



## Testimony to House Appropriations Committee HB 2133 Move Revenue Estimate from April to May February 8, 2017 Dave Trabert, President

Chairman Waymaster and Members of the Committee,

We appreciate this opportunity to testify in support of HB 2133, which would move the Spring Consensus Revenue Estimate to May 1.

Moving the estimate to May would result in much more accurate projections by allowing the estimators to review actual April tax collections. Since Fiscal Year 2002, the April estimate for current year individual and corporate income tax collections (combined) missed actual receipts by an average of \$98.6 million. That's not an indictment of the estimators' abilities, but merely a reflection of the volatility of April collections.

For example, actual income tax receipts were \$92.5 million above estimate for FY 2013 largely due to a 2013 change in the federal capital gains tax rate, which prompted capital gains to be pulled forward to 2012 and the tax paid in 2013. This happened across the country but there was no way of knowing the degree to which 2013 receipts were pushed higher or subsequent years' receipts would be reduced as a result of gains being taken earlier than normal.

This history should also dispel any notions that missing estimates is due to tax relief passed in 2012, as estimates were off by more than \$100 million five times out of ten before 2012.

Moving the estimate to May 1 will create an inconvenience for staff and legislators, but we believe the greater good is served by having more reliable revenue estimates.

We support HB 2133 and encourage the Committee to do so as well.

Individual and Corporate Income Tax (millions)			
Fiscal Year	April Est.	Actual	Variance to Estimate
FY 02	\$2,110.0	\$1,923.6	(\$186.4)
FY 03	\$1,885.0	\$1,855.3	(\$29.7)
FY 04	\$1,955.0	\$2,029.6	\$74.6
FY 05	\$2,167.0	\$2,276.6	\$109.6
FY 06	\$2,640.0	\$2,721.5	\$81.5
FY 07	\$3,070.0	\$3,151.8	\$81.8
FY 08	\$3,367.0	\$3,328.7	(\$38.3)
FY 09	\$3,030.0	\$2,922.3	(\$107.7)
FY 10	\$2,760.0	\$2,643.1	(\$116.9)
FY 11	\$2,826.0	\$2,934.6	\$108.6
FY 12	\$3,205.0	\$3,192.5	(\$12.5)
FY 13	\$3,210.0	\$3,302.5	\$92.5
FY 14	\$2,935.0	\$2,617.6	(\$317.4)
FY 15	\$2,705.0	\$2,694.9	(\$10.1)
FY 16	\$2,715.0	\$2,603.7	(\$111.3)

*Source: Kansas Legislative Research*