



---

Nick Jordan, Secretary  
Jeannine Koranda, P.I.O.

Sam Brownback, Governor

## **Federal tax changes affect Kansas revenues**

April 30, 2014

TOPEKA – Nationwide, states have seen a significant decline in tax receipts, for example, Michigan tax receipts are down 42.6 percent, Wisconsin is down 31 percent, Pennsylvania’s revenue receipts have dropped by 26.5 percent and Vermont is down 11.9 percent. With the exception of Wisconsin, none of the states listed had enacted tax cuts in 2013.

In Kansas, the tax receipts for April are about 45 percent below April 2013. April 2013 balance due receipts increased dramatically from the previous year, about 53 percent, because of taxpayers realizing capital gains and other income in tax year 2012 to take advantage of more favorable federal tax rates set to expire Jan. 1, 2013. The reduction in the revenue numbers reflects a first quarter 2014 gross domestic product that was much lower than anticipated at the national level, at 0.1 percent.

“This is an undeniable result of President Obama’s failed economic policies of increasing taxes and over-regulation,” said Revenue Secretary Nick Jordan. “Our state coffers are seeing the effect of poor policy decisions at the federal level which have seen a 7.6 percent drop in exports and a slow rate of inventory replenishment.”

Revenue tax receipts for the fiscal year to date fell \$92.8 million short of the revenue estimates, or 2 percent. Because the consensus revenue estimating group just recalculated estimates, the fiscal year to date figure and the monthly revenue receipt number are identical.

Our state economy depends greatly on export of goods – agricultural products and aircraft – and when exports are down that will affect Kansas. This is the slowest growth recorded since the last quarter of 2012 and has affected Kansas along with much of the nation. While some economists expected this slowdown in GDP due to weather related issues, the numbers released today indicate that other factors such as weakness in export, perhaps reflecting weak global economic activity also played a substantial role in the slowdown during the first quarter of 2014.