

Commonwealth of Kentucky  
Commonwealth of Kentucky

# Quarterly Economic & Revenue Report

## Fourth Quarter Fiscal Year 2018

### Annual Edition



Governor's Office for Economic Analysis  
Office of State Budget Director



**Office of State Budget Director**

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Frankfort, Kentucky 40601

**Matthew G. Bevin**  
Governor

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**John E. Chilton**  
State Budget Director

Governor's Office for Policy and Management  
Governor's Office for Economic Analysis  
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July 30, 2018

The Honorable Matthew G. Bevin  
Governor  
Commonwealth of Kentucky  
State Capitol Building  
Frankfort, KY 40601

Re: Quarterly Economic and Revenue Report  
Fourth Quarter Fiscal Year 2018

Dear Governor Bevin:

This *Quarterly Economic and Revenue Report Annual Edition* summarizes Kentucky's revenue and economic statistics for the fourth quarter of Fiscal Year 2018 (FY18). It also includes an analysis of FY18 totals and an interim economic and revenue forecast for the first three quarters of FY19.

**Revenue**

Kentucky's General Fund receipts rose for the eighth consecutive year in FY18. The FY18 General Fund receipts totaled \$10,838.2 million or 3.4 percent more than FY17 collections. Final FY18 General Fund revenues were \$119.8 million, or 1.1 percent, more than the official revenue estimate which had projected 2.3 percent growth. The FY18 revenue surplus has made the FY19 growth hurdle much less formidable, now requiring only 1.5 percent growth over FY18 collections.

General Fund revenues are expected to increase 4.7 percent through the first three quarters of FY19. House Bill 487, which was passed during the 2018 Regular Session of the General Assembly, substantially impacted the expected growth in the major taxes over the forecast horizon. As a result of HB 487, the individual income tax is expected to grow only 0.1 percent over the next three quarters.

Sales tax collections, on the other hand, are expected to make up some of those losses due to an expansion of the tax base which will cover selected services. Sales tax growth of 8.7 percent is expected over the same time period.

Road Fund revenues are expected to improve during the first three quarters of FY19. Road Fund receipts were falling through the first three quarters of FY18. It was strong fourth quarter collections that allowed the Road Fund to post a small increase for the entire fiscal year. Revenues grew for the second consecutive year in FY18 after posting declines in FY15 and FY16. The recent rates of growth have been weak and nothing in the forecast points to a significant improvement in the near term.

**The Economy**

The national outlook over the next three fiscal quarters calls for robust GDP growth, continued solid employment gains, and a continued reduction in unemployment rates. Real GDP growth is expected to be 3.1 percent over the next three fiscal quarters. This is the best growth since the second half of FY15.

The solid underlying economic conditions, which are causing the positive Kentucky outlook, will persist well into the new fiscal year. Personal income of Kentuckians is expected to grow at a solid rate of 4.9 percent over the next three quarters. This strong growth is expected to outperform the excellent national personal income growth of 4.6 percent.

Cordially,

A handwritten signature in black ink, appearing to read "John E. Chilton". The signature is fluid and cursive, with a large initial "J" and "C".

John E. Chilton  
State Budget Director

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# Executive Summary . . . . .

In accordance with KRS 48.400(2), the Office of State Budget Director (OSBD) has prepared this *Quarterly Economic and Revenue Report* for the fourth quarter of Fiscal Year 2018 (FY18). This report includes a synopsis of the current economic and fiscal conditions of the Commonwealth, as well as an outlook for the next three fiscal quarters.

The fourth quarter edition of the *Quarterly Report* is typically the longest report of the year due to the reporting of both quarterly and annual data. The *Annual Edition* also includes the latest interim projections and an expanded statistical appendix containing a 10-year history of the major accounts of the General Fund and Road Fund with a corresponding history of growth rates.

Kentucky's General Fund receipts rose for the eighth consecutive year in FY18. The FY18 General Fund receipts totaled \$10,838.2 million or 3.4 percent more than FY17 collections. Final FY18 General Fund revenues were \$119.8 million, or 1.1 percent, more than the official revenue estimate which had projected 2.3 percent growth. The CFG estimate for FY19 had called for growth of 2.7 percent over the *projected* FY18 ending balance before considering the effects of tax reform. Taking into account the *actual* FY18 revenue total and the impacts of tax reform, the official estimate for FY19 of \$11,198.2 million can be reached with growth of 3.3 percent.

The aggregate positive impact or score of HB 487 for FY19 is \$192.3 million. Therefore, the growth rates presented in Table 14 incorporate normal economic activity plus the growth associated with HB 487. As mentioned above, 3.3 percent aggregate growth is now needed in FY19 to reach the new official estimate of \$11,198.2 million. If the fiscal impacts of HB 487 have been accurately estimated, then the economic growth needed to hit the new official estimate is just 1.5 percent. Stated differently, the Consensus Forecasting Group (CFG) projected revenue growth of 2.7 percent based on the economic situation when they met in December 2017. The FY18 revenue surplus of \$119.8 million has made the FY19 growth hurdle much less formidable, requiring only 1.5 percent growth on an economic basis.

Major points that will be discussed in this report include the following:

- Real GDP grew by 3.1 percent in the fourth quarter of FY18 with real investment growing the fastest. US personal income grew by 4.1 percent in the fourth quarter, while Kentucky personal income grew by 3.7 percent. US non-farm employment grew by 1.6 percent in the fourth quarter, while Kentucky non-farm employment grew by 1.1 percent. Kentucky mining employment was the fastest growing employment sector in the fourth quarter, growing 4.0 percent.

- The national outlook over the next three fiscal quarters calls for robust GDP growth, continued solid employment gains, and a continued reduction in unemployment rates. Real GDP growth is expected to be 3.1 percent over the next three fiscal quarters. This is the best growth since the second half of FY15.
- The solid underlying economic conditions, which are causing the positive Kentucky outlook, will persist well into the new fiscal year. Personal income of Kentuckians is expected to grow at a solid rate of 4.9 percent over the next three quarters. This strong growth is expected to outperform the excellent national personal income growth of 4.6 percent. During that same time.
- General Fund revenues are expected to increase 4.7 percent through the first three quarters of FY19. House Bill 487, which was passed during the 2018 Regular Session of the General Assembly, substantially impacted the expected growth in the major taxes over the forecast horizon. As a result of HB 487, the individual income tax is expected to grow only 0.1 percent over the next three quarters. Sales tax collections, on the other hand, are expected to make up some of those losses due to an expansion of the tax base which will cover select services. Sales tax growth of 8.7 percent is expected over the same time period.
- Road Fund revenues are expected to improve during the first three quarters of FY19. Road Fund receipts were falling through the first three quarters of FY18. It was strong fourth quarter collections that allowed the Road Fund to post a small increase for the entire fiscal year. Revenues grew for the second consecutive year in FY18 after posting declines in FY15 and FY16. The recent rates of growth have been weak and nothing in the forecast points to a significant improvement in the near term.
- Motor fuels tax receipts are expected to grow 0.5 percent over the first nine months of FY19. A flat tax rate coupled with small changes in consumption will limit any growth in this account. Motor vehicle usage taxes are forecasted to increase 1.1 percent during the first three quarters of FY19.

# Revenue Receipts . . . . .

## GENERAL FUND Fourth Quarter, FY18

General Fund receipts in the fourth quarter of FY18 totaled \$2,947.8 million compared to \$2,873.8 million in the fourth quarter of FY17, an increase of 2.6 percent. Collections in the major revenue categories are shown in summary form in Table 1. Detailed information on these and other accounts is available in Appendix A.

<b>Table 1</b>				
<b>Summary General Fund Receipts</b>				
<b>\$ millions</b>				
	<b>FY18</b>	<b>FY17</b>	<b>Diff</b>	<b>Diff</b>
	<b>Q4</b>	<b>Q4</b>	<b>\$</b>	<b>%</b>
Individual Income	1,339.8	1,291.7	48.1	3.7
Sales and Use	938.1	907.0	31.1	3.4
Property	69.1	69.8	-0.6	-0.9
Corporate Income	198.2	199.4	-1.2	-0.6
Coal Severance	20.7	23.1	-2.4	-10.3
Cigarette Taxes	56.3	58.1	-1.9	-3.2
LLET	97.1	97.0	0.0	0.0
Lottery	77.0	65.5	11.5	17.6
Other	151.6	162.1	-10.5	-6.5
<b>Total</b>	<b>2,947.8</b>	<b>2,873.8</b>	<b>74.0</b>	<b>2.6</b>

Individual income tax receipts increased 3.7 percent in the fourth quarter of FY18 compared to collections in the fourth quarter of FY17. Receipts of \$1,339.8 million were \$48.1 million more than collected in the fourth quarter of the previous fiscal year.

The sales and use tax posted an increase of 3.4 percent in the fourth quarter of FY18. Receipts of \$938.1 million compare to the \$907.0 million collected in the fourth quarter of FY17.

Positive growth in the fourth quarter marks the fifth consecutive quarter of growth in the sales tax. Sales tax revenue fell in two of the four fiscal quarters during FY17.

Property tax collections decreased 0.9 percent in the fourth quarter of FY18. Collections of \$69.1 million compare to \$69.8 million received in the fourth quarter of the prior fiscal year.

Corporation income collections decreased 0.6 percent in the fourth quarter of FY18. Receipts totaled \$198.2 million and were \$1.2 million less than revenues collected a year earlier.

Coal severance tax receipts continue to decrease in the fourth quarter as receipts fell 10.3 percent. Receipts of \$20.7 million compare to \$23.1 million collected in the fourth quarter of FY17. Collections have fallen for the last five consecutive fiscal years.

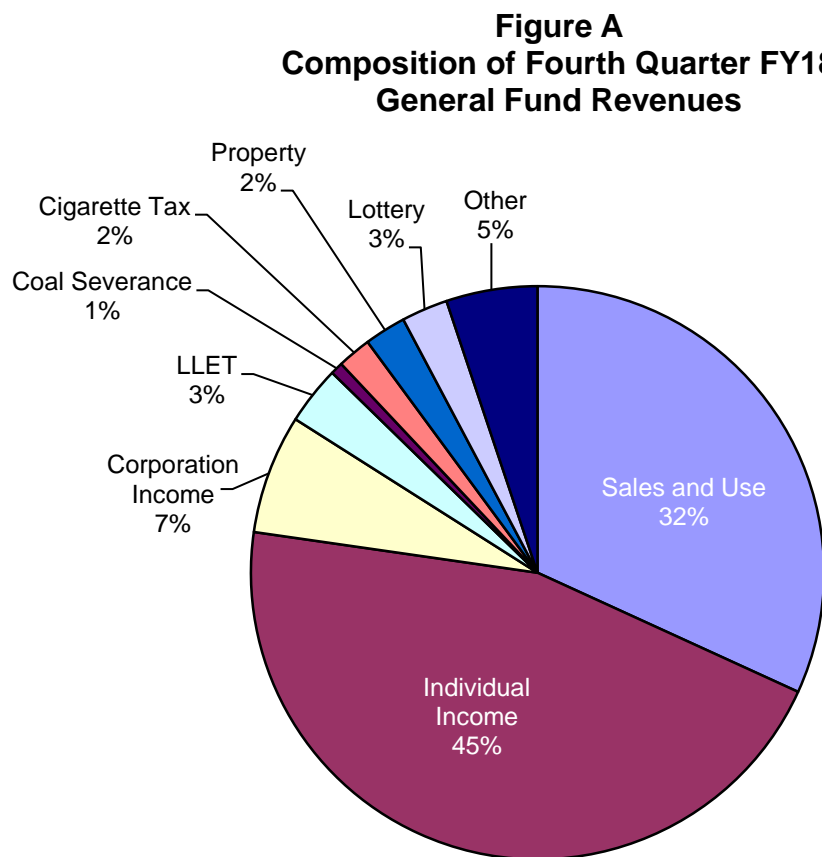
Cigarette taxes decreased in the fourth quarter. Receipts of \$56.3 million were 3.2 percent less than collected in the fourth quarter of FY17.

The Limited Liability Entity Tax (LLET) receipts in the fourth quarter of FY18 were \$97.1 million compared to \$97.0 million last year.

Lottery receipts increased 17.6 percent, or \$11.5 million, in the fourth quarter of FY18 with revenues of \$77.0 million. The large growth was the result of an unanticipated dividend payment in June 2018. Increased sales of lottery tickets enabled the Lottery Commission to make the larger than anticipated payment.

The “Other” category represents the remaining accounts in the General Fund. Collections in this account decreased 6.5 percent from FY17. Fourth quarter receipts for FY18 were \$151.6 million and compare to \$162.1 million in FY17.

Figure A details the composition of fourth quarter General Fund receipts by tax type. Seventy-seven percent of General Fund revenues were in the areas of the individual income tax and the sales tax. The next-largest source of revenue was the corporation income category at seven percent followed by the “Other” category which accounted for five percent. The largest components in this category include the insurance premium tax, bank franchise tax, telecommunications tax and the beer wholesale tax. The LLET and lottery taxes accounted for three percent each, followed by the property and cigarette taxes which accounted for two percent each. Finally, the coal severance tax accounted for one percent.





**ROAD FUND**  
**Fourth Quarter, FY18**

Road Fund receipts grew 3.2 percent in the fourth quarter of FY18. Receipts totaled \$401.4 million compared to the \$389.0 million received in the fourth quarter of FY17. Total Road Fund collections declined in each of the first three quarters of FY18 before growing in the final three months. Growth rates for the four quarters were -0.5 percent, -0.3 percent, -1.7 percent and 3.2 percent. Summary data are contained in Table 2 and detailed data are shown in Appendix A.

<b>Table 2</b>				
<b>Summary Road Fund Receipts</b>				
<b>\$ millions</b>				
	<b>FY18</b>	<b>FY17</b>	<b>Diff</b>	<b>Diff</b>
	<b>Q4</b>	<b>Q4</b>	<b>\$</b>	<b>%</b>
Motor Fuels	195.9	194.0	1.9	1.0
Motor Vehicle Usage	128.5	126.0	2.5	2.0
Motor Vehicle License	39.4	35.3	4.0	11.4
Motor Vehicle Operators	4.4	4.3	0.2	3.9
Weight Distance	20.0	20.2	-0.2	-1.0
Income on Investments	1.2	1.0	0.2	24.8
Other	11.9	8.2	3.8	45.9
<b>Total</b>	<b>401.4</b>	<b>389.0</b>	<b>12.4</b>	<b>3.2</b>

Motor fuels tax receipts increased 1.0 percent during the fourth quarter of FY18. Receipts were \$195.9 million and compare to \$194.0 million collected during the fourth quarter last year.

Motor vehicle usage tax receipts grew 2.0 percent during the fourth quarter of FY18. Receipts of \$128.5 million compared to \$126.0 million received during the same period last year.

Motor vehicle license tax receipts increased 11.4 percent during the fourth quarter of FY18. Receipts of \$39.4 million compare to \$35.3 million received during the fourth quarter of FY17.

Motor vehicle operator’s license fees totaled \$4.4 million, a 3.9 percent increase compared to the level observed a year ago.

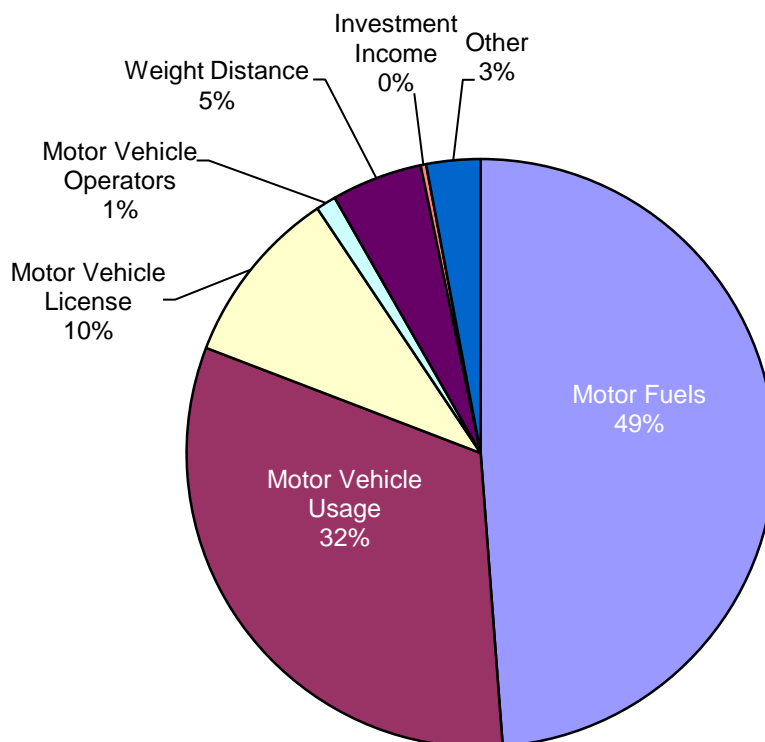
Weight distance tax receipts totaled \$20.0 million, a decrease of 1.0 percent from the fourth quarter of last year.

Investment income was up in the fourth quarter of FY18, yielding \$1.2 million.

The remainder of the accounts in the Road Fund combined for an increase of 45.9 percent. Receipts for the “Other” category totaled \$11.9 million during the fourth quarter, compared to \$8.2 million in the fourth quarter of FY17.

Figure B details the composition of Road Fund revenues by tax type in the fourth quarter of FY18. Motor fuels taxes and motor vehicle usage taxes comprised 81.0 percent of Road Fund revenues in the fourth quarter. The next-largest source of revenue was the motor vehicle license tax with 10.0 percent, followed by weight distance taxes with a five percent share. The “Other” category accounted for three percent and motor vehicle operators accounted for one percent. Income on investment accounted for a negligible amount of the total Road Fund receipts.

**Figure B  
Composition of Fourth Quarter FY18  
Road Fund Revenues**



**ANNUAL TOTALS, FY18**

**General Fund**

The General Fund receipts totaled \$10,838.2 million, which is \$360.4 million or 3.4 percent more than FY17 receipts. Final FY18 General Fund revenues were \$119.8 million, or 1.1 percent, more than the revised official revenue estimate which projected 2.3 percent growth. Revenue collections were strong throughout the year as the rate of growth of receipts strengthened through the first three quarters before tapering slightly in the fourth quarter. Growth rates for the four quarters of FY18 were 2.9 percent, 3.2 percent, 5.3 percent and 2.6 percent, respectively.

For the year, three accounts were below estimated totals while six exceeded forecasted values. The errors ranged from -\$47.2 million to \$94.6 million. The actual LLET collections exceeded the estimate by 21.8 percent, or \$51.9 million and the corporate income tax actual collections fell short of the estimate by 9.2 percent, or - \$47.2 million.

The corporation income tax and the LLET were estimated as a single account and that estimate was within \$4.7 million, or 0.6 percent, of the actual receipts collected. While the individual income tax estimate was off the estimated total by \$94.6 million, it was within 2.1 percent of the mark.

Sales and use tax receipts collections were \$3,605.7 million compared to prior year receipts \$3,485.2 million. Receipts grew by \$120.4 million, or 3.5 percent, in FY18. Collections in this account have grown for five consecutive years and bounced back from a lackluster FY17 which rose by only 0.7 percent. Receipts were tepid in first quarter of FY18 but strengthened in the remaining three quarters of the fiscal year. Quarterly growth rates were 0.8 percent, 4.7 percent, 5.0 percent and 3.4 percent. Sales and use tax receipts were spot on, missing the estimate by 0.2 percent or \$6.2 million.

Individual income tax receipts posted the largest increase over FY17 levels, growing by \$209.7 million. Three of the four components of the tax increased in FY18. Withholding collections rose \$135.0 million, or 3.3 percent, while estimated payments grew by \$75.0 million and fiduciary receipts closed the year up \$1.9 million. Net returns were down for the year, declining \$2.2 million. Quarterly growth rates in FY18 are 3.0 percent, 4.2 percent, 8.9 percent and 3.7 percent. Actual individual income tax receipts were above the forecasted level by \$94.6 million, or 2.1 percent.

Corporation income tax collections grew \$13.9 million compared to last year. This is the first annual increase in this account since FY15 when receipts increased 11.2 percent. This account exhibited large fluctuations across the four quarters with growth rates of 12.6 percent, -10.0 percent, 43.5 percent and -0.6 percent. Corporation income tax receipts and the LLET were estimated as a single account for the official estimate. This was done because deposits between the accounts could no longer be distinguished in a meaningful way.

The LLET declined \$7.5 million, or 3.0 percent, from last year and it continued its long-run pattern of alternating between growth and decline on an annual basis. Growth rates for the four quarters were 16.9 percent, 3.5 percent, -31.0 percent and 0.0 percent. Taken in combination with the corporation income tax, business tax collections grew at a pace very close to the estimated total. Corporation income tax receipts combined with the LLET tax exceeded the forecasted level by \$4.7 million.

Coal severance tax collections declined for the sixth consecutive year and reached an all-time low of \$89.6 million. The decline has been dramatic considering this account reached an all-time high in FY12 with collections of \$298.3 million. Receipts seemed

to have stopped their slide in the final half of FY17 and the first quarter of this year where collections were positive, but sharp declines in the final three quarters of FY18 ensured another annual drop in receipts. Quarterly growth rates for this account were 5.9 percent, -18.4 percent, -18.5 percent and -10.3 percent. The coal severance tax was \$1.1 million, or 1.3 percent above the official estimate.

Cigarette tax receipts declined \$9.6 million, or 4.3 percent in FY18. Fiscal year 2018 marks the seventh time in the past eight years in which receipts have fallen as national smoking rates decline. Quarterly growth rates for the year were -3.7 percent, -6.2 percent, -4.2 percent and -3.2 percent. Receipts for the year totaled \$211.8 million and compare to \$221.4 million collected in FY17. Cigarette tax receipts should increase sharply in the new year as the 50-cent increase for each pack of cigarettes is implemented, increasing the per-pack rate from \$0.60 to \$1.10. Cigarette tax collections were below the estimate by \$2.5 million, or 1.2 percent.

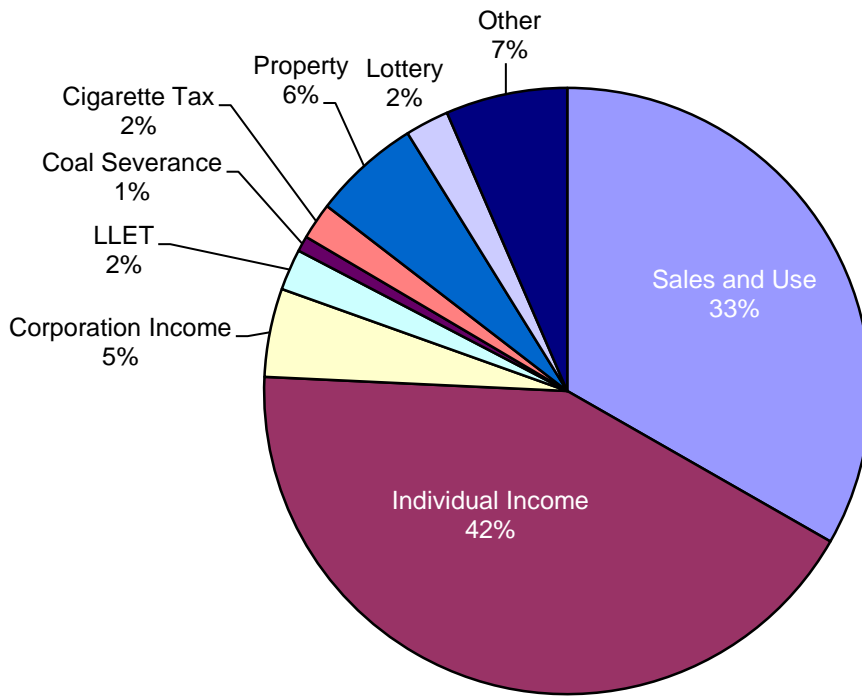
Total property taxes increased 3.2 percent or \$19.2 million during the fiscal year. Property tax collections have now grown in 10 of the past 11 years. Tangible and real property components were the primary drivers of the increase. Together, they accounted for an increase of \$19.3 million. Growth rates for the four quarters were 2.5 percent, 5.9 percent, -1.3 percent and -0.9 percent. Property tax collections were \$13.4 million, or 2.2 percent greater than forecasted.

Lottery receipts increased 4.7 percent, or \$11.4 million, from the previous year. Receipts of \$253.0 million compare favorably to \$241.6 million remitted to the state in FY17. The lottery dividend was \$10.0 million or 4.0 percent over the budgeted estimate due to strength in draw games, such as the Powerball, and instant tickets.

The “Other” category, which includes multiple other taxes and fees such as investment income, bank franchise taxes, and insurance premium taxes increased 2.0 percent or \$13.6 million. Receipts of \$703.7 million compare to \$690.1 million collected in FY17. Quarterly growth rates for the “Other” account were 7.5 percent, 0.9 percent, 5.2 percent and -6.5 percent. The other tax collections were 0.7 percent above the official estimate.

Figure C details the composition of FY18 General Fund receipts by tax type. Seventy-five percent of General Fund revenues were in the areas of the individual income tax and the sales tax. The next-largest source of revenue was the “Other” category which accounted for seven percent. The largest components in this category include the insurance premium tax, the bank franchise tax, telecommunication tax, beer wholesale sales tax and inheritance tax. Property taxes made up six percent of the General Fund followed by corporation income which accounted for five percent. Cigarette tax, lottery and LLET each accounted for two percent of General Fund revenues. Finally, the coal severance tax accounted for one percent.

**Figure C  
FY18 General Fund Receipts Composition**



**Table 3  
General Fund Revenues Compared to Previous Years  
\$ millions**

	Full Year			Growth Rates (%)		
	FY18	FY17	FY16	FY18	FY17	FY16
Individual Income	4,603.6	4,393.9	4,282.1	4.8	2.6	5.2
Sales and Use	3,605.7	3,485.2	3,462.7	3.5	0.7	6.0
Property	621.3	602.1	577.5	3.2	4.2	2.5
Corporate Income	511.4	497.5	526.6	2.8	-5.5	-0.3
LLET	238.1	245.6	203.0	-3.0	21.0	-9.3
Coal Severance	89.6	100.5	120.6	-10.8	-16.7	-33.1
Cigarette Taxes	211.8	221.4	224.3	-4.3	-1.3	1.5
Lottery	253.0	241.6	241.8	4.7	-0.1	9.2
Other	703.7	690.1	700.2	2.0	-1.4	1.2
<b>Total</b>	<b>10,838.2</b>	<b>10,477.8</b>	<b>10,338.9</b>	<b>3.4</b>	<b>1.3</b>	<b>3.7</b>

**Table 4**  
**FY18 General Fund Receipts Compared to Official Estimate**  
**\$ millions**

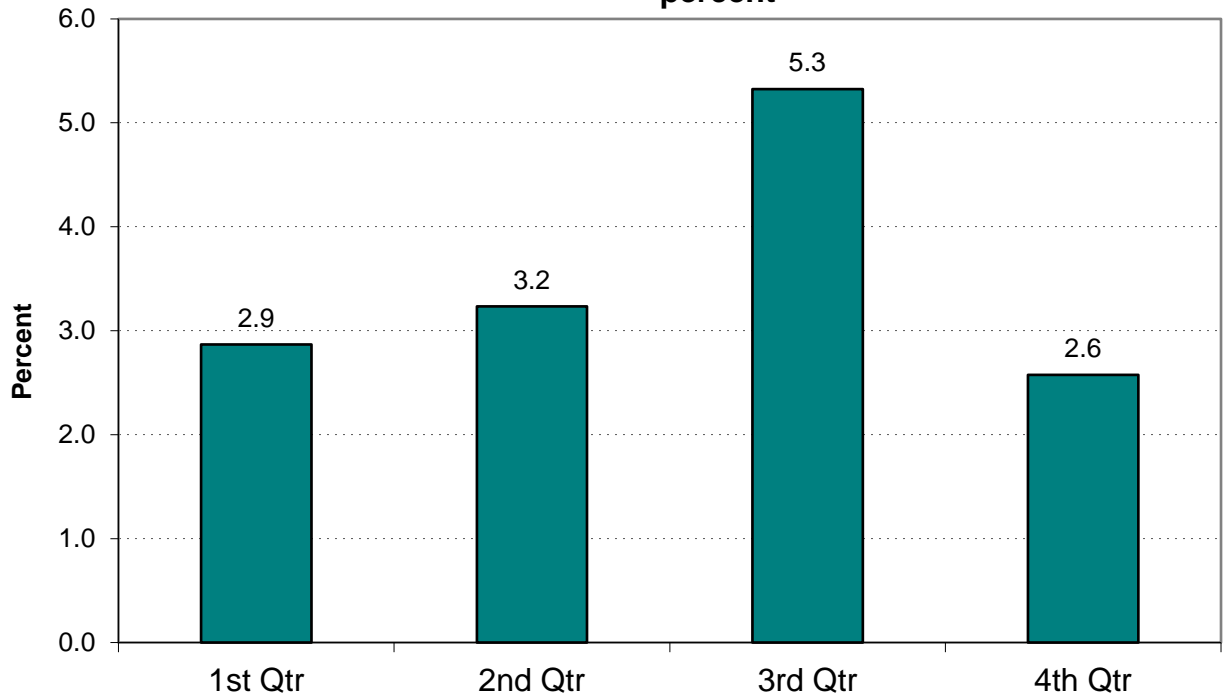
	FY18		Difference	
	Actual	Estimate	\$	%
Individual Income	4,603.6	4,509.0	94.6	2.1
Sales and Use	3,605.7	3,611.9	-6.2	-0.2
Property	621.3	607.9	13.4	2.2
Corporate Income	511.4	558.6	-47.2	-9.2
LLET	238.1	88.5	149.6	62.8
Coal Severance	89.6	214.3	-124.7	-139.1
Cigarette Tax	211.8	186.2	25.6	12.1
Lottery	253.0	243.0	10.0	4.0
Other	703.7	699.0	4.7	0.7
<b>Total</b>	<b>10,838.2</b>	<b>10,718.4</b>	<b>119.8</b>	<b>1.1</b>

Table 5 and Figure D detail the growth rates in General Fund revenues by each fiscal quarter of FY18. Revenue collections were strong throughout the year as the rate of growth of receipts strengthened through the first three quarters before tapering slightly in the fourth quarter. Growth rates for the four quarters were 2.9 percent, 3.2 percent, 5.3 percent and 2.6 percent, respectively.

**Table 5**  
**General Fund Quarterly Growth Rates**  
**percents**

	FY18				
	Q1	Q2	Q3	Q4	Full Year
Individual Income	3.0	4.2	8.9	3.7	4.8
Sales and Use	0.8	4.7	5.0	3.4	3.5
Property	2.5	5.9	-1.3	-0.9	3.2
Corporate Income	12.6	-10.0	43.5	-0.6	2.8
LLET	16.9	3.5	-31.0	0.0	-3.0
Coal Severance	5.9	-18.4	-18.5	-10.3	-10.8
Cigarette Tax	-3.7	-6.2	-4.2	-3.2	-4.3
Lottery	-5.4	2.5	2.6	17.6	4.7
Other	7.5	0.9	5.2	-6.5	2.0
<b>Total</b>	<b>2.9</b>	<b>3.2</b>	<b>5.3</b>	<b>2.6</b>	<b>3.4</b>

**Figure D**  
**FY18 General Fund Quarterly Growth Rates**  
 percent



**Table 6**  
**General Fund Quarterly Revenue Receipts**  
 \$ millions

	FY18				Full Year
	Q1	Q2	Q3	Q4	
Individual Income	1,123.3	1,112.8	1,027.7	1,339.8	4,603.6
Sales and Use	903.0	904.7	859.9	938.1	3,605.7
Property	53.7	362.2	136.3	69.1	621.3
Corporate Income	153.6	121.7	37.8	198.2	511.4
LLET	43.5	62.3	35.3	97.1	238.1
Coal Severance	25.3	21.3	22.3	20.7	89.6
Cigarette Tax	55.1	51.0	49.4	56.3	211.8
Lottery	55.0	61.5	59.5	77.0	253.0
Other	141.1	148.8	262.2	151.6	703.8
<b>Total</b>	<b>2,553.6</b>	<b>2,846.3</b>	<b>2,490.5</b>	<b>2,947.8</b>	<b>10,838.2</b>

**ANNUAL TOTALS, FY18**  
**Road Fund**

Road Fund revenues for FY18 were \$1,511.0 million, an increase of 0.2 percent from the previous fiscal year. The past four years have seen revenues either fall or grow at negligible rates. Growth rates since FY15 have been -2.2 percent, -2.9 percent, 1.7 percent and 0.2 percent. Total FY18 receipts were \$3.0 million more than FY17 levels as none of the major accounts saw significant growth. Motor vehicle usage and motor fuels tax collections together decreased \$2.3 million. On net, the five remaining accounts increased \$5.3 million compared to FY17 levels.

Total Road Fund collections declined in each of the first three quarters of the fiscal year before growing in the final quarter. Growth rates for the four quarters were -0.5 percent, -0.3 percent, -1.7 percent and 3.2 percent. Road Fund collections are detailed in Table 7.

**Table 7**  
**Road Fund Revenues Compared to Previous Years**  
**\$ millions**

	Full Year			Growth Rates (%)		
	FY18	FY17	FY16	FY18	FY17	FY16
Motor Fuels	764.9	760.5	750.0	0.6	1.4	-11.8
Motor Vehicle Usage	493.1	499.8	484.4	-1.3	3.2	11.9
Motor Vehicle License	112.9	111.9	113.1	0.8	-1.1	5.2
Motor Vehicle Operators	16.8	16.1	16.3	4.2	-1.3	2.3
Weight Distance	81.7	82.9	81.4	-1.4	1.9	2.8
Income on Investments	2.8	1.6	2.4	79.5	NA	-17.0
Other	38.7	35.1	34.9	10.2	0.8	-8.5
<b>Total</b>	<b>1,511.0</b>	<b>1,508.0</b>	<b>1,482.5</b>	<b>0.2</b>	<b>1.7</b>	<b>-2.9</b>

Motor fuels tax receipts were essentially unchanged, growing only 0.6 percent in FY18. The current tax rate on motor fuels has been in place since the fourth quarter of FY15. The constant rate coupled with little-to-no change in consumption resulted in flat receipts. Quarterly growth rates for motor fuels taxes were 0.1 percent, -1.2 percent, 2.6 percent and 1.0 percent.

Motor vehicle usage tax receipts of \$493.1 million compared to the \$499.8 million collected in FY17. Motor vehicle usage taxes fell for only the second time in the past eight years in FY18. Collections were \$6.7 million, or 1.3 percent, below prior year totals. Growth rates for the four quarters were -4.4 percent, 2.4 percent, -4.7 percent and 2.0 percent.

Weight distance tax receipts of \$81.7 million represent a decrease of 1.4 percent compared to the \$82.9 million collected in FY17.

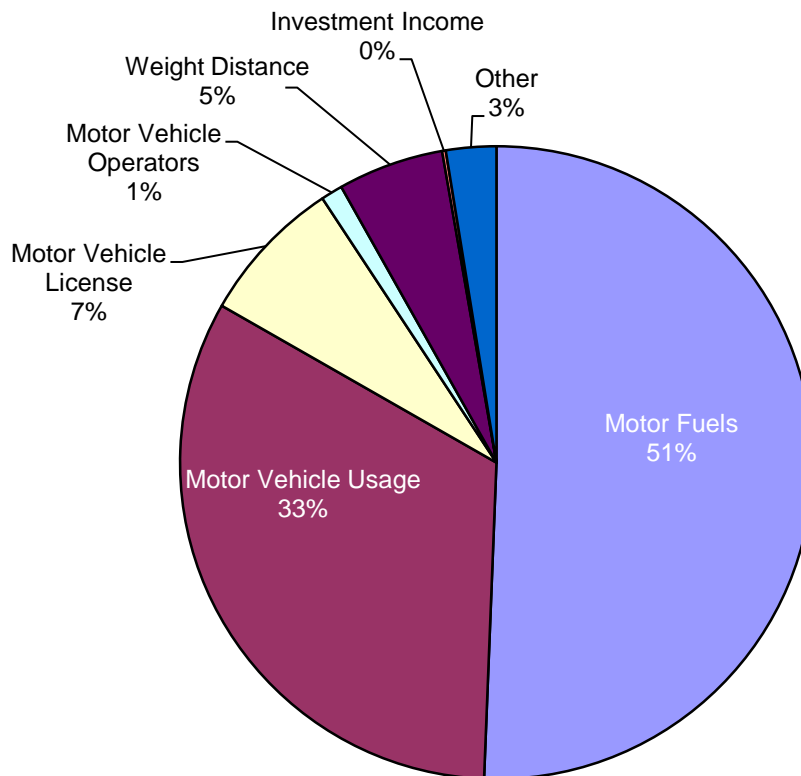


Motor vehicle license tax receipts grew 0.8 percent while motor vehicle motor vehicle operators' receipts rose 4.2 percent. Investment income grew \$1.3 million and the "Other" income rose \$3.6 million from FY17.

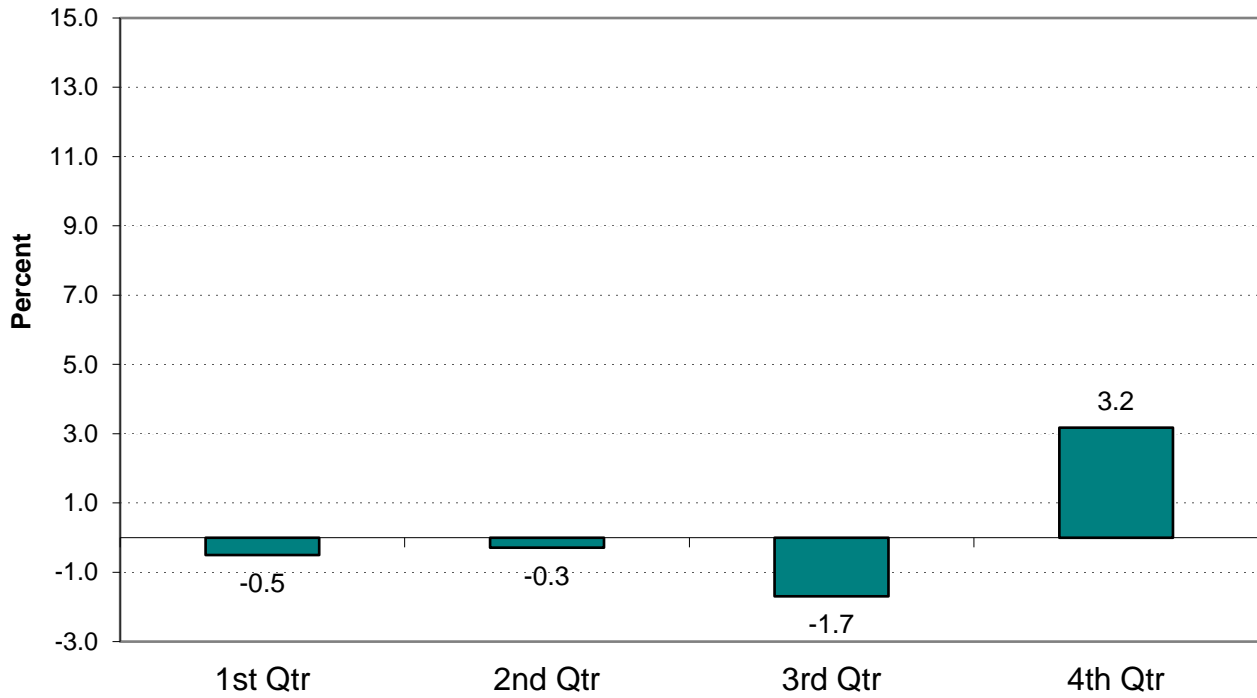
Road Fund collections for FY18 exceeded the official consensus estimate by \$7.7 million, or 0.5 percent. Actual receipts from five of the seven Road Fund accounts were above estimated levels with two below. In terms of forecast accuracy, five of the seven categories were within \$1.0 million of their forecasted levels while the other two were within \$4.0 million. Looking at the two largest accounts, motor fuels revenues came within 0.5 percent of their estimated level while motor vehicle usage collections missed the mark by 0.2 percent.

Figure E details the composition of FY18 Road Fund receipts by tax type. Eighty-four percent of the Road Fund comes from motor vehicle usage and motor fuels taxes. Following these, the motor vehicle license tax accounted for seven percent and the weight distance tax accounted for five percent. "Other" taxes combined accounted for three percent of Road Fund receipts. Motor vehicle operators revenue accounted for one percent.

**Figure E**  
**Composition of FY18 Road Fund Revenues**



**Figure F**  
**FY18 Road Fund Quarterly Growth Rates**  
**percent**



**Table 8**  
**FY18 Road Fund Receipts Compared to Official Estimate**  
**\$ millions**

	FY18		Difference	
	Actual	Estimate	\$	%
Motor Fuels	764.9	761.2	3.7	0.5
Motor Vehicle Usage	493.1	493.9	-0.8	-0.2
Motor Vehicle License	112.9	113.4	-0.6	-0.5
Motor Vehicle Operators	16.8	16.6	0.2	1.2
Weight Distance	81.7	81.4	0.3	0.4
Income on Investments	2.8	2.0	0.8	41.9
Other	38.7	34.8	3.9	11.3
<b>Total</b>	<b>1,511.0</b>	<b>1,503.3</b>	<b>7.7</b>	<b>0.5</b>

**Table 9**  
**Road Fund Quarterly Growth Rates**  
**percents**

	<b>FY18</b>				
	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Full Year</b>
Motor Fuels	0.1	-1.2	2.6	1.0	0.6
Motor Vehicle Usage	-4.4	2.4	-4.7	2.0	-1.3
Motor Vehicle License	11.8	-2.7	-12.9	11.4	0.8
Motor Vehicle Operators	3.2	6.6	3.1	3.9	4.2
Weight Distance	-0.6	-1.7	-2.4	-1.0	-1.4
Income on Investments	528.5	-142.7	-22.7	24.8	79.4
Other	6.3	-13.7	5.1	45.9	10.2
<b>Total</b>	<b>-0.5</b>	<b>-0.3</b>	<b>-1.7</b>	<b>3.2</b>	<b>0.2</b>

**Table 10**  
**Road Fund Quarterly Revenue Receipts**  
**\$ millions**

	<b>FY18</b>				
	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Full Year</b>
Motor Fuels	198.8	189.5	180.8	195.9	764.9
Motor Vehicle Usage	126.9	114.6	123.1	128.5	493.1
Motor Vehicle License	21.0	20.3	32.2	39.4	112.8
Motor Vehicle Operators	4.3	4.1	4.0	4.4	16.8
Weight Distance	20.8	20.6	20.2	20.0	81.7
Income on Investments	0.9	0.1	0.6	1.2	2.8
Other	10.0	7.6	9.3	11.9	38.7
<b>Total</b>	<b>382.6</b>	<b>356.9</b>	<b>370.1</b>	<b>401.4</b>	<b>1,511.0</b>

# The Economy

## Fourth Quarter FY18.....

### NATIONAL ECONOMY

Real Gross Domestic Product (real GDP) grew 3.1 percent in the fourth quarter of FY18. This is the fourth highest single-quarter growth rate since the end of the 2007 recession. The highest growth rate during that time occurred in the third quarter of FY15, when real GDP growth was 3.8 percent. This is well above the average growth rate since the end of the 2007 recession, which is 2.0 percent. Real GDP growth has been above 2.0 percent for the last five consecutive quarters. Moreover, real GDP growth has increased for the last eight consecutive quarters.

Real consumption grew by 2.6 percent in the fourth quarter of FY18. Real consumption growth has averaged 2.2 percent since the end of the 2007 recession. Real consumption growth has been above 2.2 percent for the last 17 consecutive quarters. Real consumption, or personal consumption expenditures, as the national income and product accounts (NIPA) call it, are those final goods and services which are purchased by persons. Final goods and services are broken down into durable goods, non-durable goods, and services. The purchase of homes is not included among these purchases.

Real investment grew by 6.0 percent in the fourth quarter of FY18. This is the highest growth for real investment in over three years. Real investment growth has averaged 4.6 percent since the end of the 2007 recession. Real investment (or gross private domestic investment, as NIPA calls it) is the sum of gross private fixed investment and the change in private inventories. Gross private fixed investment consists of purchases of fixed assets by businesses and the construction of new housing for households. Fixed investment is broken down into nonresidential structures, nonresidential equipment and software, and residential investment. The purchase of homes is included in real investment.

Real government expenditures grew by 1.7 percent in the fourth quarter of FY18. This is the highest real government expenditure growth rate since the third quarter of FY16. On an adjacent-quarter basis, real government expenditures have increased in 14 of the last 17 quarters. This could be characterized as a period of expansion for real government expenditures. During these 17 quarters, real government expenditures have increased by a net 4.1 percent. By comparison, real GDP grew by a net 11.4 percent during that same time. Real government expenditures includes all government spending on consumption goods and investment goods at the federal, state and local levels. The federal expenditures are divided into national defense expenditures and non-defense expenditures.

**Table 11**  
**Summary of US Economic Series**  
**Fourth Quarter FY18 & FY17**

	Fourth Quarter			
	FY18	FY17	Chg	% Chg
Real GDP	17,553.8	17,031.1	522.7	3.1
Real Consumption	12,162.4	11,853.0	309.4	2.6
Real Investment	3,101.4	2,924.7	176.7	6.0
Real Govt. Expenditures	2,943.5	2,895.2	48.3	1.7
Real Exports	2,294.9	2,181.1	113.7	5.2
Real Imports	2,916.5	2,794.8	121.7	4.4
CPI all goods (% chg)	2.7	1.9	NA	NA
CPI Food (% chg)	1.3	0.8	NA	NA
CPI Energy (% chg)	10.3	5.6	NA	NA
CPI Core (% chg)	2.2	1.8	NA	NA
Industrial Production Index (% chg)	3.3	1.9	NA	NA
Working Population <sup>1</sup> (millions)	257.5	254.8	2.7	1.1
Civilian Labor Force <sup>2</sup>	162.1	160.4	1.7	1.1
Employed <sup>3</sup>	155.9	153.6	2.4	1.5
Unemployed <sup>4</sup>	6.2	6.8	-0.6	-9.2
Not in Labor Force <sup>5</sup>	95.3	94.4	1.0	1.0
Labor Force Participation Rate <sup>6</sup> (%)	62.8	62.8	NA	NA
Unemployment Rate (%)	3.8	4.3	NA	NA

**Table 12**  
**Summary of US & KY Employment**  
**Fourth Quarter FY18 & FY17**

	US Q4 (millions)			KY Q4 (thousands)		
	FY18	FY17	% Chg	FY18	FY17	% Chg
Non-farm Employment	148.7	146.3	1.6	1,941.5	1,919.6	1.1
Goods-producing	20.6	20.0	3.0	344.4	337.6	2.0
Construction	7.2	6.9	4.0	79.6	76.8	3.7
Mining	0.7	0.7	8.6	10.9	10.5	4.0
Manufacturing	12.7	12.4	2.1	253.9	250.4	1.4
Service-providing	105.7	104.0	1.7	1,280.5	1,266.3	1.1
Trade, Transportation & Utilities	27.8	27.4	1.2	406.4	400.7	1.4
Information	2.8	2.8	-0.8	22.3	22.9	-2.7
Finance	8.6	8.4	1.5	93.9	93.7	0.2
Business Services	20.9	20.4	2.4	218.0	214.1	1.9
Educational Services	23.6	23.1	1.9	274.3	272.1	0.8
Leisure and Hospitality Services	16.3	16.0	1.6	199.4	196.9	1.2
Other Services	5.9	5.8	1.7	66.1	65.8	0.5
Government	22.3	22.3	0.0	316.5	315.7	0.3

Federal outlays increased by 5.6 percent in the fourth quarter of FY18. This is a nominal net increase of \$236.2 billion. The interest on the debt was by far the greatest contributor to that outlay growth during that time, growing 18.8 percent, or \$90.9 billion. The interest on the debt has grown faster than real GDP growth in 11 of the last 12 quarters. Social security outlays, which is the largest single outlay in the federal government, grew by 5.1 percent in the fourth quarter, a net growth of \$47.2 billion. Also notable is the 9.4 percent growth in Medicaid outlays. The top five largest outlays (Social Security, Medicare, National Defense, Interest on the Debt, and Medicaid) grew a combined \$222.0 billion over just the last four quarters.

Real exports grew by 5.2 percent in the fourth quarter of FY18. This is the sixth consecutive quarter that adjacent-quarter growth has been positive. For the eight quarters of calendar 2015 and 2016, real exports declined in five of the eight (adjacent) quarters. During that time, there was a net decrease in real exports of \$26 billion. There were many reasons for this, but most importantly was that demand from our trading partners had declined due to recession-like conditions in their home countries. Real exports made up 13.0 percent of real GDP in the fourth quarter of FY18.

Real imports grew by 4.4 percent in the fourth quarter of FY18. The majority of that growth over the last four quarters occurred in the second quarter of FY18, when adjacent-quarter growth spiked to 3.4 percent. Adjacent-quarter growth during the other three quarters of FY18 has been much weaker, yielding -0.2, 0.7, and 0.4 percent growth, respectively. Real imports made up 16.7 percent of real GDP in the fourth quarter of FY18.

US personal income grew by 4.1 percent in the fourth quarter of FY18. Adjacent-quarter growth has been solid for the last six quarters, growing 1.4, 0.6, 0.8, 1.2, 1.1, and 1.0 percent, respectively. US wages and salaries income grew by 4.9 percent in the fourth quarter of FY18. This made up the large majority of the gains made in total US personal income. Wages and salaries income made up 51.2 percent of personal income in the fourth quarter of FY18. While all components of personal income performed very well in the fourth quarter, proprietor's income was the second fastest with 4.2 percent growth. See Table 14.

US non-farm employment grew by 1.6 percent in the fourth quarter of FY18. See Table 17. Mining employment grew the fastest in percentage terms, increasing 8.6 percent over the four quarters. Information services employment grew the slowest, losing 0.8 percent over the four quarters. On an absolute basis, business services employment grew the fastest, increasing a net 500,000 jobs over the four quarters. US government employment, which includes federal, state and local government employment, has remained at 22.3 million for eight consecutive quarters. This is down from the post-recession peak of 22.8 million government employees, but is still above recent lows of 21.8 million government employed which occurred in the third quarter of FY14.

**Table 13**  
**US Federal Outlays**  
**\$ billions, AR**

	Fourth Quarter			
	FY18	FY17	Chg	% Chg
Federal Outlays excl. Gross Investment	4,434.5	4,198.3	236.2	5.6
Social Security	970.1	922.8	47.2	5.1
Medicare	692.6	671.5	21.1	3.1
National Defense	613.9	584.7	29.2	5.0
Interest on Debt	573.1	482.3	90.9	18.8
Medicaid	390.2	356.6	33.6	9.4
Non-Medicaid Grants to S&L Govts	190.4	187.6	2.8	1.5
Subsidies	62.0	59.6	2.4	4.0
Aid to Foreign Governments	53.0	51.0	2.0	3.8

## KENTUCKY ECONOMY

Kentucky personal income grew by 3.7 percent in the fourth quarter of FY18. Kentucky personal income during the last three quarters has improved significantly over the previous four quarters. On an adjacent-quarter basis, growth during the last three quarters averaged 1.1 percent, while the average growth during the previous four quarters averaged 0.2 percent. In the fourth quarter of FY18 alone, adjacent-quarter growth was 1.8 percent. This is the highest single-quarter growth since the third quarter of FY14.

Growth of personal income was solid among all contributing components in the fourth quarter. Proprietors' income grew the fastest among the income components in the fourth quarter of FY18, growing 7.1 percent. Wages and salaries was the second fastest growing component, gaining 3.9 percent over the same quarter a year ago.

Social insurance, which is a deduction from personal income, has grown the fastest over the last three years, gaining a net 10.0 percent during that time. Kentucky wages and salaries was close behind, gaining 9.0 percent during that same time. The slowest growing during that time was transfer income, which grew a net 3.5 percent.

Kentucky non-farm employment grew by 1.1 percent in the fourth quarter of FY18. This represents a net increase of 21,800 jobs over the last four quarters. While this is still historically-weak for a four quarter period, quarterly growth has improved significantly over the last five quarters. Adjacent-quarter growth for the last five quarters was -0.04, 0.1, 0.1, 0.2, and 0.8 percent growth, respectively. The best growth over four quarters (since the end of the 2007 recession) was 1.9 percent which occurred between the fourth quarter of FY11 and the fourth quarter of FY12.

Mining employment was the fastest growing employment sector in Kentucky in the fourth quarter, growing 4.0 percent. See Table 12. On an absolute basis, trade, transportation, and utilities employment grew the most, gaining 5,700 net jobs over

the fiscal year. The worst performing employment sector was information services employment, which declined by 2.7 percent, for a net 600 jobs lost over the fiscal year.

**Table 14**  
**Personal Income**  
**\$ billions, SAAR**

	Fourth Quarter			
	FY18	FY17	\$ Diff	% Diff
<b>United States</b>				
Personal Income	17,011	16,340	672	4.1
Social Insurance	1,348	1,294	54	4.2
Residence Adjustments	0	0	0	-91.5
Dividends, Interest and Rents	3,290	3,175	115	3.6
Transfer Receipts	2,924	2,837	87	3.1
Wages & Salaries	8,703	8,295	407	4.9
Supplements to W&S	2,007	1,948	59	3.0
Proprietor's Income	1,436	1,379	57	4.2
<b>Kentucky</b>				
Personal Income	181.3	174.8	6.5	3.7
Social Insurance	15.4	14.8	0.5	3.5
Residence Adjustments	-1.7	-1.7	0.0	1.1
Dividends, Interest and Rents	28.3	27.4	0.9	3.3
Transfer Receipts	43.5	42.2	1.3	3.2
Wages & Salaries	92.5	89.1	3.4	3.9
Supplements to W&S	23.2	22.6	0.6	2.8
Proprietor's Income	10.8	10.0	0.7	7.1



# Interim Outlook . . . . .

## GENERAL FUND

The revenue forecasts presented in Table 15 and Table 16 were prepared using the June 2018 “control scenario” economic forecast from both IHS Global Insight (hereafter Global Insight) and the Kentucky MAK model. The FY19 estimates presented here highlight the first three fiscal quarters of the year. Projected General Fund revenues are shown in Table 15. As the table indicates, General Fund growth is projected to be 4.7 percent for the first three quarters of FY19. One should not assume that fourth quarter receipts’ growth in FY19 will be similar to growth in the first three quarters since the fourth quarter receipts include the months of April and June, which are two of the most pivotal and volatile months of the fiscal year.

**Table 15**  
**General Fund Interim Forecast**  
**\$ millions**

	FY18				FY18		FY19	
	Q4		Full Year		Official CFG		Q1-Q3	
	Actual	% Chg	Actual	% Chg	Estimate	\$ Diff	Estimate	% Chg
Individual Income	1,339.8	3.7	4,603.6	4.8	4,509.0	94.6	3,266.9	0.1
Sales & Use	938.1	3.4	3,605.7	3.5	3,611.9	-6.2	2,900.3	8.7
Property	69.1	-0.9	621.3	3.2	607.9	13.4	559.6	1.4
Corporate Income	198.2	-0.6	511.4	2.8	558.6	-47.2	332.4	6.2
Coal Severance	20.7	-10.3	89.6	-10.8	88.5	1.1	72.7	5.6
Cigarette Tax	56.3	-3.2	211.8	-4.3	214.3	-2.5	259.6	66.9
LLET	97.1	0.0	238.1	-3.0	186.2	51.9	138.6	-1.8
Lottery	77.0	17.6	253.0	4.7	243.0	10.0	179.0	1.7
Other	151.6	-6.5	703.7	2.0	699.0	4.7	555.4	0.6
<b>General Fund</b>	<b>2,947.8</b>	<b>2.6</b>	<b>10,838.2</b>	<b>3.4</b>	<b>10,718.4</b>	<b>119.8</b>	<b>8,264.6</b>	<b>4.7</b>

Kentucky’s General Fund receipts rose for the eighth consecutive year in FY18. The FY18 General Fund receipts totaled \$10,838.2 million or 3.4 percent more than FY17 collections. Final FY18 General Fund revenues were \$119.8 million, or 1.1 percent, more than the official revenue estimate which had projected 2.3 percent growth. The CFG estimate for FY19 had called for growth of 2.7 percent over the *projected* FY18 ending balance before considering the effects of tax reform. Taking into account the *actual* FY18 revenue total and the impacts of tax reform, the official estimate for FY19 of \$11,198.2 million can be reached with growth of 3.3 percent.

The aggregate impact or score of HB 487 for FY19 is \$192.3 million. Therefore, the growth rates presented in Table 14 incorporate normal economic activity plus the growth associated with HB 487. As mentioned above, 3.3 percent aggregate growth is now needed in FY19 to reach the new official estimate of \$11,198.2 million. If the

fiscal impacts of HB 487 have been accurately estimated, then the economic growth needed to hit the new official estimate is just 1.5 percent. Stated differently, the CFG projected revenue growth of 2.7 percent based on the economic situation when they met in December 2017. The FY18 revenue surplus of \$119.8 million has made the FY19 growth hurdle much less formidable, requiring only 1.5 percent growth on an economic basis.

Individual income tax receipts are expected to increase by 0.1 percent during the first three quarters of FY19. By way of comparison, the last eight years of annual growth in the individual income tax were 8.3 percent in FY11, followed by growth of 2.8 percent, 6.0 percent, 0.7 percent, 8.5 percent, 5.2 percent, 2.6 percent, and 4.8 percent in FY18, respectively. Growth in the individual income tax outlook for FY19 is muted due to the effects of HB 487. The full year FY19 impact of HB 487 is a reduction of \$118.3 million. A share of that impact occurs in the first three quarters. The largest component of individual income tax receipts is withholding, which makes up approximately 95 percent of total individual income tax receipts. Withholding is closely tied to wages and salaries and employment in the state. Declarations will soften as well as filers adjust their payments to reflect the lower effective tax rate.

Growth in sales and use tax receipts rebounded to 3.5 percent in FY18 following a disappointing year of 0.7 percent growth in FY17. Growth of 8.7 percent is expected over the forecasting horizon. The high rate of expected growth is attributable to the base broadening measures in the tax bill. HB 487 extended the sales and use tax to installation and maintenance of tax tangible property, as well as certain services such as landscaping, small animal veterinary services, and extended warranty services. The full-year impact of the expansion of the sales tax is \$208.2 million. An appropriate share of that impact was added to the three quarter forecast shown in Table 15.

Property tax revenues are expected to increase by 1.4 percent over the forecasting horizon. The state rate on real property will remain at 12.2 cents per \$100 in valuation for property assessed as of January 1, 2018. Many areas of the state continue to linger from the effects of the housing recession, so the state rate has remained at 12.2 cents since valuation year 2008, an unprecedented run of 11 consecutive years without a rate decline. The relatively weak growth expected in the property tax is primarily attributable the public service account as well as the tangible property account. Both of these categories fared above average in FY18 and are expected to revert back to more historical patterns in FY19. Property taxes were not affected by the most recent tax reform, so no additions or subtractions were indicated for these accounts.

The corporation income tax and the LLET are now estimated in aggregate due to the inability to separate the receipts in a meaningful manner. Business taxes were also affected by the changes in HB 487. The progressive rate structure was replaced with a flat rate of 5.0 percent, which represents a tax cut to most businesses. Rate cuts were coupled with some base broadening and an update to the IRC effective January

1, 2018 – partially mitigating the negative fiscal impact of the rate reduction. Despite the estimated tax law effect in FY19 of -\$27.6 million, growth is expected over the forecasting horizon as business profits remain solid.

Coal severance receipts fell 10.8 percent in FY18 but managed to exceed the official estimate by \$1.1 million. Coal severance receipts have fallen from an all-time high of \$298.3 million in FY12 to an all-time low of \$89.6 million in FY18. The interim estimate calls for a 5.6 percent rebound over the forecasting horizon, giving hope that coal receipts have hit a nadir and will begin to stabilize. The coal severance tax was unaffected by the provisions of HB 487 so no exogenous changes were applied to the forecast.

Cigarette tax receipts declined 4.3 percent in FY18 as consumption continues to wane. Kentucky sales have been buoyed somewhat by rate increases in Illinois, Ohio, and most recently West Virginia. However, HB 487 raised the tax on each pack of cigarettes from 60 cents to \$1.10, with an associated tax impact of \$128.6 million for FY19. A floor stocks tax of 50 cents per pack was also added to inventories to prevent hoarding prior to the tax increase. The effect of the tax increase and floor stocks tax are projected to precipitate a 66.9 percent increase in cigarette taxes over the forecasting horizon. The downward trend in smoking is expected to continue beyond the change in the cigarette tax rate increase and beyond the forecast horizon. Therefore, the revenue increase expected in FY19 is likely to be a high watermark for cigarette tax receipts

Lottery dividends exceeded the FY18 estimate by \$10.0 million, largely due to strength in the online games and solid growth in the instant ticket marketplace. While the dividend schedule for FY19 has not yet been released, minor improvement is expected over the \$253.0 million received in FY18. Collections of dividend payments are expected to be \$179.0 million for the first three quarters of FY19.

The “Other” category contains dozens of smaller accounts which make up the remainder of the General Fund. Insurance premiums tax, bank franchise and telecommunications tax are the three largest accounts in the “Other” category. The “Other” category of taxes is expected to rise 0.6 percent during the forecasting horizon, a rate of growth slightly under the 2.0 percent increase in FY18. Each account was re-examined after FY18 and the proper adjustments were made to calibrate the models. The “Other” accounts totaled \$703.7 million in FY18. “Other” collections are estimated to be \$555.4 million for the three quarter forecasting horizon.

## ROAD FUND

On a positive note, Road Fund revenues grew for the second consecutive year in FY18 after posting declines in FY15 and FY16. However, the rates of growth have been weak and declining and nothing in the forecast points to a significant improvement in the near term. Revenues increased 1.7 percent in FY17, but only grew 0.2 percent in FY18. While collections are expected to increase 1.1 percent over the first three quarters of FY19, it is likely that receipts will end the year with an even lower rate of growth.

**Table 16**  
**Road Fund Interim Forecast**  
**(\$ millions)**

	FY18				FY18		FY19	
	Q4		Full Year		Official	CFG	Q1, Q2 & Q3	
	Actual	% Chg	Actual	% Chg	Estimate	\$ Diff	Estimate	% Chg
Motor Fuels	195.9	1.0	764.9	0.6	761.2	3.7	571.8	0.5
Motor Vehicle Usage	128.5	2.0	493.1	-1.3	493.9	-0.8	368.6	1.1
Motor Vehicle License	39.4	11.4	112.8	0.8	113.4	-0.6	75.9	3.3
Motor Vehicle Operators	4.4	3.9	16.8	4.2	16.6	0.2	12.6	1.8
Weight Distance	20.0	-1.0	81.7	-1.4	81.4	0.3	63.1	2.3
Income on Investments	1.2	24.8	2.8	79.4	2.0	0.8	2.6	60.1
Other	11.9	45.9	38.7	10.3	34.8	3.9	27.3	1.8
<b>Road Fund</b>	<b>401.4</b>	<b>3.2</b>	<b>1,511.0</b>	<b>0.2</b>	<b>1,503.3</b>	<b>7.7</b>	<b>1,121.9</b>	<b>1.1</b>

Revenues fell in each of the first three quarters of FY18 before growing in the final quarter. Rates of growth for the four quarters were -0.5 percent, -0.3 percent, -1.7 percent and 3.2 percent. All of the Road Fund accounts are expected to increase over the forecast horizon relative to last year but the rates of growth are anticipated to be small. Table 16 shows the interim Road Fund forecast for the first nine months of FY19.

Total Road Fund collections rose 0.2 percent in FY18 as declines in the motor vehicle usage and weight distance taxes offset gains in the remaining accounts. Taken together, motor vehicle usage and weight distance receipts fell \$7.9 million while the remaining five accounts combined to increase by \$10.9 million.

Motor fuels tax receipts grew only 0.6 percent in FY18. The tax rate on motor fuels has been in place and unchanged since the fourth quarter of FY15. Motor fuels consumption has changed very little during this time. As a result, motor fuels receipts have changed very little during this time. Quarterly growth rates for motor fuels taxes were 0.1 percent, -1.2 percent, 2.6 percent and 1.0 percent in FY18.

Motor vehicle usage taxes fell for only the second time in the past eight years. Collections were \$6.7 million, or 1.3 percent, below prior year total. Growth rates for the four quarters were -4.4 percent, 2.4 percent, -4.7 percent and 2.0 percent in FY18.

Motor vehicle license receipts grew 0.8 percent while motor vehicle operators' receipts rose 4.2 percent. Investment income grew \$1.3 million and "other" income rose \$3.6 million.

Looking ahead, motor fuels tax receipts are expected to grow 0.5 percent over the first nine months of FY19. A flat tax rate coupled with small changes in consumption will limit any growth in this account.

Motor vehicle usage taxes are forecasted to increase 1.1 percent during the first three quarters of FY19. Motor vehicle usage tax collections were unusually strong in FY16 as consumers satiated pent-up demand. Collections in the past two years have slowed and that trend is expected to continue into 2019.

To estimate the other components of the Road Fund, the Governor's Office for Economic Analysis consulted with officials in the Transportation Cabinet and the Department of Revenue to assess recent growth patterns as well as administrative factors in developing an updated estimate. Motor vehicle license fees are expected to increase 3.3 percent. Weight distance taxes are forecasted to grow 2.3 percent, motor vehicle operator's license (driver's license) taxes are forecasted to grow 1.8 percent, and investment income collections are projected to be \$2.6 million. The "Other" category is expected to increase 1.8 percent.

## **NATIONAL ECONOMY**

The national outlook over the next three fiscal quarters calls for robust GDP growth, continued solid employment gains, and a continued reduction in unemployment rates. Real GDP growth is expected to be 3.1 percent over the next three fiscal quarters. This is the best growth since the second half of FY15. The overall unemployment rate is expected to continue to fall, reaching an average of 3.6 percent over the next three fiscal quarters.

The continued ratcheting up of trade tensions bring increased levels of risk to the current, underlying forecast. A shifting global supply landscape may temporarily add to GDP, as exports increase in anticipation of retaliatory tariffs, but the long-term economic impact will be negative. The current forecast was prepared before the implementation of 25 percent tariffs on approximately \$36 billion in Chinese exports and the retaliation by the Chinese with 25 percent tariffs of their own on US exports. Thus far, the tit-for-tat tariffs have targeted intermediate production inputs. However, the Trump administration has threatened broad, significant tariffs on automobiles and other consumer items that would likely lead to significant cost pressures and decreased consumer demand.

The Federal Open Market Committee (FOMC), as expected, raised the federal funds rate by 25 basis points at their June meeting. In addition to raising the benchmark interest rate, the FOMC signaled that the committee is considering increasing the pace at which increases to the federal funds rate could occur at future meetings. Rates will be increased at both of the remaining meetings in calendar 2018. Given the forecast for strong consumer demand, increased real GDP growth, tight labor markets, and increases in personal consumption expenditure price indexes, the FOMC will likely continue to raise interest rates until the target funds rate reaches 3.5 percent in calendar 2020. As a result, the Treasury yield curve will continue to flatten, as short- and intermediate-term rates rise by more than long-term rates.

**Table 17**  
**US Economic Outlook**  
**Quarters 1, 2, & 3**

	Q1, Q2, & Q3			
	FY19	FY18	Chg	% Chg
Real GDP	17,818.9	17,276.7	542.2	3.1
Real Consumption	12,313.6	12,005.9	307.7	2.6
Real Investment	3,224.1	3,017.2	206.9	6.9
Real Govt. Expenditures	2,988.4	2,917.1	71.3	2.4
Real Exports	2,364.7	2,225.0	139.6	6.3
Real Imports	3,041.0	2,859.1	181.8	6.4
Personal Income (\$ billions)	17,426.9	16,657.1	769.7	4.6
Wages and Salaries (\$ billions)	8,919.0	8,499.3	419.6	4.9
Inflation (% chg CPI)	2.3	2.1	NA	NA
Industrial Production Index (% chg)	3.9	2.5	NA	NA
Total Non-farm Employment (millions)	149.9	147.5	2.5	1.7
Manufacturing Employment (millions)	12.8	12.5	0.3	2.3
Unemployment Rate (%)	3.6	4.2	NA	NA

**Table 18**  
**Kentucky Economic Outlook**  
**FY18 Q4, FY19 Q1 & Q2**

	Q1, Q2, & Q3			
	FY19	FY18	Chg	% Chg
Personal Income (\$ millions)	185,619.1	177,001.0	8,618.1	4.9
Wages and Salaries (\$ millions)	94,603.6	89,999.1	4,604.5	5.1
Non-farm Employment (thousands)	1,954.2	1,923.7	30.5	1.6
Goods-producing	348.4	336.9	11.5	3.4
Construction	80.5	76.6	3.9	5.1
Mining	10.5	10.3	0.2	1.9
Manufacturing	257.3	249.9	7.4	3.0
Service-providing	1,289.0	1,271.3	17.7	1.4
Trade, Transportation & Utilities	408.5	405.6	2.9	0.7
Information	22.1	22.5	-0.4	-1.8
Finance	94.5	93.0	1.5	1.6
Business Services	222.2	214.7	7.5	3.5
Educational Services	275.1	272.2	2.8	1.0
Leisure and Hospitality Services	200.8	196.5	4.2	2.2
Other Services	65.9	66.8	-0.9	-1.3
Government	316.8	315.5	1.3	0.4

## KENTUCKY ECONOMY

The solid underlying economic conditions, which are causing the positive Kentucky outlook, will persist well into the new fiscal year. Personal income of Kentuckians is expected to grow at a solid rate of 4.9 percent over the next three quarters. This strong growth is expected to outperform the excellent national personal income growth of 4.6 percent. In accord with the upward projection of personal income, wages and salaries are estimated to grow 5.1 percent over the forecast horizon.

Increases in both hourly and average weekly earnings, as well as acceleration in employment growth, suggests strengthening in the labor market. While the average Kentuckian will bode well from the strengthened labor market, it should be noted the gap in wages between workers in urban counties compared to those in rural counties will continue to pose a challenge to economic expansion across the Commonwealth. The Quarterly Census of Employment and Wages data published by the Bureau of Labor Statistics identifies significant disparities between the average hourly wages earned across counties within the Commonwealth. The Golden Triangle continues to be the region associated with vigorous population and economic growth; such proliferation does not commonly transpire in rural counties.

Non-farm employment is forecasted to rise by an additional 30,500 jobs over the next three quarters, reflecting growth in nine of the 11 supersector groups. Construction and manufacturing are the bright spots in Kentucky's employment outlook, with expected growth of 5.1 percent and 3.0 percent, respectfully. The two supersectors are expected to gain a combined 11,300 jobs over the forecast horizon. The demand

for new construction is a leading economic driver for the recent growth in the goods-producing sector.

The surge in construction employment is multifaceted in nature. Residential housing demand has increased. Following years of high housing inventory, housing inventories are now very low. As a result, construction employment is improving. Unabated popularity in Kentucky's bourbon industry resulted in a spike in distillery growth. This is another source of the increased construction demand. Hotel construction has also increased as more visitors come for the expanding bourbon industry. In addition to tourism development initiatives, economic development initiatives have resulted in record-breaking investments in manufacturing, distribution and export growth in FY18, building a sturdy platform for Kentucky's employment industries entering FY19. Investments from Amazon, Braidy Industries, and Toyota Motor Manufacturing of Kentucky will continue to improve the business climate of the Commonwealth's future, as well as pave the way for future economic development.

In its entirety, the service-providing sector is anticipated to enter FY19 with weak growth of 1.4 percent. The business services group is expected to be the momentum within the service-providing sector, increasing by an estimated 7,500 jobs. Trailing close behind, the leisure and hospitality supersector is forecasted to expand its employment count by 4,200 positions.

While the uptick in Kentucky employment represents a positive trend overall, red flags exist regarding the quality of jobs that are available and will continue to be obtainable into the forecasted quarters. Speculation remains that low-wage jobs will persist having the swiftest rate of growth, while middle-wage employment is expected to continue its decline due to the mismatch between positions available and the skill level of the unemployed. Outside of earnings, hours that employer's offer may miss the mark for those part time workers wishing to achieve fulltime status. Leisure and hospitality services employment is expected to perform well over the next three quarters, gaining 4,200 jobs. Non-farm employment in Kentucky is expected to fare well in the months to come despite some obstacles in a couple supersectors.



**Table 19**  
**History and Outlook**  
**Annual Growth Rates (%)**

	FY17				FY18				FY19		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
<b>United States</b>											
Real GDP	1.5	1.8	2.0	2.2	2.3	2.6	2.8	3.1	3.1	3.1	3.3
Real Consumption	2.8	2.8	2.9	2.7	2.6	2.8	2.6	2.6	2.7	2.3	2.7
Real Investment	-2.7	0.9	1.7	3.3	4.5	3.6	5.8	6.0	6.4	7.1	7.0
Real Government Expenditures	0.4	0.4	-0.2	0.0	0.0	0.7	1.1	1.7	2.2	2.4	2.7
Real Exports	1.0	0.6	3.1	3.2	2.2	5.0	4.2	5.2	6.3	6.1	6.4
Real Imports	0.7	2.7	3.8	4.1	3.2	4.7	4.3	4.4	6.8	5.5	6.8
Personal Income	2.6	1.6	3.1	2.7	2.8	4.0	3.7	4.1	4.4	4.5	4.9
Wage & Salary	3.9	1.0	3.4	2.5	2.6	4.8	4.6	4.9	4.9	5.0	4.9
Industrial Production Index	-1.9	-0.5	0.2	1.9	1.3	3.0	3.3	3.3	4.4	3.4	3.8
Total Non-farm Employment	1.8	1.7	1.7	1.6	1.5	1.5	1.5	1.6	1.7	1.7	1.7
Manufacturing Employment	0.0	-0.1	0.2	0.6	0.8	1.5	1.8	2.1	2.4	2.5	2.1
Unemployment Rate	4.9	4.7	4.7	4.3	4.3	4.1	4.1	3.8	3.7	3.6	3.4
<b>Kentucky</b>											
Personal Income	2.0	0.1	2.0	1.3	0.7	2.4	2.2	3.7	4.5	4.5	5.5
Wage & Salary	4.5	0.5	3.2	1.7	0.2	2.1	1.8	3.9	4.8	4.9	5.6
Non-farm Employment	1.4	0.7	0.8	0.8	0.4	0.5	0.3	1.1	1.4	1.6	1.8
Goods Producing	1.1	0.8	1.3	0.9	0.4	-0.2	-0.4	2.0	2.7	3.7	3.8
Service Providing	1.8	1.1	0.9	0.9	0.5	0.9	0.6	1.1	1.3	1.3	1.5
Government	0.0	-0.9	-0.5	-0.1	0.0	-0.2	-0.2	0.3	0.0	0.6	0.6

## **APPENDIX A**

### **General and Road Fund Receipts Fourth Quarter FY18**

## KENTUCKY STATE GOVERNMENT – GENERAL FUND REVENUE

	Fourth Quarter FY 2018	Fourth Quarter FY 2017	% Change	Year-To-Date FY 2018	Year-To-Date FY 2017	% Change
<b>TOTAL GENERAL FUND</b>	<b>\$2,947,841,053</b>	<b>\$2,873,794,389</b>	<b>2.6%</b>	<b>\$10,838,200,084</b>	<b>\$10,477,848,874</b>	<b>3.4%</b>
<b>Tax Receipts</b>	<b>\$2,859,124,097</b>	<b>\$2,783,752,440</b>	<b>2.7%</b>	<b>\$10,497,829,798</b>	<b>\$10,132,685,779</b>	<b>3.6%</b>
Sales and Gross Receipts	\$1,106,378,507	\$1,074,541,986	3.0%	\$4,211,205,101	\$4,086,441,364	3.1%
Beer Consumption	1,558,119	1,600,403	-2.6%	6,069,024	6,205,443	-2.2%
Beer Wholesale	15,530,408	15,395,048	0.9%	59,119,872	59,525,060	-0.7%
Cigarette	56,258,614	58,127,148	-3.2%	211,834,789	221,375,451	-4.3%
Distilled Spirits Case Sales	41,065	38,594	6.4%	155,861	153,781	1.4%
Distilled Spirits Consumption	3,766,543	3,562,932	5.7%	14,288,035	14,237,920	0.4%
Distilled Spirits Wholesale	12,176,343	11,226,551	8.5%	45,559,663	44,064,952	3.4%
Insurance Premium	50,623,666	48,335,518	4.7%	157,154,273	148,188,827	6.1%
Pari-Mutuel	2,839,258	2,778,066	2.2%	7,894,063	6,807,535	16.0%
Race Track Admission	36,381	32,365	12.4%	195,837	174,356	12.3%
Sales and Use	938,106,590	907,049,340	3.4%	3,605,661,335	3,485,215,349	3.5%
Wine Consumption	819,476	775,182	5.7%	3,165,448	3,084,190	2.6%
Wine Wholesale	4,434,806	4,347,166	2.0%	17,445,613	18,289,377	-4.6%
Telecommunications Tax	14,894,151	15,729,678	-5.3%	61,125,754	57,540,002	6.2%
Other Tobacco Products	5,295,813	5,543,994	-4.5%	21,538,933	21,573,080	-0.2%
Floor Stock Tax	(2,726)	0	---	(3,399)	6,040	---
License and Privilege	\$2,200,173	\$2,785,652	-21.0%	\$117,424,507	\$107,690,065	9.0%
Alc. Bev. License Suspension	169,833	83,600	103.1%	559,200	367,853	52.0%
Corporation License	8,165	677	---	11,596	7,423	56.2%
Corporation Organization	6,350	10,800	-41.2%	54,471	982,251	-94.5%
Occupational Licenses	104,584	123,045	-15.0%	216,991	229,579	-5.5%
Race Track License	46,300	49,121	-5.7%	278,500	276,596	0.7%
Bank Franchise Tax	1,683,495	2,340,476	-28.1%	115,617,923	105,129,792	10.0%
Driver License Fees	181,446	177,933	2.0%	686,826	696,570	-1.5%
Natural Resources	\$29,621,003	\$30,689,178	-3.5%	\$122,972,027	\$130,063,924	-5.5%
Coal Severance	20,747,226	23,117,028	-10.3%	89,643,238	100,455,465	-10.8%
Oil Production	1,646,623	1,295,064	27.1%	5,360,469	5,120,700	4.7%
Minerals Severance	4,320,782	3,762,927	14.8%	18,181,584	16,923,270	7.4%
Natural Gas Severance	2,906,373	2,514,159	15.6%	9,786,736	7,564,489	29.4%
Income	\$1,635,009,674	\$1,588,158,009	3.0%	\$5,353,058,930	\$5,136,952,770	4.2%
Corporation	198,199,203	199,417,487	-0.6%	511,352,679	497,479,037	2.8%
Individual	1,339,756,272	1,291,692,987	3.7%	4,603,578,834	4,393,862,556	4.8%
Limited Liability Entity	97,054,200	97,047,535	0.0%	238,127,417	245,611,177	-3.0%
Property	\$69,115,202	\$69,760,763	-0.9%	\$621,260,307	\$602,095,597	3.2%
Building & Loan Association	2,126,838	2,354,521	-9.7%	2,158,239	2,369,893	-8.9%
General - Real	5,448,587	5,403,823	0.8%	283,388,656	273,935,818	3.5%
General - Tangible	49,881,041	52,768,895	-5.5%	254,292,498	244,469,542	4.0%
Omitted & Delinquent	1,821,730	2,410,775	-24.4%	16,274,357	15,966,205	1.9%
Public Service	9,764,828	6,819,459	43.2%	63,313,796	63,680,782	-0.6%
Other	72,179	3,291	2093.4%	1,832,760	1,673,358	9.5%
Inheritance Tax	\$10,865,672	\$12,025,646	-9.6%	\$48,248,219	\$44,699,808	7.9%
Miscellaneous	\$5,933,866	\$5,791,207	2.5%	\$23,660,706	\$24,742,251	-4.4%
Legal Process	3,265,788	3,277,769	-0.4%	13,035,070	13,299,585	-2.0%
T. V. A. In Lieu Payments	2,631,901	2,490,216	5.7%	10,575,611	11,350,177	-6.8%
Other	36,177	23,221	55.8%	50,025	92,490	-45.9%
<b>Nontax Receipts</b>	<b>\$87,535,914</b>	<b>\$88,039,550</b>	<b>-0.6%</b>	<b>\$334,713,465</b>	<b>\$335,817,562</b>	<b>-0.3%</b>
Departmental Fees	7,770,633	7,838,385	-0.9%	22,657,477	21,805,380	3.9%
PSC Assessment Fee	378,154	752,909	-49.8%	16,218,175	13,784,610	17.7%
Fines & Forfeitures	4,704,156	5,796,842	-18.8%	17,829,955	19,676,290	-9.4%
Income on Investments	(2,163,173)	(202,242)	---	(7,611,235)	(1,129,875)	---
Lottery	77,000,000	65,500,000	17.6%	253,000,000	241,627,129	4.7%
Miscellaneous	(153,916)	8,353,655	---	32,619,094	40,054,028	-18.6%
Redeposit of State Funds	\$1,181,042	\$2,002,400	-41.0%	\$5,656,821	\$9,345,533	-39.5%

## KENTUCKY STATE GOVERNMENT – ROAD FUND REVENUE

	Fourth Quarter FY 2018	Fourth Quarter FY 2017	% Change	Year-To-Date FY 2018	Year-To-Date FY 2017	% Change
<b>TOTAL ROAD FUND</b>	<b>\$401,355,964</b>	<b>\$388,991,783</b>	<b>3.2%</b>	<b>\$1,511,003,520</b>	<b>\$1,508,003,421</b>	<b>0.2%</b>
Tax Receipts-	\$391,360,626	\$382,172,986	2.4%	\$1,483,223,103	\$1,484,228,925	-0.1%
Sales and Gross Receipts	\$324,384,094	\$320,009,454	1.4%	\$1,258,070,574	\$1,260,348,857	-0.2%
Motor Fuels Taxes	195,867,225	194,003,567	1.0%	764,937,870	760,514,967	0.6%
Motor Vehicle Usage	128,516,869	126,005,887	2.0%	493,132,705	499,833,891	-1.3%
License and Privilege	\$66,976,532	\$62,163,532	7.7%	\$225,152,529	\$223,880,068	0.6%
Motor Vehicles	39,373,844	35,337,074	11.4%	112,850,030	111,927,466	0.8%
Motor Vehicle Operators	4,418,958	4,251,736	3.9%	16,794,541	16,120,127	4.2%
Weight Distance	20,038,352	20,248,239	-1.0%	81,711,920	82,886,950	-1.4%
Truck Decal Fees	236,649	258,189	-8.3%	289,061	289,874	-0.3%
Other Special Fees	2,908,730	2,068,294	40.6%	13,506,977	12,655,651	6.7%
Nontax Receipts	\$9,753,016	\$6,547,084	49.0%	\$26,904,635	\$22,938,976	17.3%
Departmental Fees	7,180,666	5,227,716	37.4%	20,951,634	19,473,809	7.6%
In Lieu of Traffic Fines	91,909	109,751	-16.3%	353,405	378,757	-6.7%
Income on Investments	1,213,331	972,874	24.7%	2,837,474	1,581,851	79.4%
Miscellaneous	1,267,110	236,743	435.2%	2,762,123	1,504,559	83.6%
Redeposit of State Funds	\$242,322	\$271,712	-10.8%	\$875,785	\$835,520	4.8%

## **APPENDIX B**

### **Summary Statistics for General Fund Major Revenue Sources Fiscal Years 2009- 2018 (\$ millions)**

	FY09	FY010	FY11	FY12	FY13
<b>TOTAL GENERAL FUND</b>	<b>8,426,351,594</b>	<b>8,225,127,620</b>	<b>8,759,442,646</b>	<b>9,090,954,645</b>	<b>9,348,326,000</b>
<b>Tax Receipts</b>	<b>8,112,768,934</b>	<b>7,917,980,032</b>	<b>8,455,775,175</b>	<b>8,786,626,012</b>	<b>8,992,372,146</b>
<b>Sales and Gross Receipts</b>	<b>3,374,871,927</b>	<b>3,396,530,945</b>	<b>3,489,069,236</b>	<b>3,648,803,253</b>	<b>3,616,732,159</b>
Beer Consumption	6,478,525	6,165,525	6,118,817	6,125,423	6,190,085
Beer Wholesale	51,696,564	51,596,255	51,914,445	54,139,730	53,750,045
Cigarette	186,756,010	278,159,743	262,220,720	254,798,018	238,669,895
Cigarette Floor Stock	16,292,300	274,940	150,038	31,548	19,426
Distilled Spirits Case Sales	109,333	453,002	-232,830	116,903	122,873
Distilled Spirits Consumption	10,676,604	10,719,543	10,942,531	11,355,027	11,962,448
Distilled Spirits Wholesale	27,884,547	27,517,432	28,175,617	29,695,678	31,911,903
Insurance Premium	125,168,149	125,063,475	128,731,563	133,069,934	139,471,024
Pari-Mutuel	4,387,515	-82,480	4,607,322	3,600,911	4,842,847
Race Track Admission	230,888	187,994	178,957	164,223	184,269
Sales and Use	2,857,665,168	2,794,057,329	2,896,251,816	3,052,236,048	3,021,794,387
Wine Consumption	2,392,069	2,442,113	2,584,039	2,716,967	2,856,119
Wine Wholesale	12,356,700	12,082,136	13,748,696	14,102,961	14,959,504
Telecommunications Tax	61,228,833	66,786,669	62,286,497	64,919,274	68,327,915
Other Tobacco Products	11,548,724	21,107,290	21,391,009	21,730,607	21,669,418
<b>License and Privilege</b>	<b>84,111,977</b>	<b>76,326,722</b>	<b>100,533,645</b>	<b>100,903,697</b>	<b>100,211,825</b>
Alc. Bev. License & Suspension	393,050	562,082	377,550	281,375	402,958
Corporation License	9,154,338	5,470,951	10,654,547	5,330,573	-294,874
Corporation Organization	38,101	167,841	69,928	94,666	97,963
Occupational Licenses	257,200	172,153	165,753	156,845	137,311
Race Track License	350,225	271,425	262,175	272,443	264,011
Bank Franchise Tax	73,339,144	69,085,922	88,400,971	94,158,966	98,971,258
Driver License Fees	579,919	596,348	602,721	608,829	633,198
<b>Natural Resources</b>	<b>355,984,528</b>	<b>317,146,565</b>	<b>342,319,441</b>	<b>346,050,224</b>	<b>269,486,287</b>
Coal Severance	292,591,094	271,943,100	295,836,611	298,263,637	230,540,150
Oil Production	8,430,228	7,564,121	8,287,566	11,955,961	10,974,127
Minerals Severance	12,807,705	13,266,156	13,256,853	13,292,368	13,306,647
Natural Gas Severance	42,155,501	24,373,188	24,938,411	22,538,258	14,665,363
<b>Income</b>	<b>3,705,003,167</b>	<b>3,538,303,824</b>	<b>3,934,302,025</b>	<b>4,087,239,263</b>	<b>4,369,839,147</b>
Corporation	267,984,858	237,867,392	300,782,364	374,423,779	400,752,175
Individual	3,315,368,217	3,154,488,000	3,417,778,504	3,512,075,128	3,722,963,791
LLET	121,650,092	145,948,432	215,741,157	200,740,356	246,123,181
<b>Property</b>	<b>513,122,060</b>	<b>516,169,947</b>	<b>514,814,972</b>	<b>529,566,811</b>	<b>558,378,328</b>
Bank Deposits	542,716	589,597	561,375	570,776	588,098
Building & Loan Association	2,898,977	2,920,507	2,457,458	2,462,810	2,332,923
Distilled Spirits	624,280	685,815	730,146	754,636	772,733
General - Intangible	-	-	-	-	-
General - Real	241,008,338	248,756,857	247,034,036	251,285,063	257,970,441
General - Tangible	203,783,916	193,234,982	186,665,683	207,739,436	216,942,082
Omitted & Delinquent	22,945,670	24,952,198	28,140,461	16,687,591	26,972,243
Public Service	41,315,048	45,026,921	49,210,400	50,063,069	52,795,179
Other	3,115	3,071	15,412	3,431	4,629
<b>Inheritance</b>	<b>41,234,240</b>	<b>37,201,611</b>	<b>41,350,929</b>	<b>41,312,904</b>	<b>41,326,220</b>
<b>Miscellaneous</b>	<b>38,441,036</b>	<b>36,300,419</b>	<b>33,384,927</b>	<b>32,749,859</b>	<b>36,398,182</b>
Legal Process	23,782,419	21,807,020	20,303,600	19,977,267	19,748,614
T. V. A. In Lieu Payments	14,593,246	14,335,091	12,992,023	12,707,124	16,600,467
Other	65,371	158,308	89,304	65,468	49,101
<b>Nontax Receipts</b>	<b>311,791,847</b>	<b>301,799,304</b>	<b>300,260,186</b>	<b>301,849,149</b>	<b>353,103,427</b>
Departmental Fees	31,912,667	29,530,171	29,505,690	26,203,503	28,494,072
PSC Assessment Fee	14,104,836	12,685,063	16,266,055	7,389,549	13,205,508
Fines & Forfeitures	29,298,014	29,046,803	26,117,800	26,274,627	28,264,706
Interest on Investments	4,183,825	-303,103	767,606	-14,535,985	711,516
Lottery	193,500,000	200,000,000	200,500,000	210,800,122	215,266,568
Sale of NOx Credits	0	625,230	36,825	22,025	50,892
Miscellaneous	38,792,505	30,215,139	27,066,209	45,695,310	67,110,164
<b>Redeposit of State Funds</b>	<b>1,790,813</b>	<b>5,348,284</b>	<b>3,407,285</b>	<b>2,479,483</b>	<b>2,850,428</b>

	FY14	FY15	FY16	FY17	FY18
<b>TOTAL GENERAL FUND</b>	<b>9,462,035,017</b>	<b>9,966,630,897</b>	<b>10,338,884,795</b>	<b>10,477,848,874</b>	<b>10,838,200,084</b>
<b>Tax Receipts</b>	<b>9,126,466,009</b>	<b>9,637,987,521</b>	<b>9,988,342,493</b>	<b>10,132,685,779</b>	<b>10,497,829,798</b>
<b>Sales and Gross Receipts</b>	<b>3,716,809,229</b>	<b>3,854,700,860</b>	<b>4,062,700,426</b>	<b>4,086,441,364</b>	<b>4,211,205,101</b>
Beer Consumption	6,226,880	6,071,389	6,557,744	6,205,443	6,069,024
Beer Wholesale	57,969,185	57,570,011	61,161,655	59,525,060	59,119,872
Cigarette	228,076,834	220,902,529	224,303,658	221,375,451	211,834,789
Cigarette Floor Stock	-1,887	11,502	8,108	6,040	-3,399
Distilled Spirits Case Sales	127,875	132,802	136,488	153,781	155,861
Distilled Spirits Consumption	11,961,270	12,468,749	12,823,273	14,237,920	14,288,035
Distilled Spirits Wholesale	33,829,202	36,471,357	38,886,865	44,064,952	45,559,663
Insurance Premium	141,638,641	146,480,663	145,250,375	148,188,827	157,154,273
Pari-Mutuel	2,421,099	2,964,884	4,993,574	6,807,535	7,894,063
Race Track Admission	213,958	155,426	229,416	174,356	195,837
Sales and Use	3,131,126,876	3,267,331,025	3,462,704,116	3,485,215,349	3,605,661,335
Wine Consumption	2,896,687	2,912,784	3,102,163	3,084,190	3,165,448
Wine Wholesale	15,523,357	16,323,658	16,583,413	18,289,377	17,445,613
Telecommunications Tax	63,897,510	63,575,235	64,681,001	57,540,002	61,125,754
Other Tobacco Products	20,901,740	21,328,845	21,278,667	21,573,080	21,538,933
<b>License and Privilege</b>	<b>105,181,651</b>	<b>101,926,285</b>	<b>111,094,998</b>	<b>107,690,065</b>	<b>117,424,507</b>
Alc. Bev. License & Suspension	343,952	450,542	480,675	367,853	559,200
Corporation License	814,539	188,600	135,698	7,423	11,596
Corporation Organization	47,491	186,635	136,720	982,251	54,471
Occupational Licenses	214,153	202,297	289,193	229,579	216,991
Race Track License	291,300	247,766	324,375	276,596	278,500
Bank Franchise Tax	102,857,446	99,990,669	109,049,728	105,129,792	115,617,923
Driver License Fees	612,770	659,776	678,609	696,570	685,826
<b>Natural Resources</b>	<b>241,988,627</b>	<b>220,613,349</b>	<b>149,405,136</b>	<b>130,063,924</b>	<b>122,972,027</b>
Coal Severance	197,525,899	180,283,352	120,610,311	100,455,465	89,643,238
Oil Production	13,128,040	9,840,015	4,748,862	5,120,700	5,360,469
Minerals Severance	12,298,663	15,128,385	17,596,331	16,923,270	18,181,584
Natural Gas Severance	19,036,025	15,361,597	6,449,632	7,564,489	9,786,736
<b>Income</b>	<b>4,423,722,549</b>	<b>4,821,410,590</b>	<b>5,011,709,477</b>	<b>5,136,952,770</b>	<b>5,353,058,930</b>
Corporation	475,120,319	528,118,737	526,637,870	497,479,037	511,352,679
Individual	3,749,257,830	4,069,500,570	4,282,080,975	4,393,862,556	4,603,578,834
LLET	199,344,400	223,791,283	202,990,632	245,611,177	238,127,417
<b>Property</b>	<b>562,428,448</b>	<b>563,435,472</b>	<b>577,548,052</b>	<b>602,095,597</b>	<b>621,260,307</b>
Bank Deposits	581,157	588,914	632,587	644,459	676,071
Building & Loan Association	1,806,976	1,482,051	2,191,706	2,369,893	2,158,239
Distilled Spirits	854,637	891,761	961,388	1,020,812	1,149,557
General - Intangible	816	-	-	-	-
General - Real	258,284,309	259,228,298	268,087,934	273,935,818	283,388,656
General - Tangible	223,393,888	226,137,118	237,464,692	244,469,542	254,292,498
Omitted & Delinquent	21,276,527	16,237,196	11,991,240	15,966,205	16,274,357
Public Service	51,859,325	58,864,760	56,210,797	63,680,782	63,313,796
Other	5,807,422	5,374	7,708	8,087	7,133
<b>Inheritance</b>	<b>45,843,849</b>	<b>50,975,858</b>	<b>51,247,149</b>	<b>44,699,808</b>	<b>48,248,219</b>
<b>Miscellaneous</b>	<b>30,491,656</b>	<b>24,925,107</b>	<b>24,637,267</b>	<b>24,742,251</b>	<b>23,660,706</b>
Legal Process	16,792,670	15,435,811	14,479,452	13,299,585	13,035,070
T. V. A. In Lieu Payments	13,646,200	9,452,432	10,119,811	11,350,177	10,575,611
Other	52,786	36,863	38,005	92,490	50,025
<b>Nontax Receipts</b>	<b>333,860,106</b>	<b>326,949,419</b>	<b>344,822,276</b>	<b>335,817,562</b>	<b>334,713,465</b>
Departmental Fees	24,489,562	22,036,475	21,891,588	21,805,380	22,657,477
PSC Assessment Fee	17,155,431	20,829,264	14,367,915	13,784,610	16,218,175
Fines & Forfeitures	24,747,942	22,771,487	21,204,392	19,676,290	17,829,955
Interest on Investments	(176,256)	213,267	287,789	-1,129,875	-7,611,235
Lottery	219,500,743	221,500,000	241,778,429	241,627,129	253,000,000
Sale of NOx Credits	104,242	27,594	0	0	0
Miscellaneous	48,038,442	39,571,333	45,292,162	40,054,028	32,619,094
<b>Redeposit of State Funds</b>	<b>1,708,902</b>	<b>1,693,958</b>	<b>5,720,026</b>	<b>9,345,533</b>	<b>5,656,821</b>

**General Fund Growth Rates  
Major Revenue Sources  
Fiscal Years 2009 – 2018  
(%)**



	FY09	FY010	FY11	FY12	FY13
<b>TOTAL GENERAL FUND</b>	<b>-2.7%</b>	<b>-2.4%</b>	<b>6.5%</b>	<b>3.8%</b>	<b>2.8%</b>
<b>Tax Receipts</b>	<b>-2.6%</b>	<b>-2.4%</b>	<b>6.8%</b>	<b>3.9%</b>	<b>2.3%</b>
<b>Sales and Gross Receipts</b>	<b>0.6%</b>	<b>0.6%</b>	<b>2.7%</b>	<b>4.6%</b>	<b>-0.9%</b>
Beer Consumption	-0.9%	-4.8%	-0.8%	0.1%	1.1%
Beer Wholesale	4.4%	-0.2%	0.6%	4.3%	-0.7%
Cigarette	10.1%	48.9%	-5.7%	-2.8%	-6.3%
Cigarette Floor Stock	---	-98.3%	-45.4%	-79.0%	-38.4%
Distilled Spirits Case Sales	5.0%	314.3%	-151.4%	-150.2%	5.1%
Distilled Spirits Consumption	2.9%	0.4%	2.1%	3.8%	5.3%
Distilled Spirits Wholesale	4.7%	-1.3%	2.4%	5.4%	7.5%
Insurance Premium	-3.2%	-0.1%	2.9%	3.4%	4.8%
Pari-Mutuel	-17.6%	-101.9%	-5686.0%	-21.8%	34.5%
Race Track Admission	5.0%	-18.6%	-4.8%	-8.2%	12.2%
Sales and Use	-0.7%	-2.2%	3.7%	5.4%	-1.0%
Wine Consumption	1.6%	2.1%	5.8%	5.1%	5.1%
Wine Wholesale	3.2%	-2.2%	13.8%	2.6%	6.1%
Telecommunications Tax	9.4%	9.1%	-6.7%	4.2%	5.3%
Other Tobacco Products	29.8%	82.8%	1.3%	1.6%	-0.3%
<b>License and Privilege</b>	<b>9.3%</b>	<b>-9.3%</b>	<b>31.7%</b>	<b>0.4%</b>	<b>-0.7%</b>
Alc. Bev. License Suspension	-52.7%	43.0%	-32.8%	-25.5%	43.2%
Corporation License	224.4%	-40.2%	94.7%	-50.0%	-105.5%
Corporation Organization	-85.3%	340.5%	-58.3%	35.4%	3.5%
Occupational Licenses	34.3%	-33.1%	-3.7%	-5.4%	-12.5%
Race Track License	42.7%	-22.5%	-3.4%	3.9%	-3.1%
Bank Franchise Tax	1.9%	-5.8%	28.0%	6.5%	5.1%
Driver License Fees	-3.2%	2.8%	1.1%	1.0%	4.0%
<b>Natural Resources</b>	<b>21.4%</b>	<b>-10.9%</b>	<b>7.9%</b>	<b>1.1%</b>	<b>-22.1%</b>
Coal Severance	25.6%	-7.1%	8.8%	0.8%	-22.7%
Oil Production	-17.4%	-10.3%	9.6%	44.3%	-8.2%
Minerals Severance	-21.7%	3.6%	-0.1%	0.3%	0.1%
Natural Gas Severance	24.7%	-42.2%	2.3%	-9.6%	-34.9%
<b>Income</b>	<b>-7.8%</b>	<b>-4.5%</b>	<b>11.2%</b>	<b>3.9%</b>	<b>6.9%</b>
Corporation	-38.4%	-11.2%	26.4%	24.5%	7.0%
Individual	-4.8%	-4.9%	8.3%	2.8%	6.0%
LLET	---	20.0%	47.8%	-7.0%	22.6%
<b>Property</b>	<b>2.5%</b>	<b>0.6%</b>	<b>-0.3%</b>	<b>2.9%</b>	<b>5.4%</b>
Bank Deposits	1.9%	8.6%	-4.8%	1.7%	3.0%
Building & Loan Association	9.4%	0.7%	-15.9%	0.2%	-5.3%
Distilled Spirits	21.6%	9.9%	6.5%	3.4%	2.4%
General - Intangible	---	---	---	---	---
General - Real	1.6%	3.2%	-0.7%	1.7%	2.7%
General - Tangible	-1.0%	-5.2%	-3.4%	11.3%	4.4%
Omitted & Delinquent	31.0%	8.7%	12.8%	-40.7%	61.6%
Public Service	13.2%	9.0%	9.3%	1.7%	5.5%
Other	-5.5%	-1.4%	401.9%	-77.7%	34.9%
<b>Inheritance</b>	<b>-19.2%</b>	<b>-9.8%</b>	<b>11.2%</b>	<b>-0.1%</b>	<b>0.0%</b>
<b>Miscellaneous</b>	<b>5.4%</b>	<b>-5.6%</b>	<b>-8.0%</b>	<b>-1.9%</b>	<b>11.1%</b>
Legal Process	-1.2%	-8.3%	-6.9%	-1.6%	-1.1%
T. V. A. In Lieu Payments	17.8%	-1.8%	-9.4%	-2.2%	30.6%
Other	121.6%	142.2%	-43.6%	-26.7%	-25.0%
<b>Nontax Receipts</b>	<b>-5.5%</b>	<b>-3.2%</b>	<b>-0.5%</b>	<b>0.5%</b>	<b>17.0%</b>
Departmental Fees	5.0%	-7.5%	-0.1%	-11.2%	8.7%
PSC Assessment Fee'	-1.4%	-10.1%	28.2%	-54.6%	78.7%
Fines & Forfeitures	4.2%	-0.9%	-10.1%	0.6%	7.6%
Interest on Investments	-82.5%	-107.2%	-353.2%	-1993.7%	-104.9%
Lottery	3.2%	3.4%	0.3%	5.1%	2.1%
Sale of NOx Credits	-100.0%	---	-94.1%	-40.2%	131.1%
Miscellaneous	15.2%	-22.1%	-10.4%	68.8%	46.9%
<b>Redeposit of State Funds</b>	<b>-60.6%</b>	<b>198.7%</b>	<b>-36.3%</b>	<b>-36.3%</b>	<b>15.0%</b>

	FY14	FY15	FY16	FY17	FY18
<b>TOTAL GENERAL FUND</b>	<b>1.2%</b>	<b>5.3%</b>	<b>3.7%</b>	<b>1.3%</b>	<b>3.4%</b>
<b>Tax Receipts</b>	<b>1.5%</b>	<b>5.6%</b>	<b>3.6%</b>	<b>1.4%</b>	<b>3.6%</b>
<b>Sales and Gross Receipts</b>	<b>2.8%</b>	<b>3.7%</b>	<b>5.4%</b>	<b>0.6%</b>	<b>3.1%</b>
Beer Consumption	0.6%	-2.5%	8.0%	-5.4%	-2.2%
Beer Wholesale	7.8%	-0.7%	6.2%	-2.7%	-0.7%
Cigarette	-4.4%	-3.1%	1.5%	-1.3%	-4.3%
Cigarette Floor Stock	-109.7%	-709.6%	-29.5%	-25.5%	---
Distilled Spirits Case Sales	4.1%	3.9%	2.8%	12.7%	1.4%
Distilled Spirits Consumption	0.0%	4.2%	2.8%	11.0%	0.4%
Distilled Spirits Wholesale	6.0%	7.8%	6.6%	13.3%	3.4%
Insurance Premium	1.6%	3.4%	-0.8%	2.0%	6.1%
Pari-Mutuel	-50.0%	22.5%	68.4%	36.3%	16.0%
Race Track Admission	16.1%	-27.4%	47.6%	-24.0%	12.3%
Sales and Use	3.6%	4.4%	6.0%	0.7%	3.5%
Wine Consumption	1.4%	0.6%	6.5%	-0.6%	2.6%
Wine Wholesale	3.8%	5.2%	1.6%	10.3%	-4.6%
Telecommunications Tax	-6.5%	-0.5%	1.7%	-11.0%	6.2%
Other Tobacco Products	-3.5%	2.0%	-0.2%	1.4%	---
<b>License and Privilege</b>	<b>5.0%</b>	<b>-3.1%</b>	<b>9.0%</b>	<b>-3.1%</b>	<b>9.0%</b>
Alc. Bev. License Suspension	-14.6%	31.0%	6.7%	-23.5%	52.0%
Corporation License	-376.2%	-76.8%	-28.0%	-94.5%	56.2%
Corporation Organization	-51.5%	293.0%	-26.7%	618.4%	-94.5%
Occupational Licenses	56.0%	-5.5%	43.0%	-20.6%	-5.5%
Race Track License	10.3%	-14.9%	30.9%	-14.7%	0.7%
Bank Franchise Tax	3.9%	-2.8%	9.1%	-3.6%	10.0%
Driver License Fees	-3.2%	7.7%	2.9%	2.6%	-1.5%
<b>Natural Resources</b>	<b>-10.2%</b>	<b>-8.8%</b>	<b>-32.3%</b>	<b>-12.9%</b>	<b>-5.5%</b>
Coal Severance	-14.3%	-8.7%	-33.1%	-16.7%	-10.8%
Oil Production	19.6%	-25.0%	-51.7%	7.8%	4.7%
Minerals Severance	-7.6%	23.0%	16.3%	-3.8%	7.4%
Natural Gas Severance	29.8%	-19.3%	-58.0%	17.3%	29.4%
<b>Income</b>	<b>1.2%</b>	<b>9.0%</b>	<b>3.9%</b>	<b>2.5%</b>	<b>4.2%</b>
Corporation	18.6%	11.2%	-0.3%	-5.5%	2.8%
Individual	0.7%	8.5%	5.2%	2.6%	4.8%
LLET	-19.0%	12.3%	-9.3%	21.0%	-3.0%
<b>Property</b>	<b>0.7%</b>	<b>0.2%</b>	<b>2.5%</b>	<b>4.3%</b>	<b>3.2%</b>
Bank Deposits	-1.2%	1.3%	7.4%	1.9%	4.9%
Building & Loan Association	-22.5%	-18.0%	47.9%	8.1%	-8.9%
Distilled Spirits	10.6%	4.3%	7.8%	6.2%	12.6%
General - Intangible	---	---	---	---	---
General - Real	0.1%	0.4%	3.4%	2.2%	3.5%
General - Tangible	3.0%	1.2%	5.0%	2.9%	4.0%
Omitted & Delinquent	-21.1%	-23.7%	-26.1%	33.1%	1.9%
Public Service	-1.8%	13.5%	-4.5%	13.3%	-0.6%
Other	---	-99.9%	43.4%	7.8%	107.8%
<b>Inheritance</b>	<b>10.9%</b>	<b>11.2%</b>	<b>0.5%</b>	<b>-12.8%</b>	<b>7.9%</b>
<b>Miscellaneous</b>	<b>-16.2%</b>	<b>-18.3%</b>	<b>-1.2%</b>	<b>0.4%</b>	<b>-4.4%</b>
Legal Process	-15.0%	-8.1%	-6.2%	-8.1%	-2.0%
T. V. A. In Lieu Payments	-17.8%	-30.7%	7.1%	12.2%	-6.8%
Other	7.5%	-30.2%	3.1%	143.4%	-45.9%
<b>Nontax Receipts</b>	<b>-5.4%</b>	<b>-2.1%</b>	<b>5.5%</b>	<b>-2.6%</b>	<b>-0.3%</b>
Departmental Fees	-14.1%	-10.0%	-0.7%	-0.4%	3.9%
PSC Assessment Fee	29.9%	21.4%	-31.0%	-4.1%	17.7%
Fines & Forfeitures	-12.4%	-8.0%	-6.9%	-7.2%	-9.4%
Interest on Investments	-124.8%	-221.0%	---	34.9%	---
Lottery	2.0%	0.9%	9.2%	-0.1%	4.7%
Sale of NOx Credits	104.8%	-73.5%	-100.0%	---	---
Miscellaneous	-28.4%	-17.6%	14.5%	-11.6%	-18.6%
<b>Redeposit of State Funds</b>	<b>-40.0%</b>	<b>-0.9%</b>	<b>237.7%</b>	<b>63.4%</b>	<b>-39.5%</b>

## **APPENDIX C**

### **Summary Statistics for Road Fund Major Revenue Sources Fiscal Years 2009 – 2018 (\$ millions)**

	FY09	FY10	FY11	FY12	FY13
<b>TOTAL STATE ROAD FUND</b>	<b>1,191,982,894</b>	<b>1,206,622,639</b>	<b>1,338,811,926</b>	<b>1,443,773,845</b>	<b>1,491,623,669</b>
<b>Tax Receipts-</b>	<b>1,159,379,226</b>	<b>1,181,341,209</b>	<b>1,315,130,011</b>	<b>1,416,497,670</b>	<b>1,471,593,789</b>
<b>Sales and Gross Receipts</b>	<b>958,780,727</b>	<b>988,541,345</b>	<b>1,114,593,981</b>	<b>1,207,082,330</b>	<b>1,265,175,199</b>
Motor Fuels Taxes	622,479,527	655,761,466	732,826,112	790,229,379	838,344,373
Motor Vehicle Usage	336,301,200	332,779,879	381,767,869	416,852,951	426,830,826
<b>License and Privilege</b>	<b>200,598,500</b>	<b>192,799,864</b>	<b>200,536,031</b>	<b>209,415,340</b>	<b>206,418,590</b>
Motor Vehicles	98,186,733	96,839,803	97,812,587	107,836,554	102,256,080
Motor Vehicle Operators	15,521,191	15,941,488	15,736,805	15,737,651	16,049,755
Weight Distance	75,444,283	70,498,757	73,983,781	75,111,565	74,935,016
Truck Decal Fees	832,653	679,383	793,715	736,224	590,397
Other Special Fees	10,613,640	8,840,433	12,209,142	9,993,345	12,587,343
<b>Nontax Receipts</b>	<b>31,375,092</b>	<b>23,871,991</b>	<b>21,932,031</b>	<b>26,739,794</b>	<b>18,023,074</b>
Departmental Fees	19,106,827	18,487,783	18,167,778	21,879,481	17,094,723
In Lieu of Traffic Fines	958,790	779,495	779,828	769,405	702,451
Investment Income	10,661,790	3,633,987	1,995,228	3,081,180	-398,745
Miscellaneous	647,685	970,725	989,197	1,009,727	624,646
<b>Redeposit of State Funds</b>	<b>1,228,575</b>	<b>1,409,439</b>	<b>1,749,883</b>	<b>536,381</b>	<b>2,006,806</b>

	FY14	FY15	FY16	FY17	FY18
<b>TOTAL STATE ROAD FUND</b>	<b>1,560,439,604</b>	<b>1,526,738,659</b>	<b>1,482,541,978</b>	<b>1,508,003,421</b>	<b>1,511,003,520</b>
<b>Tax Receipts-</b>	<b>1,535,727,564</b>	<b>1,501,667,661</b>	<b>1,458,382,671</b>	<b>1,484,228,925</b>	<b>1,483,223,103</b>
<b>Sales and Gross Receipts</b>	<b>1,329,208,128</b>	<b>1,283,046,179</b>	<b>1,234,432,155</b>	<b>1,260,348,857</b>	<b>1,258,070,574</b>
Motor Fuels Taxes	886,161,042	850,276,246	750,034,840	760,514,967	764,937,870
Motor Vehicle Usage	443,047,087	432,769,932	484,397,314	499,833,891	493,132,705
<b>License and Privilege</b>	<b>206,519,436</b>	<b>218,621,482</b>	<b>223,950,517</b>	<b>223,880,068</b>	<b>225,152,529</b>
Motor Vehicles	101,879,541	107,554,129	113,114,908	111,927,466	112,850,030
Motor Vehicle Operators	16,150,032	15,958,491	16,331,496	16,120,127	16,794,541
Weight Distance	76,894,805	79,147,533	81,375,028	82,886,950	81,711,920
Truck Decal Fees	489,072	404,906	283,942	289,874	289,061
Other Special Fees	11,105,986	15,556,424	12,845,142	12,655,651	13,506,977
<b>Nontax Receipts</b>	<b>22,833,411</b>	<b>22,358,605</b>	<b>23,041,935</b>	<b>22,938,976</b>	<b>26,904,635</b>
Departmental Fees	17,368,008	17,766,834	19,308,449	19,473,809	20,951,634
In Lieu of Traffic Fines	544,637	465,304	427,255	378,757	353,405
Investment Income	3,997,826	2,913,784	2,468,620	1,581,851	2,837,474
Miscellaneous	922,939	1,212,683	837,611	1,504,559	2,762,123
<b>Redeposit of State Funds</b>	<b>1,880,271</b>	<b>2,712,394</b>	<b>1,117,372</b>	<b>835,520</b>	<b>875,783</b>

**Road Fund Growth Rates  
Major Revenue Sources  
Fiscal Years 2009 – 2018  
(%)**

	FY09	FY010	FY11	FY12	FY13
<b>TOTAL STATE ROAD FUND</b>	<b>-5.6%</b>	<b>1.2%</b>	<b>11.0%</b>	<b>11.0%</b>	<b>3.3%</b>
<b>Tax Receipts-</b>	<b>-4.9%</b>	<b>1.9%</b>	<b>11.3%</b>	<b>11.3%</b>	<b>3.9%</b>
<b>Sales and Gross Receipts</b>	<b>-5.5%</b>	<b>3.1%</b>	<b>12.8%</b>	<b>12.8%</b>	<b>4.8%</b>
Motor Fuels Taxes	2.3%	5.3%	11.8%	11.8%	6.1%
Motor Vehicle Usage	-17.1%	-1.0%	14.7%	14.7%	2.4%
<b>License and Privilege</b>	<b>-2.0%</b>	<b>-3.9%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>-1.4%</b>
Motor Vehicles	5.0%	-1.4%	1.0%	1.0%	-5.2%
Motor Vehicle Operators	1.0%	2.7%	-1.3%	-1.3%	2.0%
Weight Distance	-10.6%	-6.6%	4.9%	4.9%	-0.2%
Truck Decal Fees	7.5%	-18.4%	16.8%	16.8%	-19.8%
Other Special Fees	-1.3%	-16.7%	38.1%	38.1%	26.0%
<b>Nontax Receipts</b>	<b>-24.9%</b>	<b>-23.9%</b>	<b>-8.1%</b>	<b>-8.1%</b>	<b>-32.6%</b>
Departmental Fees	-5.8%	-3.2%	-1.7%	-1.7%	-21.9%
In Lieu of Traffic Fines	-13.8%	-18.7%	0.0%	0.0%	-8.7%
Investment Income	-45.2%	-65.9%	-45.1%	-45.1%	-112.9%
Miscellaneous	-31.1%	49.9%	1.9%	1.9%	-38.1%
<b>Redeposit of State Funds</b>	<b>-25.3%</b>	<b>14.7%</b>	<b>24.2%</b>	<b>24.2%</b>	<b>274.1%</b>

	FY14	FY15	FY16	FY17	FY18
<b>TOTAL STATE ROAD FUND</b>	<b>4.6%</b>	<b>-2.2%</b>	<b>-2.9%</b>	<b>1.7%</b>	<b>0.2%</b>
<b>Tax Receipts-</b>	<b>4.4%</b>	<b>-2.2%</b>	<b>-2.9%</b>	<b>1.8%</b>	<b>-0.1%</b>
<b>Sales and Gross Receipts</b>	<b>5.1%</b>	<b>-3.5%</b>	<b>-3.8%</b>	<b>2.1%</b>	<b>-0.2%</b>
Motor Fuels Taxes	5.7%	-4.0%	-11.8%	1.4%	0.6%
Motor Vehicle Usage	3.8%	-2.3%	11.9%	3.2%	-1.3%
<b>License and Privilege</b>	<b>0.0%</b>	<b>5.9%</b>	<b>2.4%</b>	<b>0.0%</b>	<b>0.6%</b>
Motor Vehicles	-0.4%	5.6%	5.2%	-1.0%	0.8%
Motor Vehicle Operators	0.6%	-1.2%	2.3%	-1.3%	4.2%
Weight Distance	2.6%	2.9%	2.8%	1.9%	-1.4%
Truck Decal Fees	-17.2%	-17.2%	-29.9%	2.1%	-0.3%
Other Special Fees	-11.8%	40.1%	-17.4%	-1.5%	6.7%
<b>Nontax Receipts</b>	<b>26.7%</b>	<b>-2.1%</b>	<b>3.1%</b>	<b>-0.4%</b>	<b>17.3%</b>
Departmental Fees	1.6%	2.3%	8.7%	0.9%	7.6%
In Lieu of Traffic Fines	-22.5%	-14.6%	-8.2%	-11.4%	-6.7%
Investment Income	-1102.6%	-27.1%	-15.3%	-35.9%	79.4%
Miscellaneous	47.8%	31.4%	-30.9%	79.6%	83.6%
<b>Redeposit of State Funds</b>	<b>-6.3%</b>	<b>44.3%</b>	<b>-58.8%</b>	<b>-25.2%</b>	<b>4.8%</b>

## Glossary

Adjacent-quarter	A growth rate computed as the current quarter relative to the previous quarter.
AR	Annual Rate is the quantity of a series that would occur for the entire year, if the current period's growth were to continue for the entire year.
Civilian Labor Force	A subset of the working population who are currently employed or are actively looking for employment.
Employed	In the context of working population and civilian laborforce data, Employed is a subset of the civilian labor force who are employed regardless of industry or profession. This is therefore different than non-farm employment, which explicitly does not include those persons employed in the agricultural sector.
Growth rate	Unless otherwise stipulated, a growth rate is computed as the current quarter relative to the same quarter of the previous year.
Labor Force Participation Rate	The Civilian Labor Force divided by the Working Population.
Not in Labor Force	A subset of the working population who have decided not to be employed nor seek employment.
SA	Seasonally-Adjusted
SAAR	Seasonally-Adjusted Annual Rate
Unemployed	In the context of working population and civilian laborforce data, Unemployed is a subset of the civilian labor force who are not currently employed but are actively seeking employment.
Working population	The group of persons who are 16 years or older, non-institutionalized, not in prison, not in an old-age home, and not engaged in active military duty. It is meant to capture those persons who are capable of working and could work if suitable employment were found. Working population figures are listed in millions.

## Tables Notes

### Table 11

Not Seasonally Adjusted. Real series are annual rate, billions of chained 2000 dollars. Components do not sum to GDP because they are annualized independently. Data for FY18 Q4 are June 2018 estimates. Source: IHS Global Insight Inc., June 18, 2018 data release.

<sup>1</sup> Working population is the group of persons who are 16 years or older, non-institutionalized, not in prison, not in an old-age home and not engaged in active military duty. It is meant to capture those persons who are capable of working and could work if suitable employment were found. Working population figures are listed in millions.

<sup>2</sup> Civilian Labor Force is a subset of the working population who are currently employed or are actively looking for employment.

<sup>3</sup> Employed is a subset of the civilian labor force who are employed regardless of industry or profession. This is therefore different than non-farm employment, which explicitly does not include those persons employed in the agricultural sector.

<sup>4</sup> Unemployed is a subset of the civilian labor force who are not currently employed but are actively seeking employment.

<sup>5</sup> Not in Labor Force is a subset of the working population who have decided not to be employed nor seek employment.

<sup>6</sup> Labor Force Participation Rate is computed as the Civilian Labor Force divided by the Working Population.

### Table 12

Not Seasonally Adjusted. Data for FY18 Q4 are June 2018 estimates. Source: IHS Global Insight Inc., June 18, 2018 data release.

### Table 14

Not Seasonally Adjusted. Data for FY18 Q4 are June 2018 estimates. Source: IHS Global Insight Inc., June 18, 2018 data release.

### Table 17

Not Seasonally Adjusted. Real series are annual rate, billions of chained 2000 dollars. Components do not sum to GDP because they are annualized independently. Source: IHS Global Insight Inc., June 18, 2018 data release.

### Table 18

Not Seasonally Adjusted. Source: IHS Global Insight, Inc. and the Kentucky Governor's Office for Economic Analysis MAK model, June 2018.