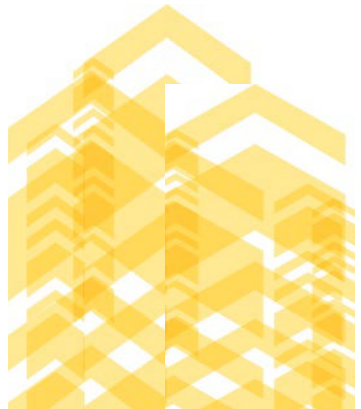


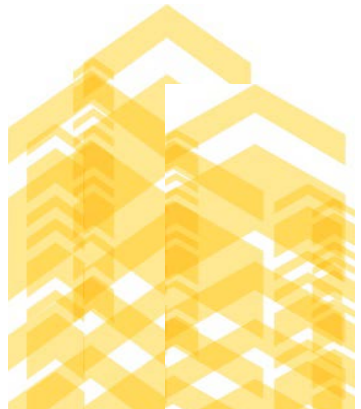
# State and Local Government Outlook

Kenneth A. Kriz

Regents Distinguished Professor of Public Finance

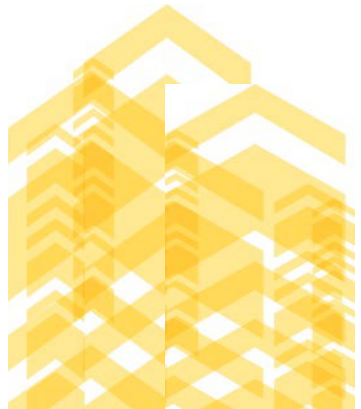


# BACKGROUND



# Government's Role in the Local Economy

- Taxes
- Spending
- Regulation



# Taxes

- Tax Burden

Household Income	Taxes as % of Income	Rank (out of 50)	OKC	KCMO	Omaha
\$25,000	9.7%	36	9.8%	12.9%	8.1%
\$50,000	8.0%	30	10.6%	9.8%	8.0%
\$75,000	8.8%	30	11.1%	10.1%	9.0%
\$100,000	8.9%	34	11.2%	10.3%	9.7%
\$125,000	8.9%	33	11.1%	10.4%	10.3%

- Effects of Taxes on Economy

- “Tax-Price” Elasticity: -0.1 to -0.4

# Spending Multipliers

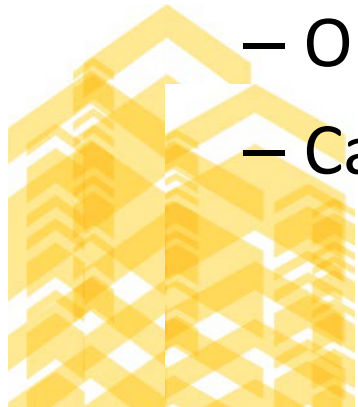
- From Regional Economic Models

Sector	Output	Employment	Labor Income	Value Added
State and Local Payroll	1.57	1.25	1.23	1.36
Highway, Street Capital	1.71	1.74	1.58	2.03

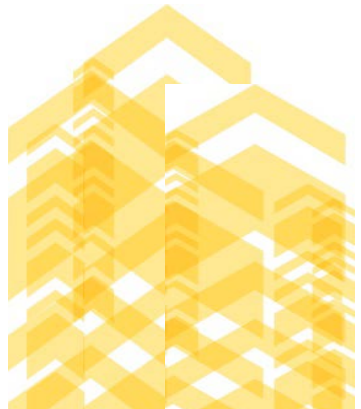
- Statistical Estimates

– Operational: 1.02

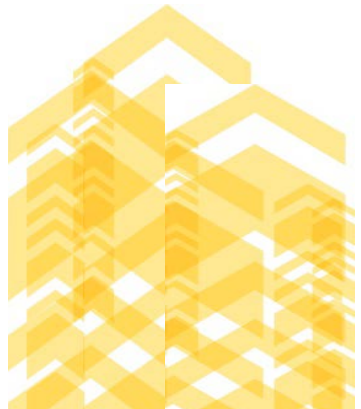
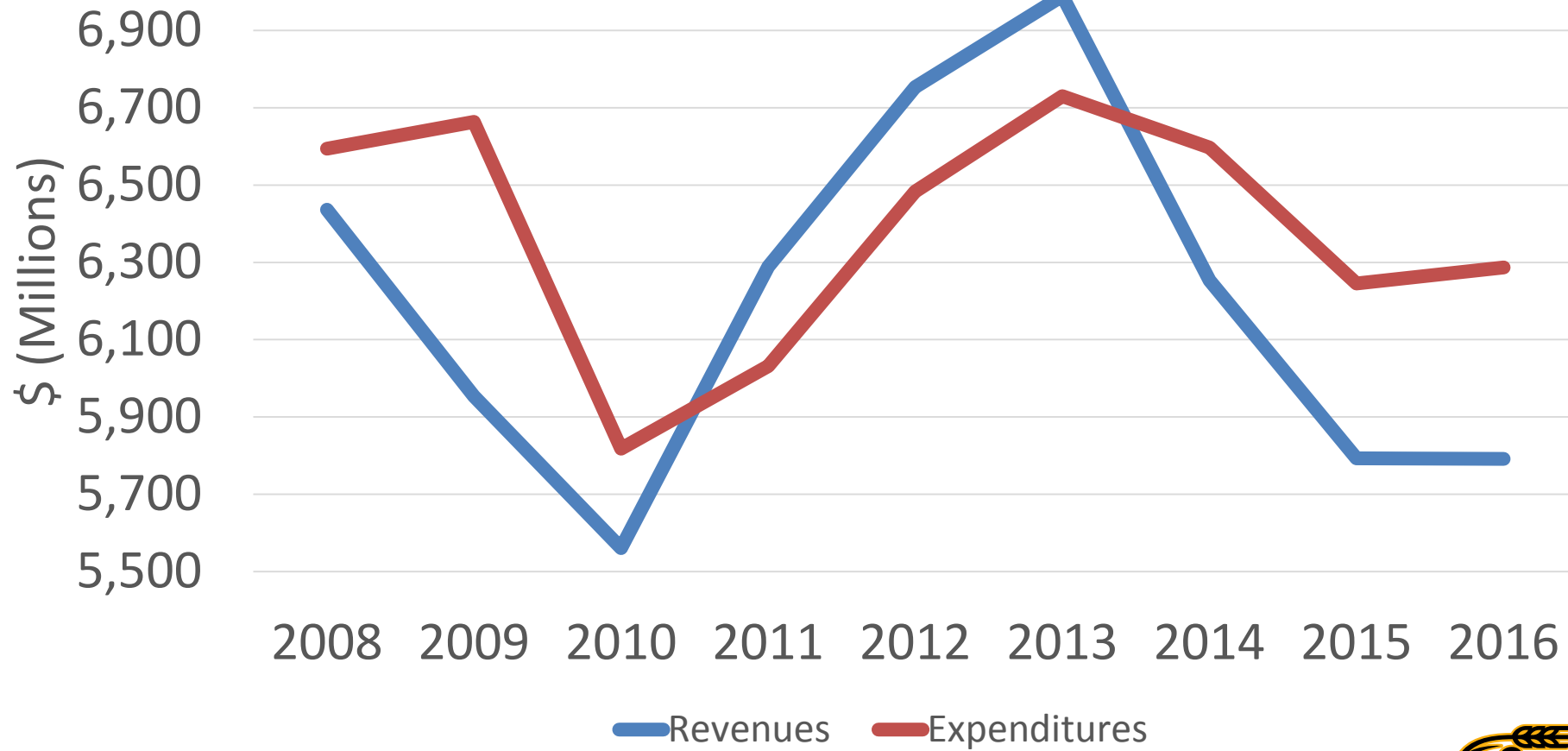
– Capital: 1.34



# TRENDS IN STATE AND LOCAL FINANCES

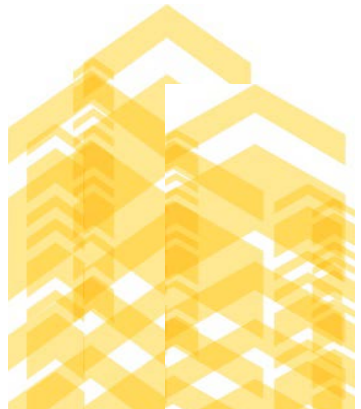
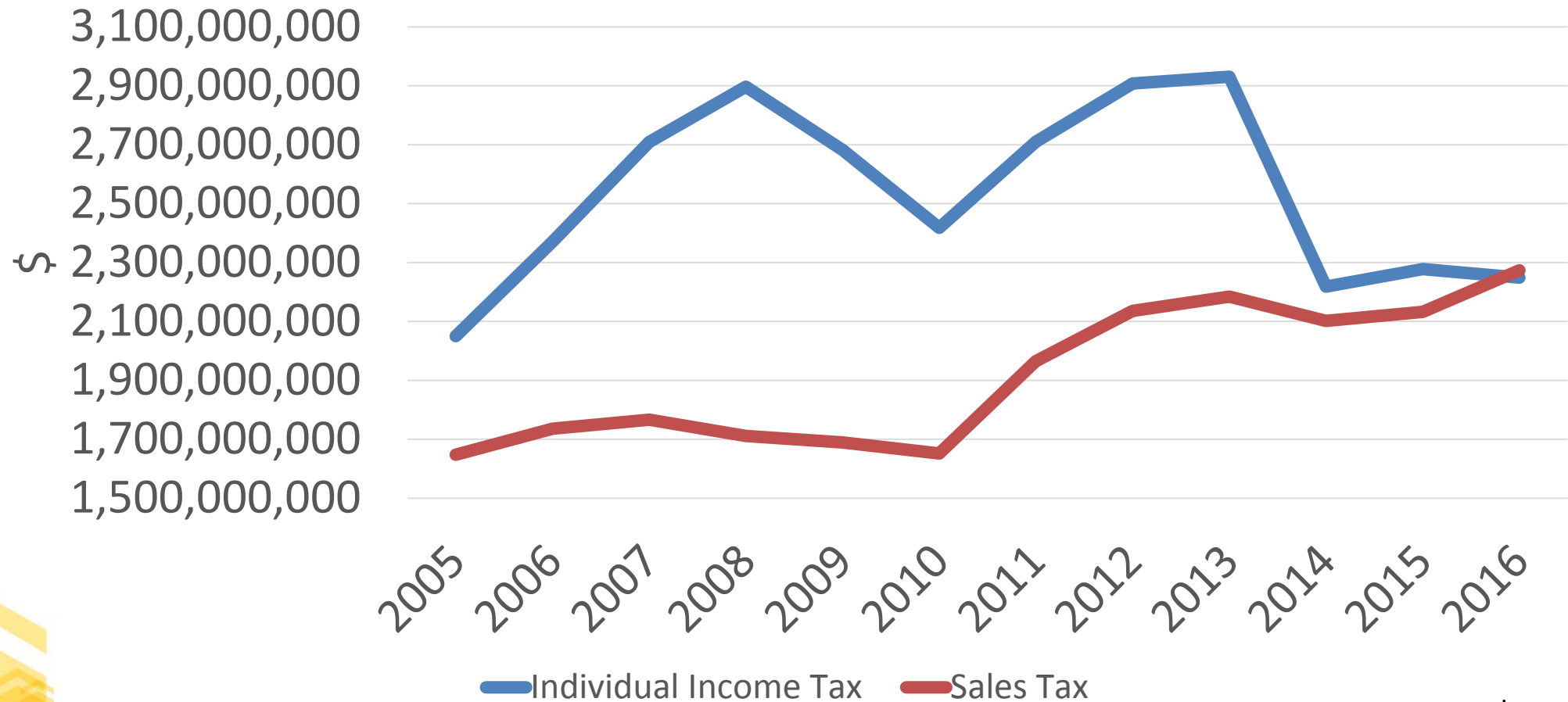


# State General Fund



WICHITA STATE  
UNIVERSITY  
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of Public Affairs*

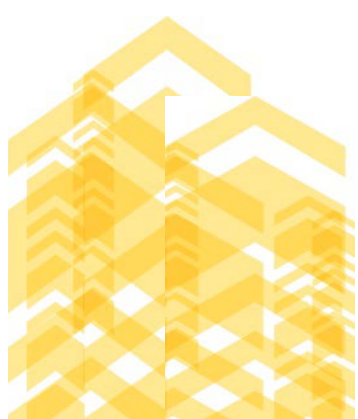
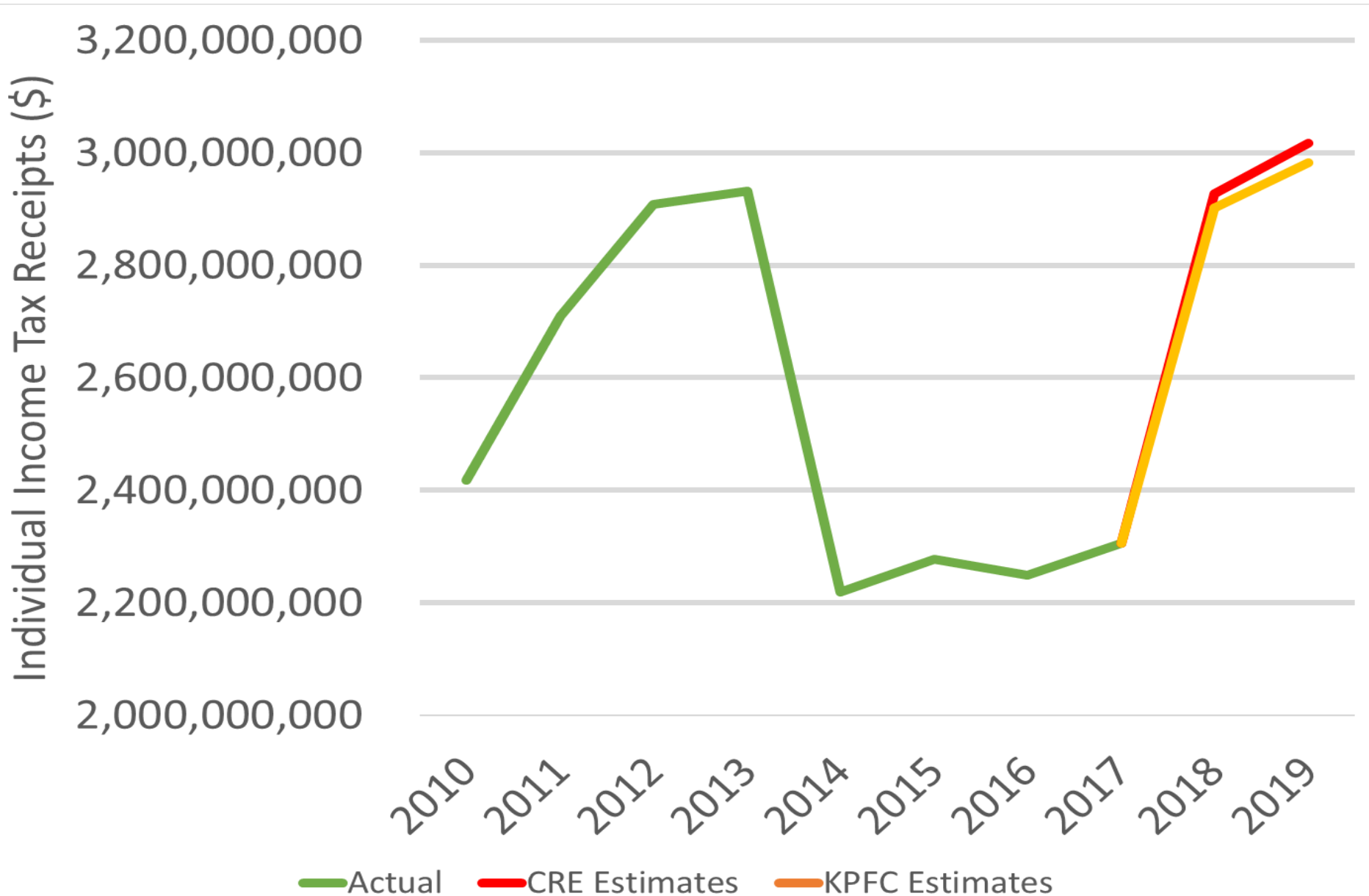
# “Big 2” Revenues Over Time



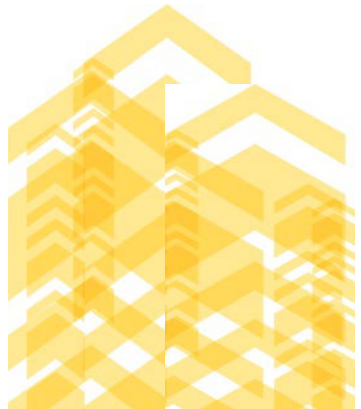
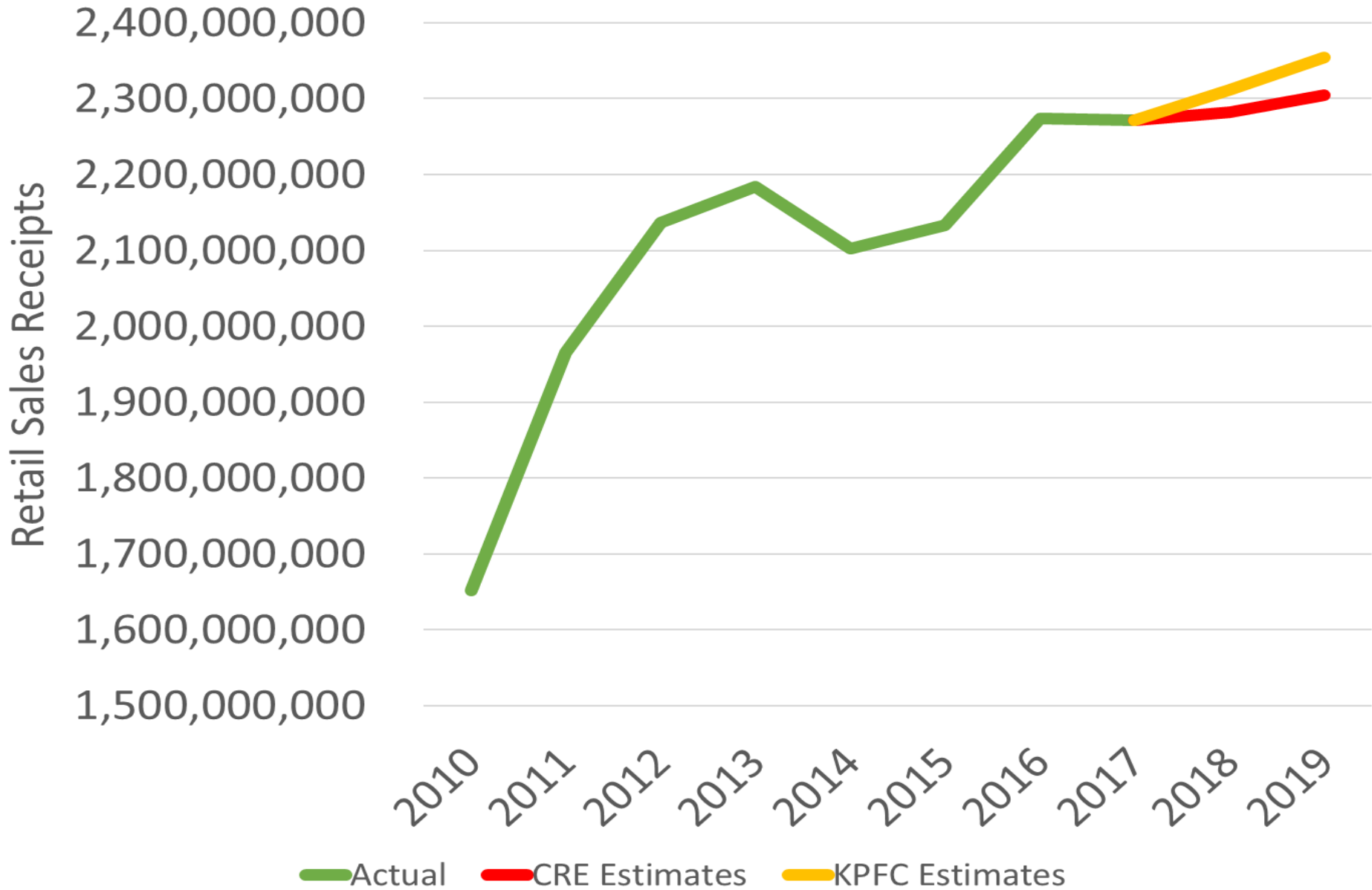
WICHITA STATE  
UNIVERSITY  
Hugo Wall School  
of Public Affairs



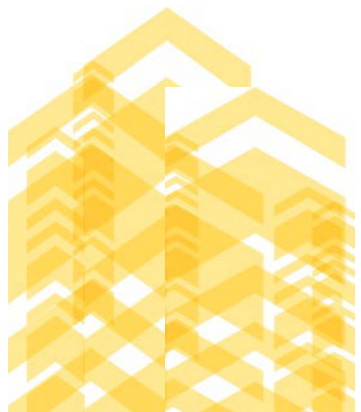
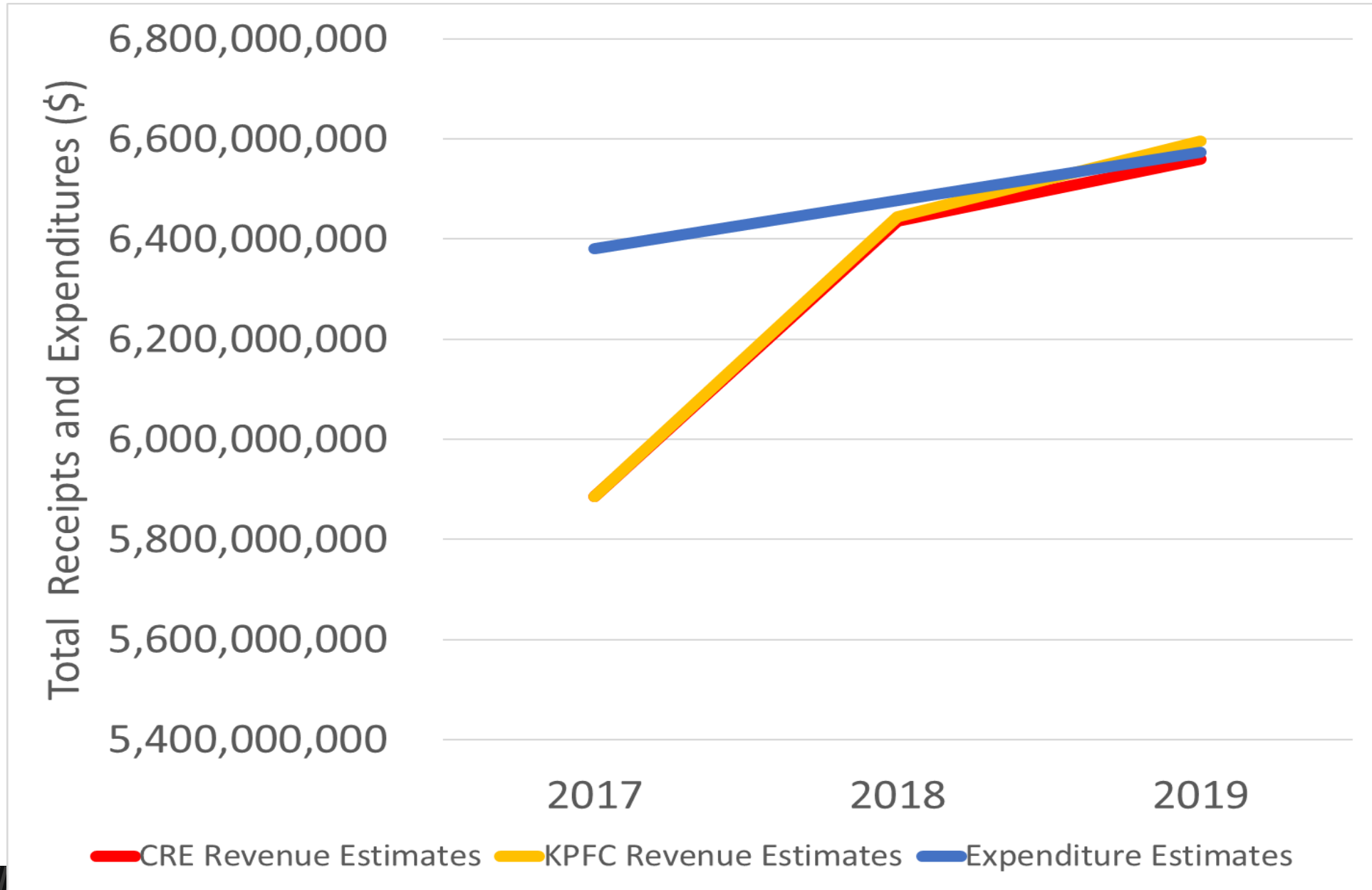
# Kansas Individual Income Tax Forecasts



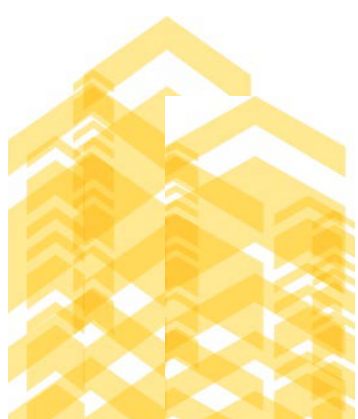
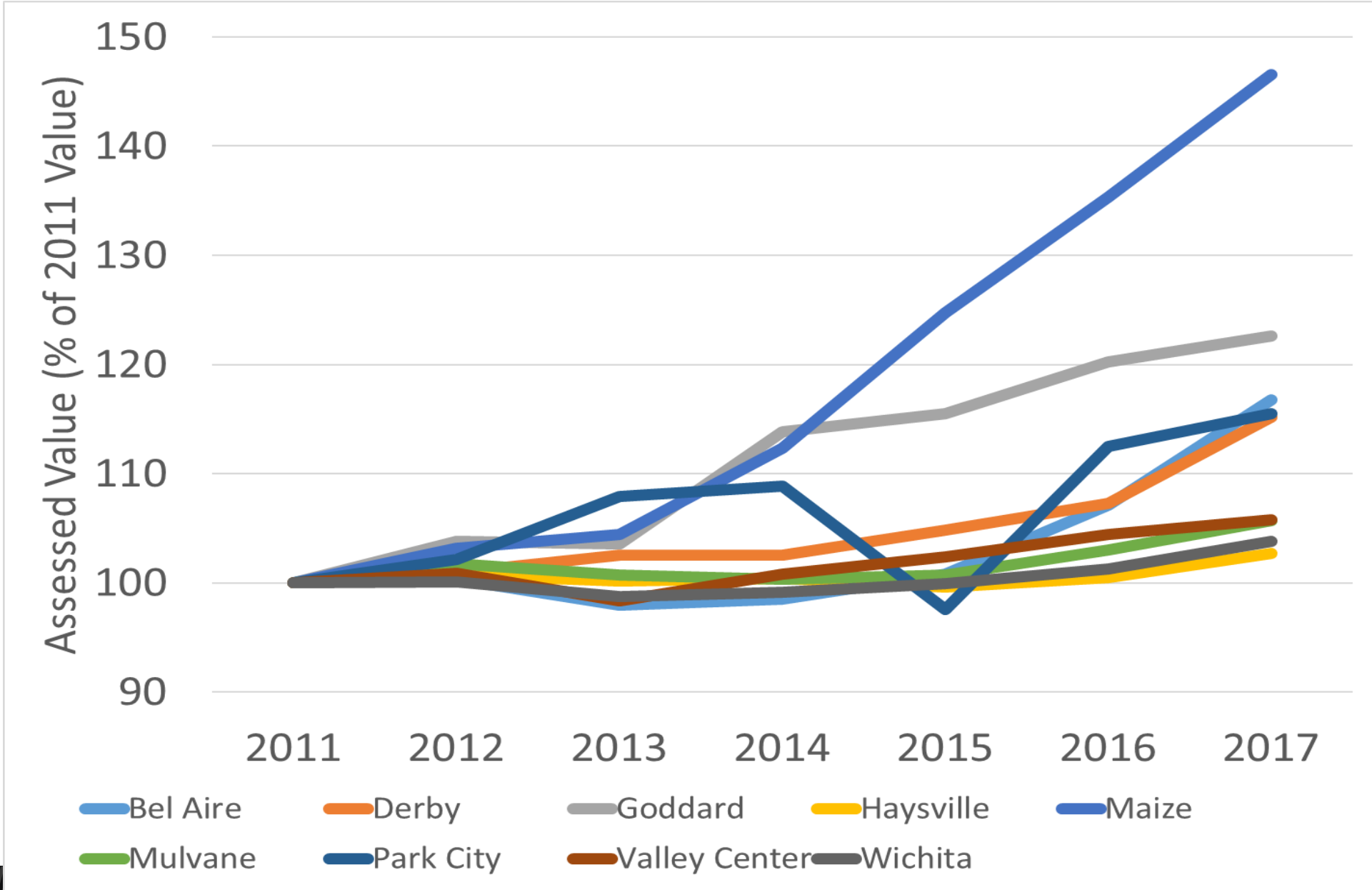
# Kansas Retail Sales Tax Forecasts



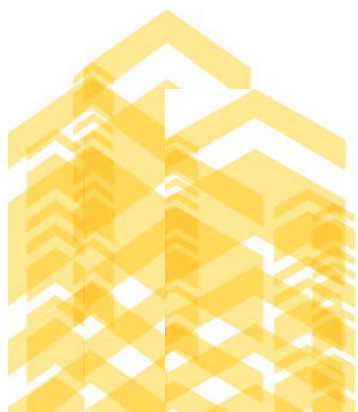
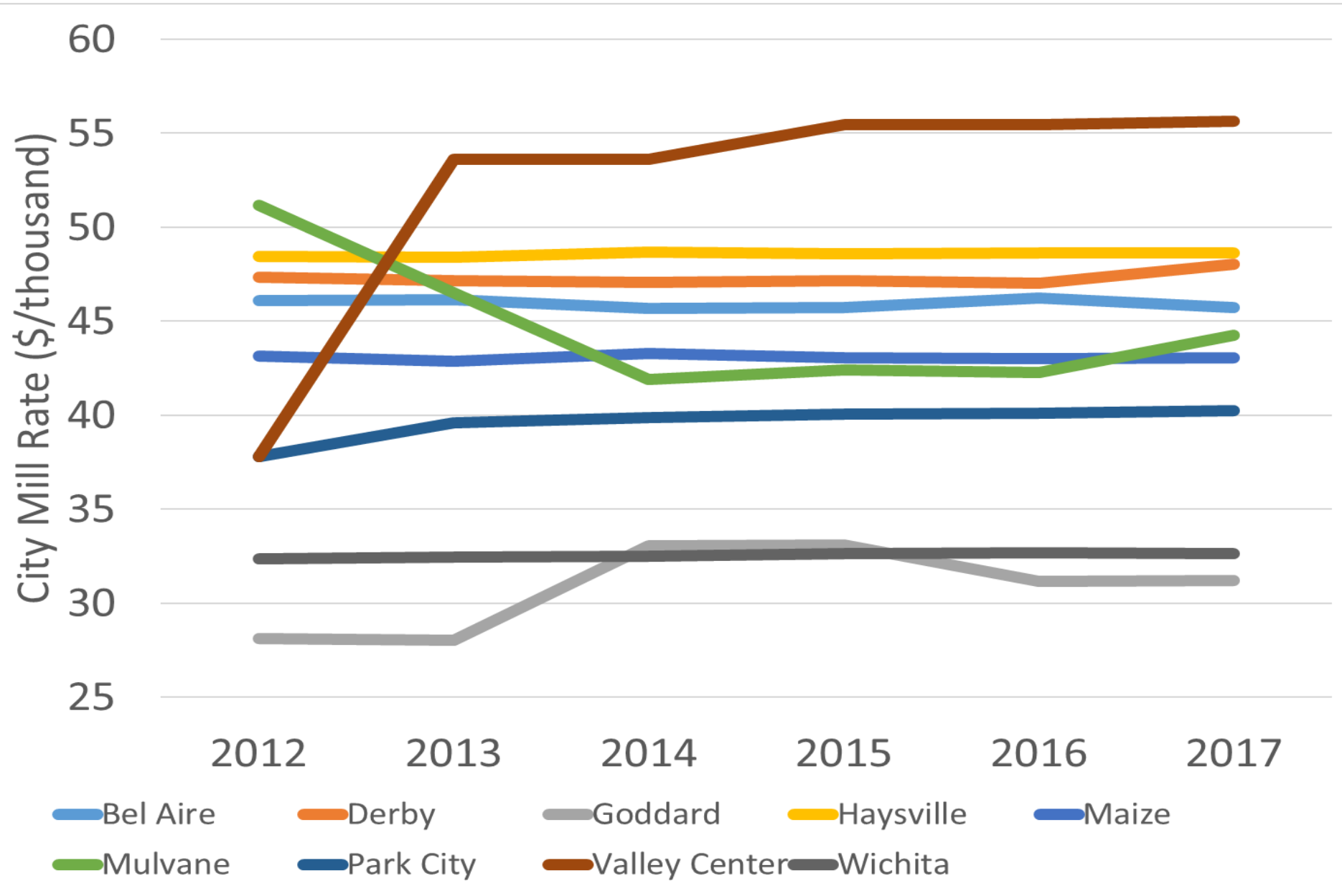
# Kansas Total Revenue and Expenditure Forecasts



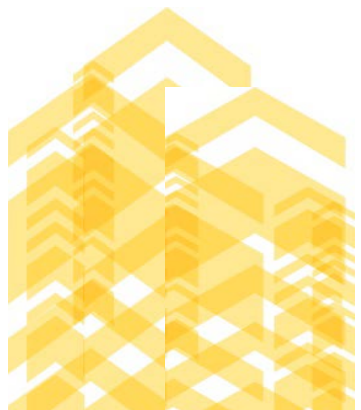
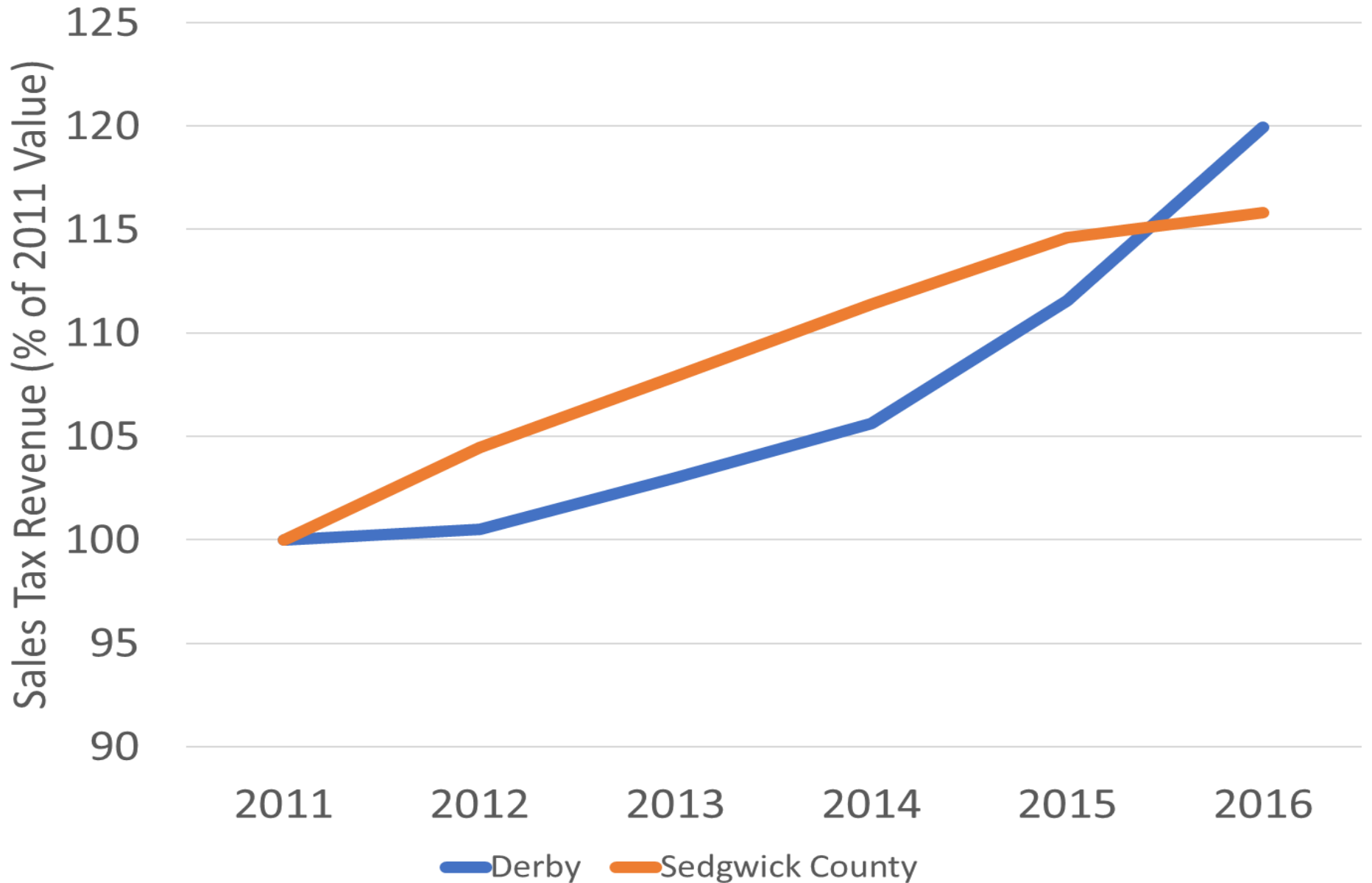
# Regional Assessed Valuation Growth



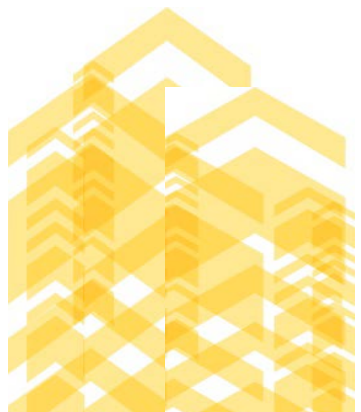
# Regional Mill Levy Growth



# Regional Sales Tax Growth

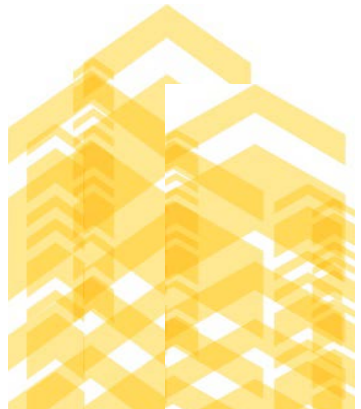


# OUTLOOK & CHALLENGES



# Outlook

- State
  - Return to structural balance
  - Ability of income tax revenue to grow with the economy
  - Renewed capital and perhaps operational spending
- Local
  - Assessed valuation growth in suburbs/exurbs
  - Demand for amenities grows with economy





# Challenges

- State
  - Pressure to increase spending and cut taxes
  - Need to pay down debt incurred in 2013-16
  - Renewed push toward incentives
  - Health care, especially in rural areas
- Local
  - Tax lid fractures the relationship between assessed valuation growth and budget capacity
  - Medicaid demands

