Surplus Refund / Kicker Overview

Legislative Revenue Office
January 13, 2020

What is the Kicker?

- It is a revenue limit – Expenditures do not affect the kicker calculation
- It is based on two concepts:
  - The Close-of-Regular-Session estimate
  - Actual revenue collections for the biennium
  - 2017-19: COS in 9/17 ⟶ Actual in 9/19
- Credits affect revenue in the following biennium
- It may be modified with a 2/3 vote in each legislative chamber

General Fund 2017-19 Close-of-Session Forecast

| Non-Corporate Kicker	$ Millions	Share of Total
Personal Income Taxes	$17,147	92.8%
Fines and Fees	$269	1.5%
Estate Taxes	$290	1.6%
Liquor Apportionment	$326	1.8%
Tobacco Taxes	$134	0.7%
Insurance Taxes	$130	0.7%
Other	$167	1.0%
	$18,475	100%
Corporate Kicker		
Corporate Income and Excise Taxes	$1,059	100.0%

A Brief Kicker History

- 1979: Approved by Legislature in HB 2540
  - Property tax relief and fiscal constraint
  - Revenue exceeding Legislatively Adopted Budget
- 1980: Voters make policies permanent
- 1985: First kicker credits triggered
- 1995: Personal kicker credit converted to a check
- 2000: Voters place kicker into the Constitution
- 2011: Personal kicker converted back to a credit
- 2012: Corporate kicker dedicated to education

How Does it Work?
2017-19 Biennium

	Non-Corporate	Corporate
▸ There are two kickers		
▸ Calculate the base	$18,475M	$1,059M
▸ Calculate the triggers	$18,845M	$1,080M
▸ Sum actual revenue	$20,163M	$1,735M
▸ If triggered, entire surplus sent to taxpayers / education	$1,688M	$675
▸ Surplus ÷ liability = kicker %	17.2%	NA

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Upturns Often Mean 2% Surplus Kicker Refunds/Credits

Legend: Non-Corporate (blue), Corporate (red)
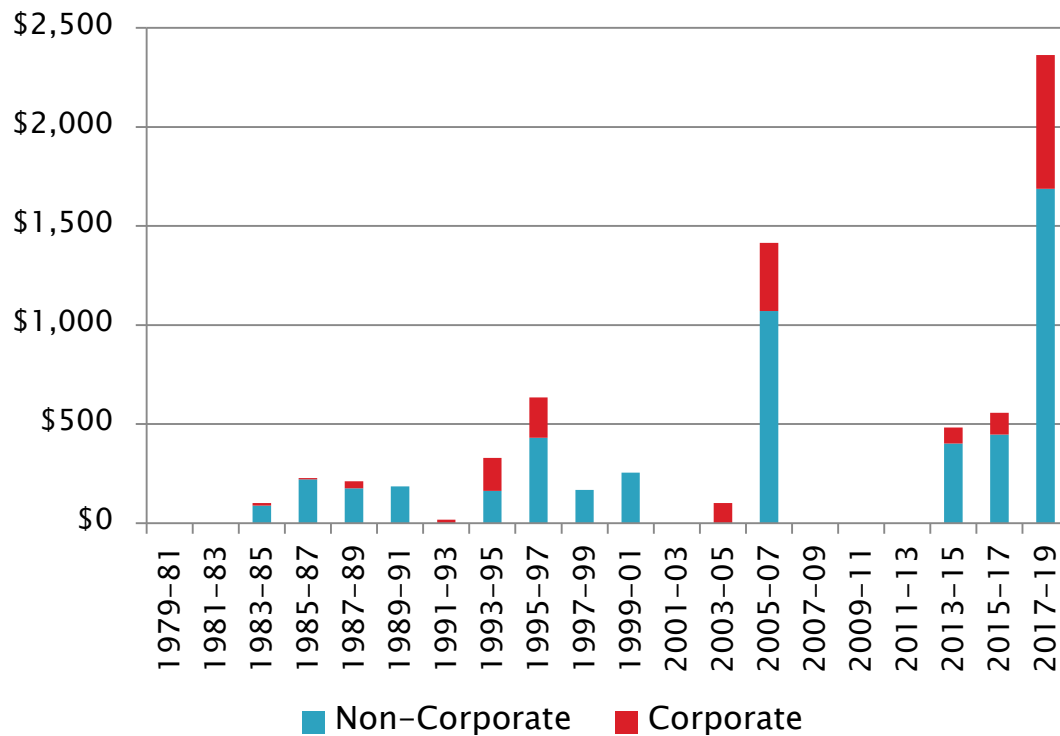
- Personal Kicker
  - Triggered 12 out of 20 biennia
  - Suspended once (1991)
- Corporate Kicker
  - Triggered 11 out of 20 biennia
  - Suspended twice (1993 & 2007)
  - To education three times
- Average Kicker (Total)
  - $464M per biennium for non-corporate
  - $155M per biennium for corporate

Deviation from COS Estimates
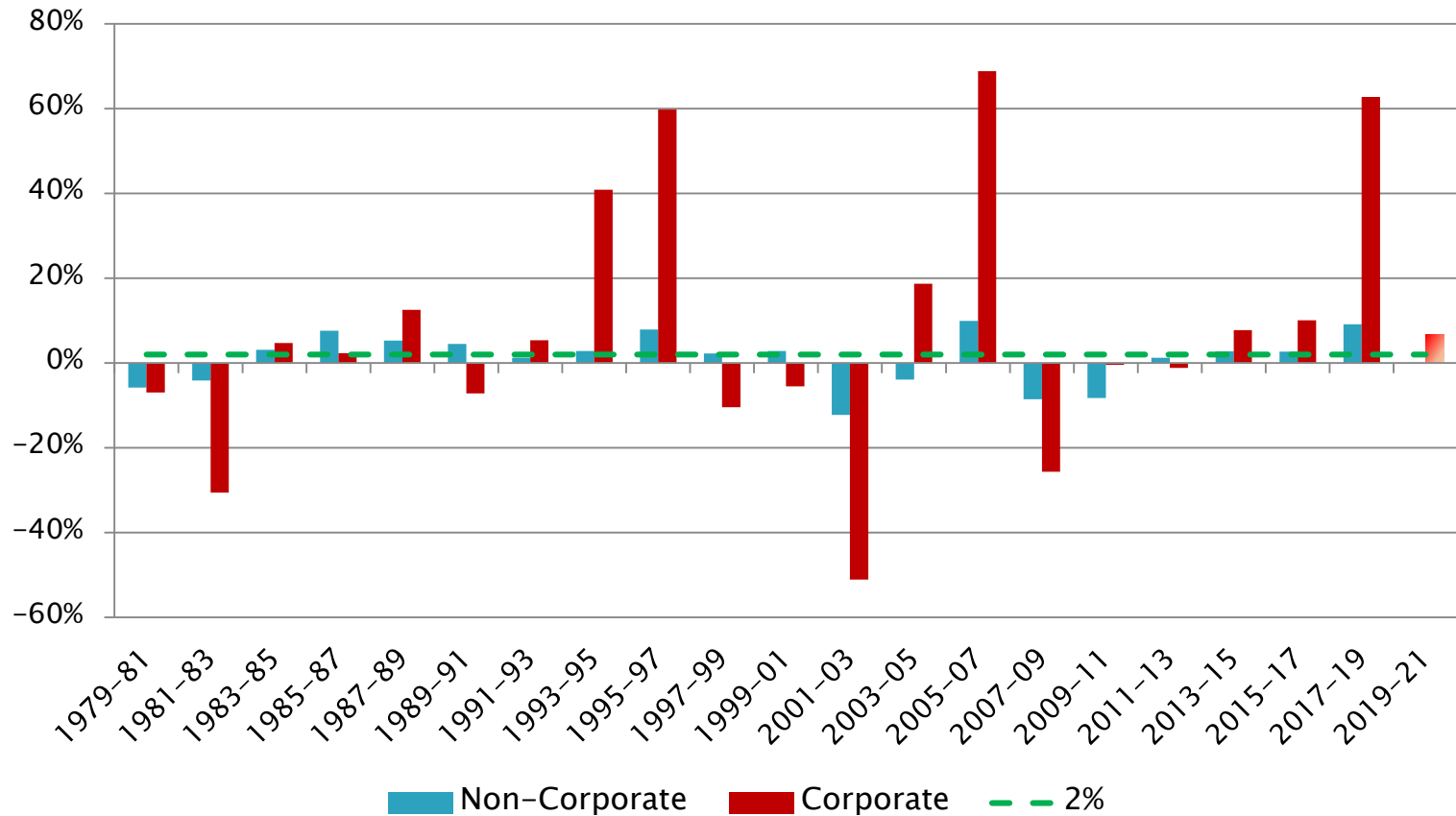
Historical Impact of the Kicker
(As Percent of General Fund Revenue)