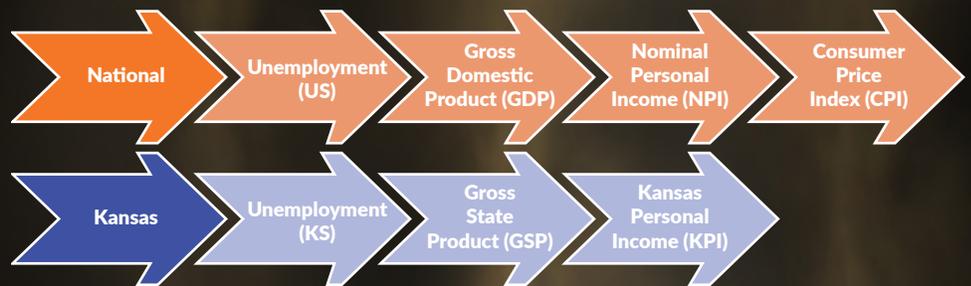
Just like the fuel that runs your car, governments need money to operate and provide services. This money may be obtained through taxes, fees, grants and other ways. The money is collected during everyday spending and on some special occasions such as Tax Day in April.

Money received is added into state funds, from which agencies and programs may spend. State funds fall into two different classes: *state general fund* (SGF) – the operating budget of Kansas – and *special revenue funds* for specific spending purposes. Federal grants received by the state also are added to the mix. The full listing of state funds is referred to as *all funds*.

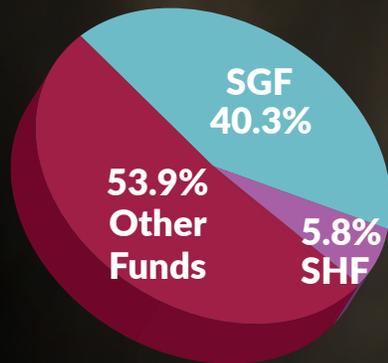
Policy Spotlights

The Consensus Revenue Estimation Process

“Consensus revenue estimates” are a tool to forecast SGF revenue. Each year, the Consensus Revenue Estimating Group forecasts revenues. The group meets in the fall and spring to create an initial estimate and then revise that estimate, respectively. Estimation is a difficult process that uses state and national information on forces that influence the economy that may impact state revenues, including the following:



Financing the All Funds Budget



All Funds are the sum total of all state funds for Kansas. The SGF makes up the largest state fund (*about 40 percent*), followed by the State Highway Fund (SHF) (*about 6 percent*). The remaining half are many special revenue funds. Examples of these funds are the Children’s Initiatives Fund which uses national tobacco settlement money to support children’s programs and the Expanded Lottery Act Revenues Fund which uses gaming revenue and fees to increase the number of engineering graduates from state universities, reduce state debt and support other beneficial services.

Glossary

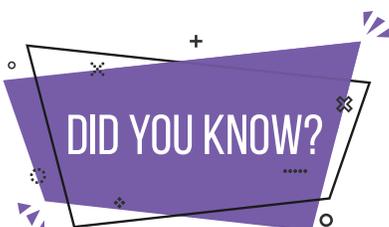
All Funds: Sum of all money held by the state for spending.



Constitution and Law



Kansas Constitution Article 11 enables the state to levy (impose) taxes and acquire debt to finance expenditures. Income taxes (Section 2) may be “*graduated and progressive*” (i.e., tax rate increases as income amount increases).



- The Consensus Revenue Estimating Group includes representatives of the Division of the Budget, Department of Revenue, Kansas Legislative Research Department (KLRD) and university economists.
- The Kansas Department of Administration hosts KanView, an online resource with data on government financial activity, including state revenues: kanview.ks.gov.