



Office of State Budget Director

284 Capitol Annex, 702 Capitol Avenue
Frankfort, Kentucky 40601

Andy Beshear
Governor

(502) 564-7300
Internet: osbd.ky.gov

John T. Hicks
State Budget Director

Governor's Office for Policy and Management
Governor's Office for Economic Analysis
Governor's Office for Policy Research

August 15, 2025

The Honorable Christian McDaniel, Co-Chairman
The Honorable Jason Petrie, Co-Chairman
Interim Joint Committee on Appropriations and Revenue
Legislative Research Commission
Frankfort, Kentucky 40601

Dear Senator McDaniel, Representative Petrie, and Members of the Committee:

In accordance with KRS 141.020, the Office of State Budget Director has reviewed the individual income tax reduction conditions for fiscal year 2024-2025 and is reporting that the reduction conditions have not been met. Below are the amounts, rounded to the nearest dollar, for each item within the reduction conditions used in making this determination.

REDUCTION CONDITIONS-KRS 141.020		<u>FY 2025</u>
A GF Moneys (General Fund receipts excluding Tobacco moneys)		15,703,197,887
General Fund appropriations		21,868,979,905
less Continuing appropriations (excluding BRTF)		(1,021,190,333)
less Tobacco appropriations		(101,696,902)
less appropriations to & from the Budget Reserve Trust Fund		(6,115,105,125)
less lump-sum appropriations to a state-administered retirement system		(250,000,000)
GF Appropriations		14,380,987,546
plus Individual Income Tax (IIT) Equivalent of a 1% reduction		1,329,797,623
B GF appropriations for the fiscal year plus the IIT equivalent?		15,710,785,168
Row A less Row B		(7,587,282)
General Fund Moneys greater than GF appropriations plus the IIT equivalent?		No
Balance in the Budget Reserve Trust Fund balance at the end of a fiscal year plus closeout actions		4,811,529,547
Balance in the Budget Reserve Trust Fund balance at the end of a fiscal year plus closeout actions as a percentage of GF Moneys		30.6%
Balance in the BRTF at the end of a fiscal year equal to or greater than 10% of the GF moneys?		Yes

Sincerely,

John T. Hicks
State Budget Director