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Federal tax cuts impact December receipts

TOPEKA—Federal tax reform artificially inflated Kansas revenue receipts for December 2017, putting the state \$83.6 million above estimates so far this fiscal year, according to the latest revenue report released Tuesday.

The \$10,000 cap on state and local tax deductions included in the federal Tax Cuts and Jobs Act influenced certain Kansas filers to make estimated payments before the end of the calendar year instead of April 17, 2018. The result is individual income tax receipts came in \$87.1 million above estimates this fiscal year to date, of which \$80.4 million came in December alone.

“This is simply a shift in the timing of tax payments,” Secretary Sam Williams said. “We truly will not know the effect of state and federal tax policy until after the filing deadline in April.”

Sales tax receipts so far this fiscal year are \$42 million above last year, and \$900,000 above estimates. Corporate income tax is \$20.9 million above this time last year, coming in \$4.9 million under November revised estimates.

“Contrary to what we see with individual filers, the federal tax reform law may encourage corporate filers to push income into the 2018 tax year to take advantage of the new lower federal tax rate,” Secretary Williams said. “This may be the reason why we see corporate income tax collections falling below estimates so far this fiscal year.”

The state collected \$109.71 million in total tax receipts over December last year, putting the total at \$711.2 million for the month. Corporate receipts in December came in \$9.58 million below December last year for a total of \$40.14 million. Sales tax receipts are \$335,000 over December last year for a total of \$198.49 million.

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