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Higher than expected tax receipts not a windfall, Revenue Secretary cautions

TOPEKA—Federal tax reform again influenced state tax receipts in January, artificially bumping collections for the month by over $165 million above expectations.

In January, the state collected $168.56 million more than expected in individual income tax, which includes personal businesses such as LLCs and subchapter S. That put total individual income tax collections for the month at $450.56 million. Federal tax reform encouraged individual income tax filers to make 2017 tax year payments before the end of 2017, to take advantage of the unlimited state and local tax deduction contained in the former federal tax law.

In the opposite fashion, corporate tax receipts came in below expectations at $11.9 million during the month, which could be a sign that corporations are pushing the realization of profits out to the 2018 tax year, encouraged by the newly lowered federal rate.

“The bottom line is, we need to temper our expectations for the remaining months in the fiscal year,” Revenue Secretary Sam Williams said. “While the report is positive, considering state and federal tax law changes, we cannot assume that the state genuinely will have more revenue by fiscal year end. This is not a windfall.”

Receipts for the month of January total $746.65 million. The fiscal year total is $3.94 billion, which is $248.63 million above expectations.

Sales tax collections since July 1 have averaged approximately 3 percent above the previous year during that time, which translates to about $40.37 million more in revenue.

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