

Commonwealth of Kentucky

Quarterly Economic & Revenue Report

Fourth Quarter Fiscal Year 2019

Annual Edition



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



Office of State Budget Director

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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
Governor's Office for Policy Research

July 30, 2019

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

Dear Governor Bevin:

Pursuant to KRS 48.400 (2), the Office of State Budget Director has prepared the attached Quarterly Economic and Revenue Report which summarizes the Commonwealth's revenue and economic statistics for the fourth quarter of Fiscal Year 2019 (FY19). It also includes an interim economic and revenue forecast for the next three fiscal quarters. The estimates discussed in this report are internal staff estimates and do not constitute an official revision to the enacted estimates for FY20.

Kentucky's General Fund receipts rose for the ninth consecutive year in FY19. The FY19 General Fund receipts totaled \$11,392.7 million or 5.1 percent more than FY18 collections. Final FY19 General Fund revenues were \$194.5 million, or 1.7 percent, more than the official revenue estimate which had projected 3.3 percent growth.

The official estimate is defined as the Consensus Forecasting Group's (CFG) estimates adjusted by any actions of the General Assembly. The CFG last met in December of 2017. Multiple actions of the General Assembly in 2018 and 2019 amended those CFG estimates for FY19 and FY20. The 2018 Regular Session of the General Assembly adopted HB 487, which added a net \$192.3 million to the General Fund for FY19 and a net \$197.5 million in FY20. Neither of the bills passed in the 2019 Regular Session (HB 354 nor HB 458) had a fiscal impact in FY19 but both carried negative impacts in FY20. The current official estimate for FY20 is \$11,462.0 million, a sum 0.6 percent greater than actual FY19 collections. General Fund revenues are projected in this report to grow 2.8 percent for the first three quarters of FY20.

Governor Bevin
July 30, 2019
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Total Road Fund collections grew 3.6 percent, or \$55.1 million, in FY19 due to broad-based strength in the fund as only one account declined. The two largest accounts both saw increases in FY19. Motor vehicle usage tax collections surprised by growing at 4.3 percent while motor fuels grew by 1.1 percent. Going forward, Road Fund revenues are forecasted to retreat from positive levels seen in the past three years due largely to declines in motor vehicle usage and miscellaneous tax collections. Compared to FY19, total Road Fund revenues are expected to be flat for the first three quarters of FY20.

Overall, the state economy experienced a noteworthy year in FY19. Personal income growth in particular was a highlight. Growth rates for the four quarters of FY19 were 3.2, 3.2, 4.3, and 4.1 percent. Based on the economic outlook for Kentucky for FY20, the momentum experienced in personal income growth does not appear to weaken entering into a new fiscal year. Kentuckians' personal income is on pace to grow 4.5 percent during the forecasted quarters, and is expected to outperform the personal income growth projections on a national level by 0.4 percentage points over the same period.

Cordially,

A handwritten signature in black ink, appearing to read "John E. Chilton". The signature is written in a cursive, flowing style.

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 2019 (FY19). 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 ninth consecutive year in FY19. The FY19 General Fund receipts totaled \$11,392.7 million or 5.1 percent more than FY18 collections. Final FY19 General Fund revenues were \$194.5 million, or 1.7 percent, more than the official revenue estimate which had projected 3.3 percent growth.

The official estimate is defined in statute as the Consensus Forecasting Group's (CFG) estimates adjusted by any actions of the General Assembly. The CFG last met in December of 2017. The 2018 Regular Session of the General Assembly then passed HB 487, which added a net \$192.3 million to the official General Fund estimate for FY19 and \$197.5 million in FY20. Since then, the official estimate has changed again due to the enactment of HB 354 and HB 458 during the 2019 Regular Session of the General Assembly. The official scores for the two bills from the 2019 Session are \$0.0 million in FY19 and a reduction of \$25.5 million in FY20, respectively. Together, the impacts of the 2018 and 2019 legislation equal a positive \$172.0 million for FY20. A portion of the \$172.0 million positive impact for FY20 is included in the estimates for the first three quarters of FY20.

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

- Real GDP rose by 2.5 percent in the fourth quarter of FY19. This is the seventh consecutive quarter of growth at or above 2.5 percent. US personal income rose by 4.0 percent in the fourth quarter of FY19. Personal income growth has been solid and steady throughout FY19. US non-farm employment grew by 1.7 percent in the fourth quarter of FY19. Kentucky personal income grew by 4.1 percent in the fourth quarter of FY19. Kentucky transfer receipts grew by 6.1 percent, a net \$2.8 billion increase in the fourth quarter of FY19. Kentucky

wages and salaries income grew by 4.0 percent in the fourth quarter of FY19. Kentucky non-farm employment has been weak throughout FY19 and grew by 0.9 percent in the fourth quarter of FY19. The fastest growing Kentucky supersector was construction employment, which grew by 2.2 percent in the fourth quarter of FY19.

- The national economic outlook over the next three fiscal quarters calls for a return to the long-term GDP growth trend and a material slowing in employment gains. Real GDP growth is expected to be 2.0 percent over the next three fiscal quarters. Additionally, interest rates are expected to remain low and the Federal Reserve has signaled a “dovish” policy for the near term. Recent gains in wealth, wages, and employment have been coupled with increased consumer confidence, supporting continued growth in consumer expenditures.
- Overall, the state economy experienced a noteworthy year in FY19. Personal income growth in particular was a highlight. Growth rates for the four quarters of FY19 were 3.2, 3.2, 4.3, and 4.1 percent. Based on the economic outlook for Kentucky, the momentum experienced in personal income growth does not appear to weaken entering into a new fiscal year. Kentuckians’ personal income is on pace to grow 4.5 percent over the forecasted quarters, and is expected to outperform the personal income growth projections on a national level by 0.4 percentage points over the same period.
- The current official estimate for FY20 is \$11,462.0 million, a sum 0.6 percent greater than actual FY19 collections. Projected General Fund revenues are shown in Table 15. As the table indicates, General Fund growth is projected to be 2.8 percent for the first three quarters of FY20. Part of the reason for the slower growth in FY20 vis-à-vis FY19 rests in the reduction of the tax law impacts. Since the estimated impact on the General Fund in FY20 is \$172.0 million versus the \$192.3 million for FY19, a smaller amount is being added to the General Fund forecast – thus leading to lower growth than the prior year. In addition, FY19 included some non-recurring revenue that will not be present in FY20, further suppressing growth.
- Road Fund revenues are forecasted to retreat from positive levels seen in the past three years and are expected to be flat for the first three quarters of FY20. Among the major accounts, motor fuels collections are expected to increase slightly while motor vehicle usage tax receipts are expected to decline over the forecast period. Fiscal Year 2019 revenues exhibited strong growth in three of the four quarters and were flat in the third quarter. Rates of growth for the four quarters were 3.8, 4.8, 0.0, and 5.8 percent.

- Motor fuels tax receipts are expected to grow 0.7 percent over the first nine months of FY20. A flat tax rate coupled with small changes in consumption will limit any growth in this account. Motor vehicle usage taxes are forecasted to decline 0.5 percent during the first three quarters of FY20.

REVENUE RECEIPTS

GENERAL FUND Fourth Quarter, FY19

General Fund receipts in the fourth quarter of FY19 totaled \$3,191.5 million compared to \$2,947.8 million in the fourth quarter of FY18, an increase of 8.3 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.

Table 1				
Summary General Fund Receipts				
\$ millions				
	FY19	FY18	Diff	Diff
	Q4	Q4	\$	%
Individual Income	1,355.1	1,339.8	15.4	1.1
Sales & Use	1,046.0	938.1	107.9	11.5
Corp. Inc. & LLET	320.8	295.3	25.6	8.7
Property	72.7	69.1	3.6	5.2
Lottery	80.3	77.0	3.3	4.3
Cigarettes	92.8	56.3	36.5	64.9
Coal Severance	27.0	20.7	6.2	30.1
Other	196.8	151.6	45.2	29.8
Total	3,191.5	2,947.8	243.7	8.3

Individual income tax receipts increased 1.1 percent in the fourth quarter of FY19. Receipts of \$1,355.1 million compare to \$1,339.8 million that were collected in the fourth quarter of the previous fiscal year.

The sales and use tax posted an increase of 11.5 percent in the fourth quarter of FY19. Receipts of \$1,046.0 million compare to the \$938.1 million collected in the fourth quarter of FY18.

Property tax collections increased 5.2 percent in the fourth quarter of FY19.

Collections of \$72.7 million compare to \$69.1 million received in the fourth quarter of the prior fiscal year.

Lottery receipts increased 4.3 percent,, or \$3.3 million, in the fourth quarter of FY19 with revenues of \$80.3 million.

Corporation income collections increased 24.9 percent in the fourth quarter of FY19. Receipts totaled \$247.5 million and were \$49.3 million more than collected a year earlier.

The limited liability entity tax (LLET) account received revenues of \$73.3 million in the fourth quarter of FY19 compared to \$97.1 million.

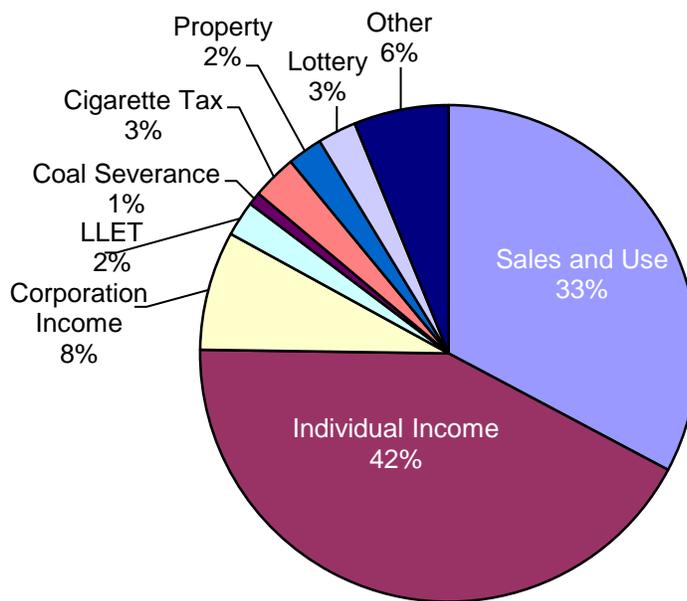
Coal severance tax receipts of \$27.0 million compare to \$20.7 million collected in the fourth quarter of FY18.

Cigarette taxes increased significantly in the fourth quarter. Receipts of \$92.8 million were 64.9 percent more than collected in the fourth quarter of FY18.

The “Other” category represents the remaining accounts in the General Fund, and collections in this account, increased 29.8 percent over FY18. Fourth quarter receipts for FY19 were \$196.8 million and compare to \$151.6 million in FY18.

Figure A details the composition of fourth quarter 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 corporation income category at eight percent followed by the “Other” accounted for six percent. The largest components in this category include the insurance premium tax, bank franchise tax, telecommunications tax, and the beer wholesale tax. Lottery and cigarette taxes accounted each for three percent, followed by property and LLET taxes which each accounted for two percent. Finally coal severance taxes accounted for one percent.

Figure A
Composition of Fourth Quarter FY19
General Fund Revenues



ROAD FUND
Fourth Quarter, FY19

Road Fund receipts grew 5.8 percent in the fourth quarter of FY19. Receipts totaled \$424.8 million compared to the \$401.4 million received in the fourth quarter of FY18. Summary data are contained in Table 2 and detailed data are shown in Appendix A.

Table 2				
Summary Road Fund Receipts				
\$ millions				
	FY19	FY18	Diff	Diff
	Q4	Q4	\$	%
Motor Fuels	197.9	195.9	2.1	1.1
Motor Vehicle Usage	138.2	128.5	9.7	7.5
Motor Vehicle License	43.0	39.4	3.7	9.3
Motor Vehicle Operators	4.3	4.4	-0.2	-3.6
Weight Distance	20.5	20.0	0.4	2.2
Income on Investments	5.3	1.2	4.1	336.0
Other	15.6	11.9	3.7	30.9
Total	424.8	401.4	23.4	5.8

Motor fuels tax receipts increased 1.1 percent during the fourth quarter of FY19. Receipts were \$197.9 million and compare to \$195.9 million collected during the fourth quarter last fiscal year.

Motor vehicle usage tax receipts grew 7.5 percent during the fourth quarter of FY19. Receipts of \$138.2 million compared favorably to \$128.5 million received during the same period last year.

Motor vehicle license tax receipts increased 9.3 percent during the fourth quarter of FY19. Receipts of \$43.0 million compare to \$39.4 million received during the fourth quarter of FY18.

Motor vehicle operator’s license fees totaled \$4.3 million, a 3.6 percent decrease compared to the level observed a year ago.

Weight distance tax receipts totaled \$20.5 million, an increase of 2.2 percent from the fourth quarter of last year.

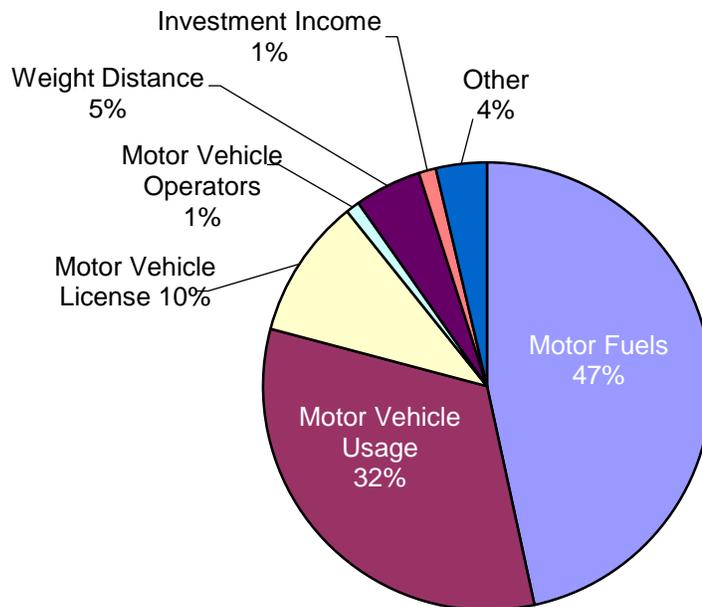
Income on investment was up in the fourth quarter of FY19, yielding \$5.3 million.

The remainder of the accounts in the Road Fund combined for an increase of 30.9 percent. Receipts for the “Other” category totaled \$15.6 million during the fourth quarter, compared to \$11.9 million in the fourth quarter of FY18.

Figure B details the composition of Road Fund revenues by tax type in the fourth quarter of FY19. Motor fuels taxes and motor vehicle usage taxes comprised 79.0 percent of Road Fund revenues in the fourth quarter. The next-largest source of revenue was the motor vehicle license tax with 10 percent, followed by weight distance taxes with five percent. The “Other” category accounted for four 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 FY19
Road Fund Revenues



ANNUAL TOTALS, FY19 **General Fund**

The General Fund receipts totaled \$11,392.7 million, which is \$554.5 million or 5.1 percent more than FY18 receipts. Final FY19 General Fund revenues exceeded the official estimate by \$194.5 million, or 1.7 percent. The strong fiscal performance in FY19 is partially due to the tax changes that became effective July 1, 2018 and partially to the strength of the State's economy. The bold tax policy, that includes lowering the top income tax rates from six percent to five percent and broadening the base of consumption taxes, and Kentucky's economic development efforts have combined to create an economic environment conducive to business expansion and more jobs.

Revenue collections grew in all four quarters of the fiscal year. Growth rates for the four quarters of FY19 were 4.5, 2.9, 4.6, and 8.3 percent. The 8.3 percent growth in the fourth fiscal quarter was the largest one-quarter increase since the fourth quarter of FY15. General Fund receipts rose for the ninth consecutive year. Of note among

the major accounts is the modest decline in individual income revenue and the large increases in the sales and cigarette taxes. These changes are due, in large part, to legislative actions undertaken in 2018.

For the year, revenue from all the major accounts, except one, exceeded official estimates. The corporation income tax was the only account to fall short of estimated totals. The errors ranged from -\$17.0 million to \$68.4 million. The two largest revenue sources, sales and use and individual income, were extremely close to budgeted levels as each were within 0.8 percent of the official estimate. The official revenue estimate for FY19 was rendered by the CFG in December 2017 and then adjusted to reflect legislation enacted in the 2018 legislative session. Sales and use tax receipts were above the estimate by 0.8 percent. The individual income tax exceeded the forecasted level by \$13.5 million, or 0.3 percent. Corporation income tax receipts were below forecasted levels by \$17.0 million, or -3.0 percent. Limited liability entity tax receipts exceeded the forecasted level by \$6.5 million. Cigarette taxes were above the estimate by \$36.8 million. The coal severance tax was \$15.0 million over the official estimate while property taxes were 4.2 percent more than forecasted. Lottery receipts exceeded the official forecast by 6.0 percent while all other taxes combined were 9.8 percent above the official estimate.

Individual income tax receipts fell for the first time since FY10, declining 1.3 percent, due to tax law changes. HB 487 from the 2018 Regular Session affected income taxation in a number of ways. The most significant change was moving from a graduated tax bracket, with a maximum of six percent to a flat rate five percent. The base of taxation was also broadened through the elimination of various deductions as well as the removal of the personal tax credit for taxpayers, their spouses and dependents. Among the major components of the individual income tax, withholding, fiduciary, and declarations fell while net taxpayer refunds were lower compared to FY18 totals. Growth rates for the four quarters of the individual income tax were -0.7, -4.0, -2.2, and 1.1 percent.

Sales and use tax receipts grew \$331.9 million, or 9.2 percent, in FY19. Collections in this account were also impacted by legislation. The high rate of growth in this account is largely attributable to the base-broadening measures in HB 487 from 2018. This bill extended the sales and use tax to include the installation and maintenance of tangible property, as well as to specific services, such as landscaping, small animal veterinary services, and extended warranty services. Receipts were robust throughout the year with the low point being the third quarter when revenues grew 7.9 percent. Quarterly growth rates were 8.2, 9.0, 7.9, and 11.5 percent.

Corporation income tax collections rose 8.7 percent, or \$44.6 million, compared to last year while the LLET fell by \$31.4 million for a net increase of \$13.2 million. While legislation did not directly affect the LLET, there is a strong interplay between the two taxes. House Bill 487 from 2018 was expected to have a net negative impact on

corporation income tax receipts. Provisions in the bill replaced the progressive rate structure with a top rate of six percent to a flat rate of five percent. This represented a tax cut for most corporations. The rate cuts were coupled with some base broadening and an update to the Federal Internal Revenue Code effective January 1, 2018. This partially mitigated the negative fiscal impact of the rate reduction. Both the corporation income and the LLET experienced large quarterly fluctuations throughout the year. Growth rates for the corporation income tax were -5.1, 17.5, -48.0, and 24.9 percent while the LLET had growth rates of 12.7, -53.1, 56.3, and -24.4 percent.

Total property taxes increased 4.1 percent or \$25.7 million, during the fiscal year. Receipts of \$647.0 million compare favorably to \$621.3 million in FY18. Real property and public service property components were the primary drivers of the increase in revenues. Collections were steady for the final three quarters of the year after declining in the first three months of FY19. Growth rates for the four quarters were -9.5, 5.5, 5.3, and 5.2 percent.

Lottery receipts increased 4.3 percent, or \$10.9 million, from the previous year. Receipts of \$263.9 million compare favorably to \$253.0 million remitted to the state in FY18. Lottery dividend was \$14.9 million or 6.0 percent over the budgeted estimate.

Cigarette tax receipts increased \$162.9 million, or 76.9 percent in FY19. Receipts of \$374.7 million compare favorably to \$211.8 million remitted to the state in FY18. Cigarette tax receipts were greatly impacted by legislation. House Bill 487 from 2018 increased the tax on a pack of cigarettes from \$0.60 to \$1.10, an 83 percent increase. The increase in the tax rate resulted in a decrease in consumption. Quarterly growth rates for the year were 103.1, 69.1, 69.4, and 64.9 percent.

Coal severance tax collections increased in FY19 after six consecutive annual declines. Revenues were \$3.3 million, or 3.6 percent above FY18 totals. Through the first six months of the year, it looked like coal would continue on its long slow decline. However, a strong second half of the year pushed receipts into positive territory. Quarterly growth rates for these accounts were -21.1, -7.2, 17.4, and 30.1 percent. Third and fourth quarter coal severance tax receipts were bolstered by the collection of prior year severance taxes from financially distressed companies.

The “Other” category, which includes multiple taxes and fees such as, insurance premium taxes, bank franchise taxes, telecommunication tax, beer wholesale tax, and inheritance tax, increased 9.3 percent or \$65.4 million, largely due to an increase in abandoned property as securities were sold in the fourth quarter. Receipts of \$769.1 million compare to \$703.7 million collected in FY18. Quarterly growth rates for the “Other” account were 0.9, -0.2, 7.3, and 29.8 percent.

Figure C details the composition of FY19 General Fund receipts by tax type. Seventy-four 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 accounted for seven percent. The largest components in this category include the insurance premium tax, bank franchise tax, telecommunication tax, beer wholesale sales tax, telecommunication tax, and the inheritance tax. Property taxes made up six percent of the General Fund followed by corporation income accounted for five percent. Cigarette tax made up three percent followed by lottery and LLET each accounted for two percent of General Fund revenues. Finally, coal severance taxes accounted for one percent.

Table 5 and Figure D detail the growth rates in General Fund revenues by each fiscal quarter of FY19. Revenue collections were strong throughout the year.

Figure C
FY19 General Fund Receipts Composition

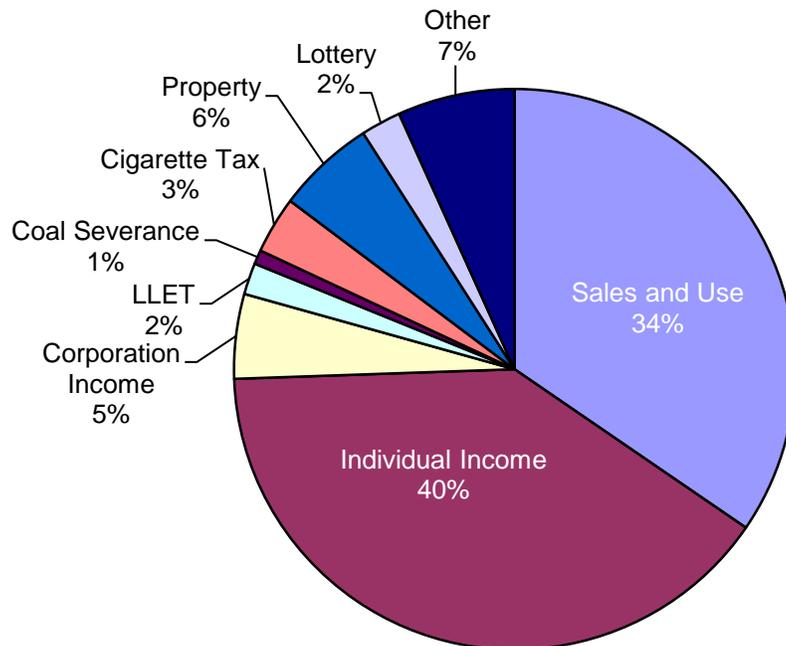


Table 3
General Fund Revenues Compared to Previous Years
\$ millions

	Full Year			Growth Rates (%)		
	FY19	FY18	FY17	FY19	FY18	FY17
Individual Income	4,544.7	4,603.6	4,393.9	-1.3	4.8	2.6
Sales & Use	3,937.6	3,605.7	3,485.2	9.2	3.5	0.7
Corp. Inc. & LLET	762.7	749.5	743.1	1.8	0.9	1.8
Property	647.0	621.3	602.1	4.1	3.2	4.2
Lottery	263.9	253.0	241.6	4.3	4.7	-0.1
Cigarettes	374.7	211.8	221.4	76.9	-4.3	-1.3
Coal Severance	92.9	89.6	100.5	3.6	-10.8	-16.7
Other	769.1	703.7	690.1	9.3	2.0	-1.4
Total	11,392.7	10,838.2	10,477.8	5.1	3.4	1.3

Table 4
FY19 General Fund Receipts Compared to Official Estimate
\$ millions

	FY19		Difference	
	Actual	Estimate	\$	%
Individual Income	4,544.7	4,531.2	13.5	0.3
Sales & Use	3,937.6	3,907.6	30.0	0.8
Corp. Inc. & LLET	762.7	773.2	-10.5	-1.4
Property	647.0	620.7	26.3	4.2
Lottery	263.9	249.0	14.9	6.0
Cigarettes	374.7	337.9	36.8	10.9
Coal Severance	92.9	77.9	15.0	19.3
Other	769.1	700.7	68.4	9.8
Total	11,392.7	11,198.2	194.5	1.7

Figure D
FY19 General Fund Quarterly Growth Rates
percent

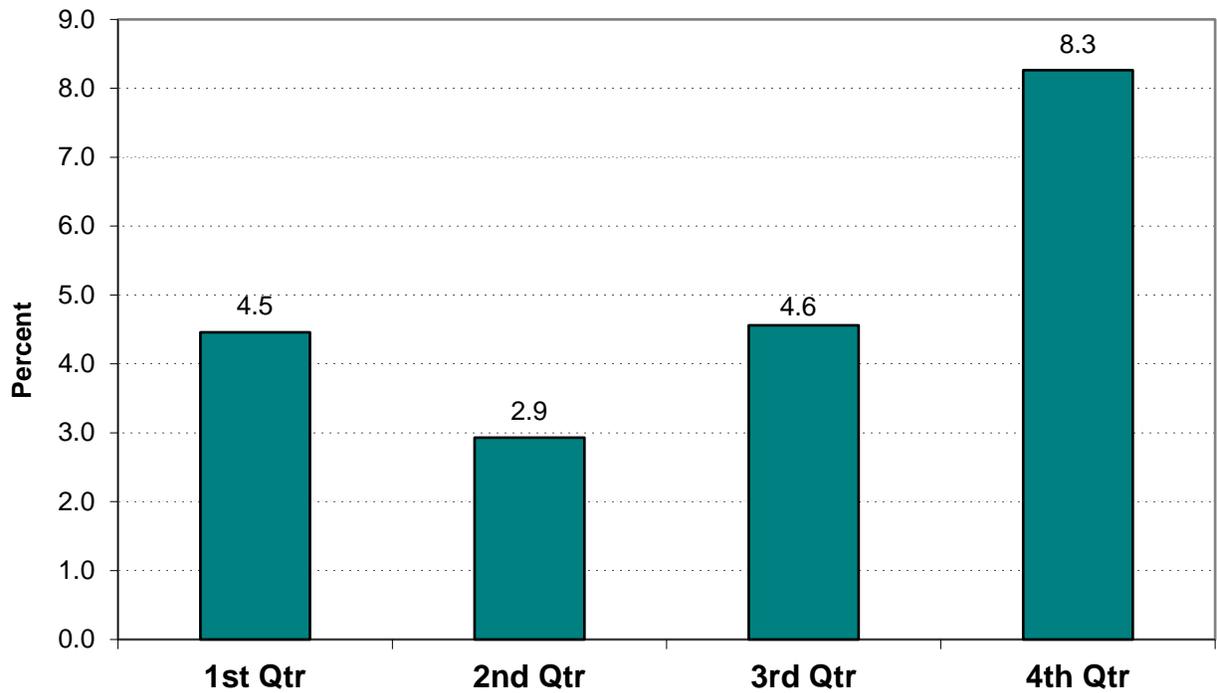


Table 5
General Fund Quarterly Growth Rates
percents

	FY19				Full Year
	Q1	Q2	Q3	Q4	
Individual Income	-0.7	-4.0	-2.2	1.1	-1.3
Sales & Use	8.2	9.0	7.9	11.5	9.2
Corp. Inc. & LLET	-1.2	-6.4	2.4	8.7	1.8
Property	-9.5	5.5	5.3	5.2	4.1
Lottery	2.7	7.6	2.5	4.3	4.3
Cigarettes	103.1	69.1	69.4	64.9	76.9
Coal Severance	-21.1	-7.2	17.4	30.1	3.6
Other	0.9	-0.2	7.3	29.8	9.3
Total	4.5	2.9	4.6	8.3	5.1

Table 6
General Fund Quarterly Revenue Receipts
\$ millions

	FY19				
	Q1	Q2	Q3	Q4	Full Year
Individual Income	1,115.9	1,068.4	1,005.2	1,355.1	4,544.7
Sales & Use	977.3	986.1	928.2	1,046.0	3,937.6
Corp. Inc. & LLET	194.8	172.2	74.9	320.8	762.7
Property	48.6	382.2	143.5	72.7	647.0
Lottery	56.5	66.1	61.0	80.3	263.9
Cigarettes	111.9	86.3	83.7	92.8	374.7
Coal Severance	20.0	19.8	26.2	27.0	92.9
Other	142.4	148.5	281.4	196.8	769.1
Total	2,667.4	2,929.7	2,604.1	3,191.5	11,392.7

ANNUAL TOTALS, FY19

Road Fund

Road Fund revenues for FY19 were \$1,566.1 million, an increase of 3.6 percent from the previous fiscal year. Total receipts were \$55.1 million more than FY18 levels as motor vehicle usage tax revenue was the single largest gainer. Motor fuels tax, income on investment and motor vehicle license also posted gains. This is the third consecutive year in which revenues have increased and 3.6 percent growth is the strongest since collections grew 4.6 percent in FY14.

Total Road Fund collections grew steadily across the year with the exception of the third quarter when revenues were flat. Growth rates for the four quarters were 3.8, 4.8, 0.0, and 5.8 percent. Road Fund collections are detailed in Table 7.

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

	Full Year			Growth Rates (%)		
	FY19	FY18	FY17	FY19	FY18	FY17
Motor Fuels	773.2	764.9	760.5	1.1	0.6	1.4
Motor Vehicle Usage	514.5	493.1	499.8	4.3	-1.3	3.2
Motor Vehicle License	120.9	112.9	111.9	7.1	0.8	-1.1
Motor Vehicle Operators	16.6	16.8	16.1	-1.0	4.2	-1.3
Weight Distance	83.7	81.7	82.9	2.5	-1.4	1.9
Income on Investments	11.9	2.8	1.6	320.2	79.5	-34.6
Other	45.1	38.7	35.1	16.5	10.2	0.8
Total	1,566.1	1,511.0	1,508.0	3.6	0.2	1.7

Motor fuels tax growth continues to be tepid. Fiscal Year 2019 is the third consecutive year in which collections have been in the 0.6 percent to 1.4 percent band. The tax rate on fuels has remained unchanged since the fourth quarter of FY15 so any change in revenue is the direct result of a change in consumption. Quarterly growth rates for motor fuels taxes were 1.2, 2.6, -0.6, and 1.1 percent.

Motor vehicle usage tax receipts of \$514.5 million compared to the \$493.1 million collected in FY18. Collections rose \$21.4 million, or 4.3 percent, compared to prior year totals. Growth rates for the four quarters were 4.9, 6.4, -1.5, and 7.5 percent.

Weight distance tax receipts of \$83.7 million represent an increase of 2.5 percent compared to the \$81.7 million collected in FY18.

Motor vehicle license tax receipts increased \$8.1 million while motor vehicle motor vehicle operators' receipts declined by \$200,000. Income on investment skyrocketed to \$11.9 million an amount not seen since FY09 while "Other" income rose \$6.4 million from FY18.

Road Fund collections for FY19 exceeded the official consensus estimate by \$59.5 million, or 4.0 percent. Six of the seven of the forecasted Road Fund accounts were above estimated levels with one slightly below the estimate. The motor vehicle usage tax had the largest variance between actual and estimate totals. It was \$20.5 million, or 4.2 percent, over the official estimate. Motor fuels receipts had the second largest variation exceeding the estimate by \$14.0 million or 1.9 percent. All other accounts, taken together, were \$25.0 million over forecasted levels.

Figure E details the composition of FY19 Road Fund receipts by tax type. Eighty-two percent of the Road Fund comes from motor vehicle usage and motor fuels taxes. Following these, the motor vehicle license tax accounted for eight percent and the weight distance tax accounted for five percent. "Other" taxes combined to account for three percent. Motor vehicle operators and investment income revenue both accounted for one percent each.

Figure E
Composition of FY19 Road Fund Revenues

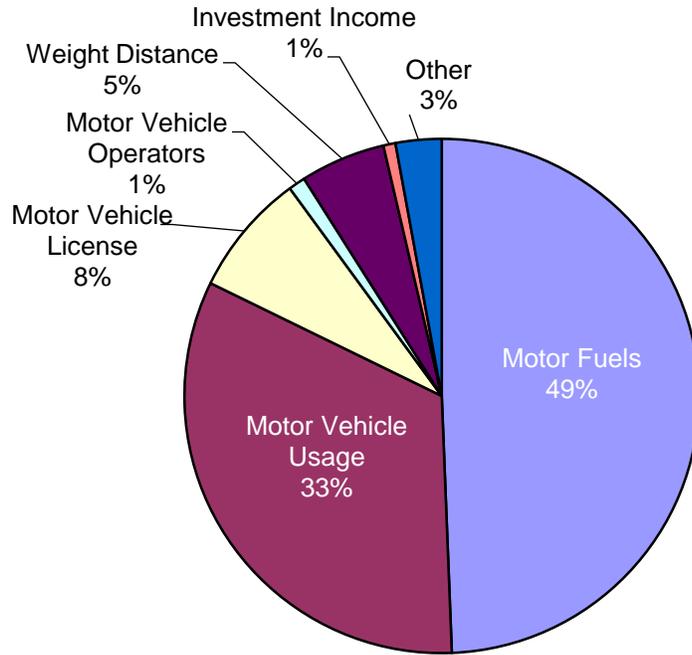


Figure F
FY19 Road Fund Quarterly Growth Rates
 percent

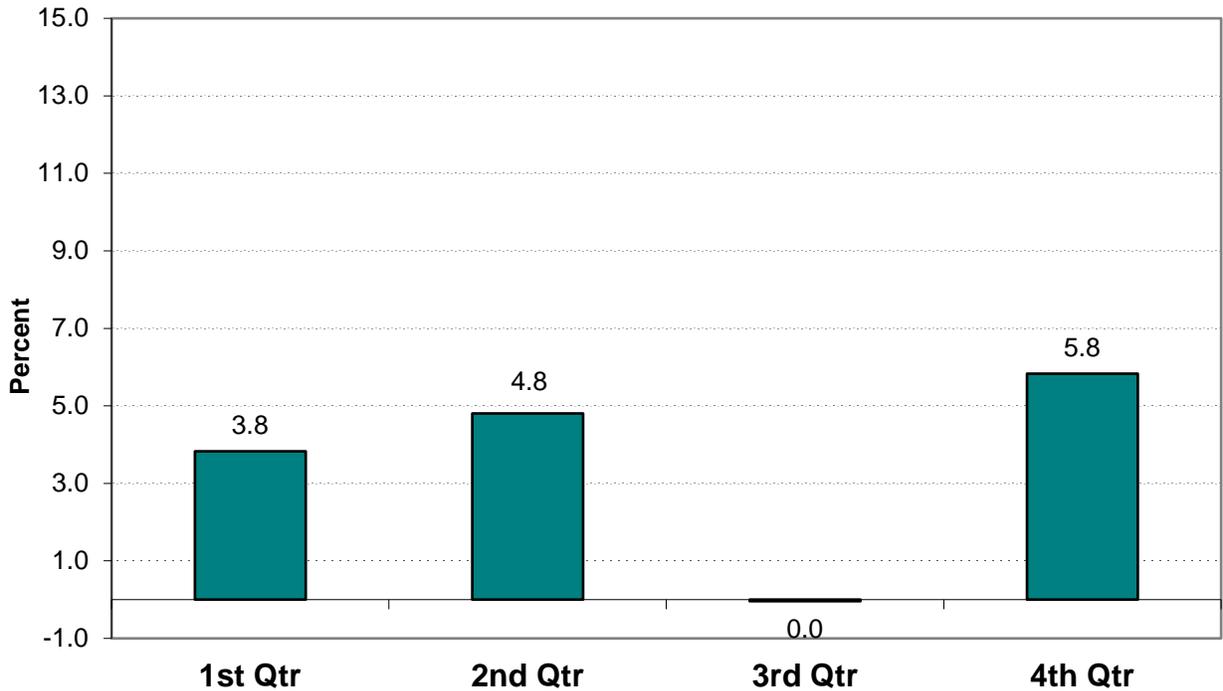


Table 8
FY19 Road Fund Receipts Compared to Official Estimate
\$ millions

	FY19		Difference	
	Actual	Estimate	\$	%
Motor Fuels	773.2	759.2	14.0	1.9
Motor Vehicle Usage	514.5	494.0	20.5	4.2
Motor Vehicle License	120.9	116.5	4.5	3.8
Motor Vehicle Operators	16.6	16.7	-0.1	-0.4
Weight Distance	83.7	82.1	1.6	2.0
Income on Investments	11.9	3.1	8.8	284.6
Other	45.1	35.0	10.1	29.0
Total	1,566.1	1,506.6	59.5	4.0

Table 9
Road Fund Quarterly Growth Rates
percents

	FY19				
	Q1	Q2	Q3	Q4	Full Year
Motor Fuels	1.2	2.6	-0.6	1.1	1.1
Motor Vehicle Usage	4.9	6.4	-1.5	7.5	4.3
Motor Vehicle License	13.2	6.8	0.8	9.3	7.1
Motor Vehicle Operators	0.5	-1.0	0.4	-3.6	-1.0
Weight Distance	2.0	2.2	3.6	2.2	2.5
Income on Investments	109.3	1,401.6	383.4	336.0	320.3
Other	18.4	17.2	-4.6	30.9	16.5
Total	3.8	4.8	0.0	5.8	3.6

Table 10
Road Fund Quarterly Revenue Receipts
\$ millions

	FY19				
	Q1	Q2	Q3	Q4	Full Year
Motor Fuels	201.2	194.4	179.7	197.9	773.2
Motor Vehicle Usage	133.1	122.0	121.2	138.2	514.5
Motor Vehicle License	23.7	21.7	32.4	43.0	120.9
Motor Vehicle Operators	4.3	4.0	4.0	4.3	16.6
Weight Distance	21.2	21.1	21.0	20.5	83.7
Income on Investments	1.9	1.9	2.8	5.3	11.9
Other	11.8	8.9	8.9	15.6	45.1
Total	397.3	374.0	370.0	424.8	1,566.1

THE ECONOMY

FOURTH QUARTER FY19

NATIONAL ECONOMY

Real Gross Domestic Product (real GDP) rose by 2.5 percent in the fourth quarter of FY19. This is the seventh consecutive quarter of growth at or above 2.5 percent. The first nine quarters of the Trump administration have experienced much higher real GDP growth than the previous two administrations. The Bush administration's first nine quarters grew by a net \$528 billion, a 4.0 percent increase. The Obama administration's first nine quarters grew by a net \$669 billion, a 4.4 percent increase. The Trump administration's first nine quarters grew by a net \$1.1 trillion, a 6.2 percent increase. There has not been a recession in 120 months. This equals the longest period without a recession in US history, thus tying the March 1991 to March 2001 period.

Real consumption grew by 2.5 percent in the fourth quarter of FY19. Growth was solid for three of the four quarters of FY19. Adjacent-quarter growth rates for FY19 were 0.9, 0.6, 0.3, and 0.7 percent. Average adjacent-quarter growth since the end of the 2007 recession is 0.6 percent. Real consumption contributed the largest share to real GDP, growing a net \$327.4 billion from the fourth quarter of FY18 to the fourth quarter of FY19. Real consumption made up 69.4 percent of real GDP in the fourth quarter of FY19.

Real investment grew by 3.9 percent in the fourth quarter of FY19. Adjacent-quarter growth over FY19 was quite varied. Adjacent-quarter growth for the last four quarters was 3.6, 0.9, 1.1, and -1.6 percent. Average adjacent-quarter growth since the end of the 2007 recession is 1.6 percent. Real investment made up 18.2 percent of real GDP in the fourth quarter of FY19.

Real government expenditures rose by 2.4 percent in the fourth quarter of FY19. Adjacent-quarter growth accelerated in the fourth quarter, after having fallen slightly in the second quarter of FY19. Adjacent-quarter growth rates for the last four quarters were 0.6, -0.1, 0.6, and 1.2 percent. Overall, government expenditures are still trending upward. During the first nine quarters of the Trump administration, real government expenditures have risen by a net \$117.2 billion, or 3.7 percent. By comparison, during the last nine quarters of the Obama administration, real government expenditures rose by a net \$89.1 billion, or 2.9 percent. Real government expenditures made up 17.1 percent of real GDP in the fourth quarter of FY19.

Federal outlays rose by 5.4 percent in the fourth quarter of FY19. See Table 12. Outlays growth tempered slightly in FY19, but is still high historically. Growth in federal outlays for the last four years was 2.5, 2.0, 5.9, and 5.4 percent respectively. Growth in all three top outlay accounts was strong. The highest growth in the fourth quarter was in the Medicare account, which grew by 10.9 percent, an increase of \$78.8 billion. The second highest growth account was subsidies to states and individuals, which grew by 10.8 percent, a net increase of \$6.3 billion.

Social Security, the largest federal outlay account, surged 6.4 percent in the fourth quarter of FY19. Social Security growth occurred on top of high FY18 growth; FY18 growth was 5.0 percent. Social Security outlays surpassed \$1 trillion for the first time ever in the third quarter of FY19. Aid to foreign governments was the only account which contracted in the fourth quarter, dropping 13.3 percent, a loss of \$8.4 billion. Aid to foreign government outlays experienced significant growth in FY18, growing 26.6 percent for the year. The large drop in FY19 was not sufficient to bring aid to foreign governments below its FY17 level of \$50.1 billion. Aid to foreign governments currently stands at \$55.0 billion (annual rate).

Real exports declined by 0.7 percent in the fourth quarter of FY19. Real exports varied considerably over the four quarters of FY19. Adjacent-quarter growth rates were -1.2, 0.4, 1.2, and -1.1 percent, respectively. This is a reversal of the strong growth in FY18, where real exports grew by 5.7 percent for the year. Real imports increased by 1.3 percent in the fourth quarter of FY19. Real imports grew in the first half of the fiscal year and declined in the second half. Adjacent-quarter growth rates were 2.2, 0.5, -0.6, and -0.8 percent, respectively. Both the growth in real imports and the decline in real exports result in deductions from real GDP. Net exports (also called the balance of trade) is equal to real exports less real imports. Net exports declined to -\$904.9 billion in FY19. The lowest net exports in US history occurred in the second quarter of FY19, when net exports were -\$955.7 billion. Real exports made up 13.5 percent of real GDP in the fourth quarter of FY19. Real imports (which are a deduction from real GDP) made up 18.2 percent of real GDP.

US personal income rose by 4.0 percent in the fourth quarter of FY19. Personal income growth has been solid and steady throughout FY19. Adjacent-quarter growth rates for the last four quarters were 1.1, 1.0, 0.8, and 1.0 percent respectively. Transfer receipts income was the fastest growing income component in FY19. Transfer receipts grew by 7.4 percent in the fourth quarter and contributed \$220.3 billion to personal income growth. The second fastest contributor was wages and salaries income, which grew by 3.9 percent and contribute \$339.2 billion to personal income growth. This is the third consecutive year with growth at or above 4.0 percent for US personal income.

Inflation (also known as the price change for all goods) increased by 1.9 percent in the fourth quarter of FY19. This is down from 2.7 percent in the fourth quarter of FY18. Food prices rose 1.9 percent in the fourth quarter, which was up slightly from 1.3 percent growth in the fourth quarter of FY18. Energy prices fell 0.3 percent in the fourth quarter. This is down considerably from the 10.3 percent price growth experienced in the fourth quarter of FY18. Core inflation (which excludes food and energy) tempered slightly to 2.1 percent growth in the fourth quarter, down from 2.2 percent growth a year earlier.

US non-farm employment grew by 1.7 percent in the fourth quarter of FY19. Construction employment grew the fastest among the supersectors, gaining 200,000 seasonally-adjusted jobs, or a 3.3 percent increase. Educational Services employment added the most total jobs in the fourth quarter, gaining 600,000 seasonally-adjusted jobs, a 2.5 percent increase. Information services employment fell slightly, losing 0.6 percent in the fourth quarter.

Table 11
Summary of US Economic Series
Fourth Quarter FY19 & FY18

	Fourth Quarter			
	FY19	FY18	Chg	% Chg
Real GDP	18,979.3	18,511.6	467.7	2.5
Real Consumption	13,169.4	12,842.0	327.4	2.5
Real Investment	3,446.5	3,316.7	129.7	3.9
Real Govt. Expenditures	3,246.8	3,171.8	75.0	2.4
Real Exports	2,555.8	2,574.2	-18.5	-0.7
Real Imports	3,460.7	3,415.2	45.5	1.3
CPI all goods (% chg)	1.9	2.7	NA	NA
CPI Food (% chg)	1.9	1.3	NA	NA
CPI Energy (% chg)	-0.3	10.3	NA	NA
CPI Core (% chg)	2.1	2.2	NA	NA
Industrial Production Index (% chg)	1.6	3.3	NA	NA
Working Population ¹ (millions)	258.9	257.5	1.4	0.5
Civilian Labor Force ²	163.0	162.1	0.8	0.5
Employed ³	157.2	155.9	1.3	0.8
Unemployed ⁴	5.7	6.2	-0.4	-7.1
Not in Labor Force ⁵	95.9	95.3	0.6	0.6
Labor Force Participation Rate ⁶ (%)	62.9	62.8	NA	NA
Unemployment Rate (%)	3.6	3.9	NA	NA

Table 12
Summary of US & KY Employment
Fourth Quarter FY19 & FY18

	US Q4 (millions)			KY Q4 (thousands)		
	FY19	FY18	% Chg	FY19	FY18	% Chg
Non-farm Employment	151.3	148.7	1.7	1,949.3	1,932.2	0.9
Goods-producing	21.1	20.6	2.1	343.9	339.5	1.3
Construction	7.5	7.3	3.3	79.7	78.0	2.2
Mining	0.8	0.7	3.0	10.0	10.1	-1.1
Manufacturing	12.8	12.7	1.4	254.2	251.3	1.2
Service-providing	107.6	105.7	1.9	1,290.9	1,278.7	0.9
Trade, Transportation & Utilities	27.8	27.6	0.8	405.4	404.4	0.2
Information	2.8	2.8	-0.6	21.7	22.2	-2.3
Finance	8.7	8.6	1.2	93.8	93.0	0.8
Business Services	21.5	20.9	2.6	218.0	218.7	-0.3
Educational Services	24.2	23.6	2.5	284.2	277.6	2.4
Leisure and Hospitality Services	16.8	16.3	2.8	201.7	197.2	2.3
Other Services	5.9	5.8	1.6	66.1	65.6	0.8
Government	22.6	22.4	0.5	314.5	314.0	0.2

Table 13
US Federal Outlays
\$ billions, AR

	Fourth Quarter			
	FY19	FY18	Chg	% Chg
Federal Outlays excl. Gross Investment	4,689.7	4,449.9	239.8	5.4
Social Security	1,031.0	969.1	61.9	6.4
Medicare	803.3	724.5	78.8	10.9
National Defense	654.2	618.4	35.7	5.8
Interest on Debt	547.7	534.5	13.2	2.5
Medicaid	395.6	390.3	5.4	1.4
Non-Medicaid Grants to S&L Govts	186.4	186.3	0.2	0.1
Subsidies	65.0	58.7	6.3	10.8
Aid to Foreign Governments	55.0	63.4	-8.4	-13.3

KENTUCKY ECONOMY

Kentucky personal income grew by 4.1 percent in the fourth quarter of FY19. Personal income growth has increased over the last four years. Annual growth for the last four years has been 1.1, 3.4, 3.6, and 4.1 percent respectively.

Similar to the national level data, transfer receipts in Kentucky were the fastest growing income component in the fourth quarter. Kentucky transfer receipts grew by 6.1 percent, a net \$2.8 billion increase, in the fourth quarter of FY19 over the fourth quarter of FY18. Wages and salaries income, the largest income component, grew by 4.0 percent, a \$3.7 billion increase. Dividends, interest and rents income grew by 2.5 percent in the fourth quarter of FY19. Dividends, interest, and rents income has been the fastest growing income component in Kentucky since FY10, and grew a net 47.8 percent during that time. The second fastest growing income component is transfer payments income, which grew a net 37.4 percent during that time. Total personal income grew a net 35.2 percent since FY10. Wages and salaries income made up 49.4 percent of total personal income in the fourth quarter of FY19. Transfer receipts income made up 25.0 percent of total personal income. Dividends, interest, and rents income made up 16.1 percent of total personal income.

Kentucky non-farm employment grew by 0.9 percent in the fourth quarter of FY19. Growth has been very low for most of the quarters in FY19. The adjacent-quarter growth rates for FY19 were 0.02, 0.25, 0.58, and 0.05 percent, respectively. The fastest growing supersector was construction employment which grew by 2.2 percent in the fourth quarter of FY19. On an adjacent-quarter basis, construction employment had a volatile year. Adjacent-quarter growth rates were 0.2, 0.5, 2.1, and -0.6 percent respectively. The 2007 recession had a profound impact on construction employment that has endured for over 10 years. During the recession, construction employment fell from a high of 86,000 employed to 66,700 employed a loss of 19,300 jobs, or a net 22.5 percent drop. The post-recession expansion for construction employment did not begin until the second quarter of FY13. Thereafter, employment steadily rose. Construction employment in the fourth quarter of FY19 was 79,700. That is net growth of 13,000 jobs, or 19.6 percent from trough to present. So to date, construction employment has only made up 67.5 percent of its 2007 recession losses. Construction employment made up 4.1 percent of total non-farm employment in the fourth quarter of FY19.

Three supersectors contracted in the fourth quarter of FY19: information services, mining, and business services employment. Information services employment fell by 2.3 percent in the fourth quarter. Information services employment has never recovered from the 2007 recession and has continued to plunge annually since the recession ended. On an adjacent-quarter basis, information services employment has fallen in 28 of 40 quarters since the recession officially ended. Kentucky information services employment at the beginning of the 2007 recession was 28,900 seasonally-

adjusted jobs. By the end of the 2007 recession, information services employment had fallen to 26,300 jobs, a loss of 3,300 net jobs. Since the official end of the recession, information services employment has fallen an additional 3,900 jobs to 21,700 jobs by the end of the fourth quarter of FY19.

Mining employment fell 1.1 percent in the fourth quarter of FY19. The mining industry was hurt severely by the policies of the Obama administration which placed numerous heavy regulations on coal mining and power plants between 2009 and 2012. Mining employment has declined in 27 of 40 quarters since the recession ended. Adjacent-quarter growth for the last four quarters are 0.7, 1.6, -1.0, and -2.4 percent respectively. Ironically, mining employment fared quite well during the 2007 recession itself, growing in six of the seven quarters and gaining a net 2,500 jobs during that time. Mining employment made up a mere 0.5 percent of total non-farm employment in the fourth quarter of FY19.

Business services employment performed well during the beginning of the expansion period following the 2007 recession. Business services employment grew in 26 of the 27 quarters immediately following the official end of the recession. Since the third quarter of FY16, however, business services has been contracting again. Between the third quarter of FY16 and the fourth quarter of FY19, business services employment lost 3,700 jobs, a net 1.6 percent decline during that time. Business services employment made up 11.2 percent of total non-farm employment in the fourth quarter of FY19.

Table 14
Personal Income
\$ billions, SAAR

	Fourth Quarter			
	FY19	FY18	\$ Diff	% Diff
United States				
Personal Income	18,166.2	17,466.7	699.5	4.0
Social Insurance	1,406.4	1,352.4	53.9	4.0
Residence Adjustments	0.0	0.0	0.0	293.0
Dividends, Interest and Rents	3,605.7	3,502.0	103.7	3.0
Transfer Receipts	3,186.2	2,965.8	220.3	7.4
Wages & Salaries	9,110.0	8,770.8	339.2	3.9
Supplements to W&S	2,072.3	2,012.0	60.3	3.0
Proprietor's Income	1,598.3	1,568.5	29.8	1.9
Kentucky				
Personal Income	194.0	186.3	7.7	4.1
Social Insurance	15.8	15.2	0.6	4.0
Residence Adjustments	-2.1	-2.1	0.1	-3.9
Dividends, Interest and Rents	31.2	30.4	0.8	2.5
Transfer Receipts	48.5	45.7	2.8	6.1
Wages & Salaries	95.9	92.2	3.7	4.0
Supplements to W&S	23.4	22.8	0.6	2.7
Proprietor's Income	12.7	12.4	0.3	2.5

INTERIM OUTLOOK

GENERAL FUND

The Interim Outlook represents unofficial staff estimates prepared pursuant to KRS 48.400 (2). Forecasted revenues presented in Table 15 and Table 16 were projected using the June 2019 “control scenario” economic forecast from both IHS Markit and the Kentucky MAK model as our primary inputs. In addition, the revenue estimates incorporate various tax law changes enacted during the 2018 and 2019 Regular Sessions of the General Assembly. The official estimate is defined as the CFG’s estimates adjusted by any actions of the General Assembly. The CFG last met in December of 2017. The 2018 Regular Session of the General Assembly then passed HB 487, which added a net \$192.3 million to the official General Fund estimate for FY19 and \$197.5 million in FY20. Since then, the official estimate changed again due to the enactment of HB 354 and HB 458 during the 2019 Regular Session of the General Assembly. The official scores for the two bills from the 2019 Session were \$0.0 million in FY19 and a reduction of \$25.5 million in FY20, respectively. Together, the impacts of the 2018 and 2019 legislation equal \$172.0 million for FY20. A portion of the \$172.0 million positive impact for FY20 is included in the estimates for the first three quarters of FY20.

For FY19, General Fund receipts totaled \$11,392.7 million, which is a 5.1 percent increase over FY18 collections. Final FY19 General Fund revenues exceeded the official estimate by \$194.5 million, or 1.7 percent – partially attributable to the extremely strong fourth quarter of the year. The current official estimate for FY20 is \$11,462.0 million, a sum 0.6 percent greater than actual FY19 collections. Projected General Fund revenues are shown in Table 15. As the table indicates, General Fund growth is projected to be 2.8 percent for the first three quarters of FY20. Part of the reason for the slower growth in FY20 vis-à-vis FY19 rests in the reduction for the tax law changes explained above. Since the estimated impact on the General Fund in FY20 is \$172.0 million versus the \$192.3 million in FY19, a smaller amount is being added to the General Fund forecast – thus leading to lower growth than the prior year.

Individual income tax receipts declined by 1.3 percent in FY19 but ended the year \$13.5 million over the official estimate. The individual income tax was significantly influenced by the contents of HB 487, which reduced the tax by an estimated \$118.3 million for FY19. The withholding component of the individual income tax was profoundly impacted by the rate reduction elements of the tax bill. Withholding tables were adjusted in May 2018, following the passage of HB 487. The lower withholding amounts in FY19 largely explain the annual decline in the individual

income tax. In FY20, positive growth should return to the individual income tax since the base of comparison (the first three quarters of FY19) has roughly the same underlying tax policy as the projected quarters of FY20. Consequently, the first three quarters are expected to grow 4.3 percent. The appropriate share of the 2019 tax law changes are incorporated into the forecast for FY20 as well.

Table 15
General Fund Interim Forecast
\$ millions

	FY19				FY19		FY20	
	Q4		Full Year		Official CFG		Q1-Q3	
	Actual	% Chg	Actual	% Chg	Estimate	\$ Diff	Estimate	% Chg
Individual Income	1,355.1	1.1	4,544.7	-1.3	4,531.2	13.5	3,325.4	4.3
Sales & Use	1,046.0	11.5	3,937.6	9.2	3,907.6	30.0	3,084.2	6.7
Corp. Inc. & LLET	320.8	8.7	762.7	1.8	773.2	-10.5	378.7	-14.3
Property	72.7	5.2	647.0	4.1	620.7	26.3	585.3	1.9
Lottery	80.3	4.3	263.9	4.3	249.0	14.9	188.2	2.5
Cigarettes	92.8	64.9	374.7	76.9	337.9	36.8	246.8	-12.5
Coal Severance	27.0	30.1	92.9	3.6	77.9	15.0	60.4	-8.4
Other	196.8	29.8	769.1	9.3	700.7	68.4	566.0	-1.1
General Fund	3,191.5	8.3	11,392.7	5.1	11,198.2	194.5	8,434.9	2.8

Sales and use tax receipts grew 9.2 percent during FY19 and exceeded the official estimate by \$30.0 million. The prolific growth in FY19 was primarily due to the base expansion elements of HB 487. The full-year FY19 estimated impact of the expansion of the sales tax is \$208.2 million. Growth will continue into the three quarter forecasting horizon of FY20 with a projected 6.7 percent uptick. The robust growth expected in the sales tax is greatly aided by the effect from the 2018 and 2019 tax law changes, which will add an estimated \$264.3 million to the policy-neutral sales tax base in FY20 compared to the \$208.2 million addition in FY19.

Another contributor to the growth in the sales tax has been higher collections from e-commerce, which were made possible by the U.S. Supreme Court's *Wayfair* decision. The United States Supreme Court ruled in [South Dakota v. Wayfair](#) on June 21, 2018, that states can require sellers to collect and remit sales or use tax on sales delivered to locations within their state regardless of physical presence. The nexus standards that Kentucky adopted in HB 487 are the same thresholds at issue in the *Wayfair* case. In addition, HB 354 in the 2019 session adopted the same nexus thresholds and collection requirements for marketplace providers, effective July 1, 2019. The measure defines "marketplace provider" to include the operation of internet sites, digital platforms and application stores for the purpose of making retail sales. Additional taxpayer accounts surface each month as online sellers come into compliance with the new tax laws.

Corporation taxes grew 1.8 percent in FY19, but tax receipts fell short of the official estimate by \$10.5 million. The corporation income tax and the LLET are now reported and estimated in combination due to the inability to separate the receipts in a meaningful manner. Business taxes were also affected by HB 487 and the 2019 legislation, HB 354 and HB 458. The progressive rate structure was replaced with a flat rate of 5.0 percent, which represented a tax cut for most businesses. Rate cuts were coupled with some base broadening and an update to the IRC effective January 1, 2018. The impact of the tax law for corporate and LLET was an estimated -\$27.6 million in FY19 and is expected to be -\$75.5 million in FY20. Corporate and LLET combined are expected to decline a net 14.3 percent for the forecasting horizon in FY20. The steep rate of decline is a mirror image of the tax law impacts on the sales tax forecast. In the case of business taxes, a larger amount of tax effect is being subtracted from the policy-neutral series in FY20, thus leading to a larger decline than would be predicted based on economic activity alone.

Property tax revenues climbed 4.1 percent in FY19 and exceeded the official estimate by \$26.3 million. Several of the accounts within the aggregate property tax receipts outpaced expectations, including real property, motor vehicles, omitted tangible, and public service property. Growth is expected to moderate to 1.9 percent in the first three quarters of FY20 due to the high base of comparison in FY19. The recent tax reform bills did not carry a fiscal note for property taxes in FY19 and FY20, so no short-term adjustments were needed or made.

Lottery dividends totaled \$263.9 million in FY19 and exceeded the estimate by \$14.9 million. The higher than projected lottery payments were largely due to strength in the online games and solid growth in the instant ticket marketplace. As with any revenue source, unusually high growth in the base period creates a higher bar to clear for the projections in the following years. Significant improvement is expected relative to the official FY20 estimate of \$256.0 million, but growth over the FY19 base is expected to be 2.5 percent during the forecasting horizon.

Cigarette tax receipts in FY19 were significantly impacted by the change in the rate of taxation. House Bill 487 raised the tax on each pack of cigarettes from 60 cents to \$1.10, with an associated tax impact of \$130.0 million for FY19. A floor stocks tax of 50 cents per pack was also added to inventories to prevent hoarding prior to the July 1 tax increase. Consequently, cigarette tax receipts soared 76.9 percent in FY19 and exceeded estimates by \$36.8 million. The forecast for the first three quarters of FY20 calls for a 12.5 percent decline in cigarette tax revenues. Receipts are expected to decline for two reasons. First, FY19 included \$21.3 million in floors stocks taxes which will not reoccur in FY20. Second, the downward trend in smoking is expected to continue during and beyond the forecasting horizon. Therefore, the revenue total from FY19 is likely to be a high watermark for cigarette tax receipts going forward – absent any further changes to the rate of taxation.

The FY19 coal severance receipts rose for the first time since FY12, posting collections of \$92.9 million with 3.6 percent growth. Collections outpaced the official estimate by \$15.0 million. A portion of FY19 collections were not based on FY19 severance activity. Compliance efforts buoyed receipts in the second half of the fiscal year, where the coal severance tax grew by 17.4 percent in the third quarter followed by 30.1 percent growth in the fourth quarter. Those compliance efforts resulted in receipts for prior years' tax liabilities. The current interim estimates suggest that coal severance receipts will return to the downward trajectory of the previous six fiscal years with an 8.4 percent decline over the forecasting horizon. The coal severance tax was unaffected by any of the recent tax reform bills so no exogenous changes were applied to the forecast.

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" accounts totaled \$769.1 million in FY19 and exceeded the official estimate by \$68.4 million. Each account was re-examined after the robust growth of 9.3 percent in FY19. Appropriate adjustments were made to calibrate the models. The interim forecast calls for the "Other" category of taxes to fall 1.1 percent during the first three quarters of FY20. "Other" collections will continue to be strong in FY20, but the high base of comparison from FY19 will lead to a small decline in receipts.

ROAD FUND

Road Fund revenues are forecasted to retreat from positive levels seen in the past three years due largely to a decline in motor vehicle usage and miscellaneous tax collections. Total revenues are expected to be flat for the first three quarters of FY20 as shown in Table 16. Fiscal Year 2019 revenues were strong in three of the four quarters and flat in the other. Rates of growth for the four quarters were 3.8, 4.8, 0.0, and 5.8 percent. Among the major accounts, motor fuels collections are expected to increase slightly while motor vehicle usage tax receipts are expected to decline.

Table 16
Road Fund Interim Forecast
(\$ millions)

	FY19				FY19		FY20	
	Q4		Full Year		Official CFG		Q1, Q2 & Q3	
	Actual	% Chg	Actual	% Chg	Estimate	\$ Diff	Estimate	% Chg
Motor Fuels	197.9	1.1	773.2	1.1	759.2	14.0	579.6	0.7
Motor Vehicle Usage	138.2	7.5	514.5	4.3	494.0	20.5	374.6	-0.5
Motor Vehicle License	43.0	9.3	120.9	7.1	116.5	4.5	75.8	-2.7
Motor Vehicle Operators	4.3	-3.6	16.6	-1.0	16.7	-0.1	13.8	11.1
Weight Distance	20.5	2.2	83.7	2.5	82.1	1.6	63.2	-0.1
Income on Investments	5.3	336.0	11.9	320.3	3.1	8.8	7.5	13.1
Other	15.6	30.9	45.1	16.5	35.0	10.1	27.4	-7.2
Road Fund	424.8	5.8	1,566.1	3.6	1,506.6	59.5	1,141.8	0.0

Total Road Fund collections grew 3.6 percent, or \$55.1 million, in FY19 due to broad-based strength in the fund as only one account declined. The two largest accounts both saw increases in FY19. Motor vehicle usage tax collections surprised by growing at 4.3 percent while motor fuels grew by 1.1 percent. Motor vehicle license and “other” receipts both benefited from additional payments which are not expected to reoccur in FY20. These accounts receive payments via the International Registration Plan (IRP), which is a multi-jurisdictional plan serving as a central collection point for apportioned trucking fees. The timing of these receipts are not always synchronous from one year to the next with the result being somewhat “lumpy” collections. Fiscal Year 2019 benefitted by receiving additional payments relative to the prior year and which are not expected to be received in FY20.

Motor fuels tax receipts grew 1.1 percent in FY19 on the strength of increased consumption. The tax rate for this account is unchanged since the final quarter of FY15 meaning any change in revenue is the result of a change in consumption. Taxable gallons had exhibited a long-term downward trend but have increased in each of the past four years. Quarterly growth rates for motor fuels taxes were 1.2, 2.6, -0.6, and 1.1 percent.

Motor fuels tax receipts are expected to increase 0.7 percent over the first nine months of FY20 as the tax rate is forecast to remain at its current level. Therefore, any revenue growth from this account is directly tied to a change to consumption. Total taxable gallons are projected to increase slightly over last year's total.

Motor vehicle usage taxes grew \$21.4 million, or 4.3 percent, to reach an all-time high of \$514.5 million in FY19. Receipts in this account experienced strong growth in three of the four quarters and a small decline in the other. Rates of growth for the four quarters were 4.9, 6.4, -1.5, and 7.5 percent.

Motor vehicle usage taxes are forecasted to decline 0.5 percent during the first three quarters of FY20 as consumer demand for motor vehicles eases.

To estimate growth of 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 decrease 2.7 percent as FY19 collections were augmented by additional IRP money. Weight distance taxes are expected to remain essentially unchanged, declining 0.1 percent. Motor vehicle operator's license (driver's license) taxes are forecasted to grow 11.1 percent as Kentucky comes into compliance with the REAL ID act. Increased fees associated with the REAL ID will bolster this account. Income on investment collections are projected to continue to benefit from favorable interest rates as well as higher cash balances. The "Other" category is expected to decrease 7.2 percent.

NATIONAL ECONOMY

As we close out the fourth quarter of FY19, the national outlook for the next three fiscal quarters is a forecast which returns to long-term GDP growth trend and a material slowing in employment gains. Real GDP growth is expected to be 2.0 percent over the next three fiscal quarters. The overall unemployment rate is expected to drift upwards in the third quarter of FY20.

The real GDP growth, which is expected over the forecast horizon, is derived from a variety of factors. The 2017 Tax Act continues to support private consumption while the 2019 and 2020 Bipartisan Budget Act increases government spending. Additionally, interest rates are expected to remain low and the Federal Reserve has signaled a “dovish” policy for the near term. Recent gains in wealth, wages, and employment have been coupled with increased consumer confidence, supporting continued growth in consumer expenditures. Finally, strong increases in US production of crude oil and continued but slowing growth in foreign markets provide positive influence toward US exports.

The forecast expectation of real GDP growth below two percent trend after fiscal 2020 arises from several concerns. The stimulus provided by past fiscal policy is waning, and there has not been significant progress towards reaching a compromise to prevent the potential 10 percent decrease in discretionary spending required by the Budget Control Act of 2011. Combined with the expected political rancor associated with the requirement to raise the debt ceiling, the impact of fiscal policy is an assumed downside risk to the forecast. Additionally, the lagged impact of another round of US and retaliatory tariffs and investor concerns of the impact of tariffs on corporate earnings, have led to volatile financial conditions and a longer-term forecast of flattening equity values. Finally, long-term interest rates are expected to rise together with a return to normalized term premium in Treasury yields.

The housing sector has long been cited as a potential source of accelerated growth for the US economy. Recent data suggests that housing will remain muted in the near term. A modest drop in mortgage rates has done little to jumpstart the market for single-family new construction. Recently the 30-year fixed mortgage rate dropped to 3.82 percent on June 6, 2019, down from 4.94 percent in mid-November 2018. The forecast for the 30-year fixed rate mortgages is 4.05, 4.09, and 4.2 percent respectively in the first three quarters of FY20. Despite the favorable interest rate market, single-family housing permits have not responded to the relative affordability. Permits fell for the fifth consecutive month in April 2019 plunging 3.7 percent to a new 23-month low. The June 2019 forecast from IHS Markit predicts tepid growth in the forecast for housing starts triggered by a depressed estimated rate of household formation of 1.21 million per calendar year, including 2019 and 2020. A falling level of household formation creates a drag on several other areas of consumer spending, including retail

sales of building materials and garden supply stores as well as appliances and fixtures.

The Federal Open Market Committee (FOMC), as expected, maintained the current federal funds rate points at their June meeting. However, the FOMC signaled that the committee is considering a potential rate decrease in the first quarter of FY20. The FOMC seems to be responding to a mixture of political pressure and uncertainties concerning trade, global growth, and geo-political concerns. The financial futures markets have signaled an expectation of a minimum reduction of 25 basis points at the July meeting, with additional rate reductions by the end of the calendar year.

Table 17
US Economic Outlook
FY20 Q1-Q3

	Q1, Q2, & Q3			
	FY20	FY19	Chg	% Chg
Real GDP	19,147.6	18,779.2	368.4	2.0
Real Consumption	13,293.7	13,020.2	273.5	2.1
Real Investment	3,460.4	3,469.2	-8.8	-0.3
Real Govt. Expenditures	3,268.8	3,196.3	72.5	2.3
Real Exports	2,603.2	2,559.7	43.5	1.7
Real Imports	3,499.1	3,496.0	3.1	0.1
Personal Income (\$ billions)	18,558.5	17,823.7	734.8	4.1
Wages and Salaries (\$ billions)	9,323.6	8,938.3	385.3	4.3
Inflation (% chg CPI)	2.3	2.2	NA	NA
Industrial Production Index (% chg)	0.4	3.9	NA	NA
Total Non-farm Employment (millions)	152.2	150.1	2.1	1.4
Manufacturing Employment (millions)	12.9	12.8	0.1	0.6
Unemployment Rate (%)	3.5	3.8	NA	NA

KENTUCKY ECONOMY

Overall, the state economy experienced a noteworthy year in FY19. Personal income growth in particular was a highlight. Growth rates for the four quarters of FY19 were 3.2, 3.2, 4.3, and 4.1 percent. Based on the economic outlook for Kentucky, the momentum experienced in personal income growth does not appear to weaken entering into a new fiscal year. Kentuckians' personal income is on pace to grow 4.5 percent over the forecasted quarters, is expected to outperform the personal income growth projections on a national level by 0.4 percentage points over the same periods. See Table 18.

Table 18
Kentucky Economic Outlook
FY20 Q1-Q3

	Q1, Q2, & Q3			
	FY20	FY19	Chg	% Chg
Personal Income (\$ millions)	198,094.2	189,484.8	8,609.5	4.5
Wages and Salaries (\$ millions)	97,798.8	93,946.7	3,852.1	4.1
Non-farm Employment (thousands)	1,957.7	1,939.4	18.3	0.9
Goods-producing	344.3	342.2	2.2	0.6
Construction	80.4	79.0	1.4	1.8
Mining	9.6	10.2	-0.6	-5.8
Manufacturing	254.3	253.0	1.3	0.5
Service-providing	1,298.0	1,284.0	14.0	1.1
Trade, Transportation & Utilities	405.5	405.4	0.1	0.0
Information	21.6	21.9	-0.3	-1.5
Finance	94.0	93.5	0.6	0.6
Business Services	221.7	217.2	4.4	2.0
Educational Services	285.2	281.5	3.7	1.3
Leisure and Hospitality Services	204.4	198.7	5.7	2.9
Other Services	65.6	65.8	-0.2	-0.3
Government	315.3	313.2	2.2	0.7

Total nonfarm payroll employment is anticipated to increase by 18,300, or 0.9 percent over the forecasted horizon. Notable job gains are expected in the service-providing sector, more specifically in business services, as well as leisure and hospitality services. Over the next three quarters, business services is on track to add 4,400 jobs, accounting for a 2.0 percent change compared to the same three quarters in FY19. Employment in leisure and hospitality services is forecasted to increase by 5,700 jobs, or 2.9 percent compared to the first three quarters a year prior. In percentage and absolute terms, leisure and hospitality services employment grew the quickest, making it the bright spot of the economic outlook.

It is a common occurrence that employment migrates from one service-providing supersector to another service-providing supersector. This occurrence is anticipated to occur again over the forecast horizon, suggesting future disruption in the sector. While employment growth is expected in the finance, business, educational, and leisure and hospitality services, job loss is anticipated in the information and other services supersectors. Depressed growth is also expected for the trade, transportation, and utilities supersectors. Three of the 11 supersectors are expected to contract over the forecast horizon. Mining employment continues to be a weak spot in the Kentucky economy. Of the three declining supersectors, the rate of decline in the mining sector is expected to be the largest with a magnitude of 5.8 percent. Total job loss in the mining industry is anticipated to decline by 600 jobs over the course of the first three quarters of FY20.

In contrast, government employment, which includes federal, state and local government jobs, is on an upswing. The government sector is expected to increase by 2,200 jobs, accounting for a 0.7 percent increase compared to the same quarters in FY19.

Table 19
History and Outlook
Annual Growth Rates (%)

	FY18				FY19				FY20		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
United States											
Real GDP	2.3	2.5	2.6	2.9	3.0	3.0	3.2	2.5	2.1	2.0	1.7
Real Consumption	2.4	2.7	2.4	2.6	2.9	2.6	2.8	2.5	2.1	2.0	2.2
Real Investment	6.8	5.0	6.1	4.6	6.1	6.8	5.5	3.9	0.5	-0.2	-1.0
Real Government Expenditures	-0.4	0.1	0.7	1.3	2.3	1.5	1.8	2.4	2.1	2.5	2.2
Real Exports	2.1	4.7	4.3	5.7	3.5	2.3	2.6	-0.7	1.5	1.9	1.7
Real Imports	4.1	5.4	4.9	4.2	5.8	3.4	2.0	1.3	-0.4	-0.3	1.0
Personal Income	4.5	4.6	4.3	4.5	4.5	4.3	3.8	4.0	3.9	4.0	4.4
Wage & Salary	4.9	4.6	4.6	4.5	4.4	3.9	3.5	3.9	3.8	4.5	4.6
Industrial Production Index	2.1	3.6	3.6	3.3	4.9	4.0	2.9	1.6	0.6	0.0	0.7
Total Non-farm Employment	1.5	1.5	1.5	1.6	1.7	1.8	1.8	1.7	1.6	1.4	1.3
Manufacturing Employment	0.8	1.4	1.7	2.0	2.2	2.2	1.9	1.4	0.9	0.6	0.4
Unemployment Rate	4.3	4.1	4.1	3.9	3.8	3.8	3.9	3.6	3.5	3.5	3.6
Kentucky											
Personal Income	3.0	3.5	3.0	3.6	3.2	3.2	4.3	4.1	4.8	4.7	4.1
Wage & Salary	2.3	2.2	2.3	2.6	2.5	2.8	4.2	4.0	4.6	4.4	3.3
Non-farm Employment	0.2	0.7	0.4	0.7	0.7	0.6	1.1	0.9	1.1	1.0	0.7
Goods Producing	0.3	0.4	0.1	0.5	0.6	1.3	1.7	1.3	1.3	0.5	0.1
Service Providing	0.4	0.8	0.7	1.1	1.1	0.7	1.2	0.9	1.1	1.3	0.8
Government	-0.8	0.3	-0.6	-0.6	-0.8	-0.6	-0.3	0.2	0.7	0.4	0.9

APPENDIX A

General Fund and Road Fund Revenue Receipts

Fourth Quarter FY19

KENTUCKY STATE GOVERNMENT – GENERAL FUND REVENUE

	Fourth Quarter FY 2019	Fourth Quarter FY 2018	%	Year-To-Date FY 2019	Year-To-Date FY 2018	%
			Change			Change
TOTAL GENERAL FUND	\$3,191,499,423	\$2,947,841,053	8.3%	\$11,392,698,460	\$10,838,200,084	5.1%
Tax Receipts	\$3,058,801,794	\$2,859,124,097	7.0%	\$10,988,227,884	\$10,497,829,798	4.7%
Sales and Gross Receipts	\$1,255,790,454	\$1,106,378,507	13.5%	\$4,717,609,351	\$4,211,205,101	12.0%
Beer Consumption	1,512,973	1,558,119	-2.9%	5,885,046	6,069,024	-3.0%
Beer Wholesale	13,839,626	15,530,408	-10.9%	56,215,810	59,119,872	-4.9%
Cigarette	92,726,854	56,258,614	64.8%	353,452,495	211,834,789	66.9%
Distilled Spirits Case Sales	43,077	41,065	4.9%	163,929	155,861	5.2%
Distilled Spirits Consumption	3,827,207	3,766,543	1.6%	14,756,577	14,288,035	3.3%
Distilled Spirits Wholesale	13,180,994	12,176,343	8.3%	49,288,861	45,559,663	8.2%
Insurance Premium	54,878,340	50,623,666	8.4%	165,476,033	157,154,273	5.3%
Pari-Mutuel	5,256,356	2,839,258	85.1%	14,578,083	7,894,063	84.7%
Race Track Admission	61,070	36,381	67.9%	214,345	195,837	9.5%
Sales and Use	1,045,957,093	938,106,590	11.5%	3,937,610,039	3,605,661,335	9.2%
Wine Consumption	757,800	819,476	-7.5%	3,143,994	3,165,448	-0.7%
Wine Wholesale	4,541,050	4,434,806	2.4%	17,608,228	17,445,613	0.9%
Telecommunications Tax	13,594,965	14,894,151	-8.7%	55,757,372	61,125,754	-8.8%
Other Tobacco Products	5,583,182	5,295,813	5.4%	22,168,888	21,538,933	2.9%
Floor Stock Tax	29,872	(2,726)	---	21,289,650	(3,399)	---
License and Privilege	\$3,119,162	\$2,200,173	41.8%	\$121,663,708	\$117,424,507	3.6%
Alc. Bev. License Suspension	81,244	169,833	-52.2%	320,000	559,200	-42.8%
Corporation License	1,691	8,165	-79.3%	62,947	11,596	442.8%
Corporation Organization	3,223	6,350	-49.3%	314,310	54,471	477.0%
Occupational Licenses	104,077	104,584	-0.5%	193,778	216,991	-10.7%
Race Track License	50,500	46,300	9.1%	268,875	278,500	-3.5%
Bank Franchise Tax	2,704,803	1,683,495	60.7%	119,821,064	115,617,923	3.6%
Driver License Fees	173,624	181,446	-4.3%	682,734	685,826	-0.5%
Natural Resources	\$35,240,578	\$29,621,003	19.0%	\$127,756,984	\$122,972,027	3.9%
Coal Severance	26,993,951	20,747,226	30.1%	92,906,947	89,643,238	3.6%
Oil Production	1,465,477	1,646,623	-11.0%	5,910,918	5,360,469	10.3%
Minerals Severance	4,704,242	4,320,782	8.9%	18,926,560	18,181,584	4.1%
Natural Gas Severance	2,076,909	2,906,373	-28.5%	10,012,558	9,786,736	2.3%
Income	\$1,675,944,575	\$1,635,009,674	2.5%	\$5,307,357,898	\$5,353,058,930	-0.9%
Corporation	247,474,292	198,199,203	24.9%	555,976,332	511,352,679	8.7%
Individual	1,355,140,095	1,339,756,272	1.1%	4,544,676,175	4,603,578,834	-1.3%
Limited Liability Entity	73,330,188	97,054,200	-24.4%	206,705,391	238,127,417	-13.2%
Property	\$72,697,418	\$69,115,202	5.2%	\$647,009,309	\$621,260,307	4.1%
Building & Loan Association	1,444,714	2,126,838	-32.1%	1,701,042	2,158,239	-21.2%
General - Real	5,777,005	5,448,587	6.0%	293,725,321	283,388,656	3.6%
General - Tangible	54,245,700	49,881,041	8.8%	258,458,750	254,292,498	1.6%
Omitted & Delinquent	2,091,810	1,821,730	14.8%	20,097,838	16,274,357	23.5%
Public Service	9,092,841	9,764,828	-6.9%	70,981,420	63,313,796	12.1%
Other	45,347	72,179	-37.2%	2,044,937	1,832,760	11.6%
Inheritance Tax	\$9,713,007	\$10,865,672	-10.6%	\$44,434,124	\$48,248,219	-7.9%
Miscellaneous	\$6,296,600	\$5,933,866	6.1%	\$22,396,511	\$23,660,706	-5.3%
Legal Process	3,471,924	3,265,788	6.3%	13,135,526	13,035,070	0.8%
T. V. A. In Lieu Payments	2,824,676	2,631,901	7.3%	9,251,250	10,575,611	-12.5%
Other	0	36,177	-100.0%	9,735	50,025	-80.5%
Nontax Receipts	\$130,731,201	\$87,535,914	49.3%	\$393,632,360	\$334,713,465	17.6%
Departmental Fees	7,209,574	7,770,693	-7.2%	17,464,180	22,657,477	-22.9%
PSC Assessment Fee	3,523,002	378,154	831.6%	19,665,109	16,218,175	21.3%
Fines & Forfeitures	5,115,009	4,704,156	8.7%	19,960,970	17,829,955	12.0%
Income on Investments	(1,322,291)	(2,163,173)	---	(10,553,105)	(7,611,235)	---
Lottery	80,300,000	77,000,000	4.3%	263,946,017	253,000,000	4.3%
Miscellaneous	35,905,908	(153,916)	---	83,149,189	32,619,094	154.9%
Redeposit of State Funds	\$1,966,428	\$1,181,042	66.5%	\$10,838,216	\$5,656,821	91.6%

KENTUCKY STATE GOVERNMENT – ROAD FUND REVENUE

	Fourth Quarter FY 2019	Fourth Quarter FY 2018	%	Year-To-Date FY 2019	Year-To-Date FY 2018	%
			Change			Change
TOTAL ROAD FUND	\$424,766,221	\$401,355,964	5.8%	\$1,566,079,860	\$1,511,003,520	3.6%
Tax Receipts-	\$410,899,698	\$391,360,626	5.0%	\$1,527,527,150	\$1,483,223,103	3.0%
Sales and Gross Receipts	\$336,108,922	\$324,384,094	3.6%	\$1,287,770,861	\$1,258,070,574	2.4%
Motor Fuels Taxes	197,939,546	195,867,225	1.1%	773,248,338	764,937,870	1.1%
Motor Vehicle Usage	138,169,376	128,516,869	7.5%	514,522,523	493,132,705	4.3%
License and Privilege	\$74,790,775	\$66,976,532	11.7%	\$239,756,289	\$225,152,529	6.5%
Motor Vehicles	43,031,788	39,373,844	9.3%	120,900,980	112,850,030	7.1%
Motor Vehicle Operators	4,257,647	4,418,958	-3.7%	16,631,111	16,794,541	-1.0%
Weight Distance	20,472,111	20,038,352	2.2%	83,721,474	81,711,920	2.5%
Truck Decal Fees	268,175	236,649	13.3%	313,011	289,061	8.3%
Other Special Fees	6,761,054	2,908,730	132.4%	18,189,713	13,506,977	34.7%
Nontax Receipts	\$13,776,351	\$9,753,016	41.3%	\$36,942,367	\$26,904,635	37.3%
Departmental Fees	7,231,058	7,180,666	0.7%	20,633,454	20,951,634	-1.5%
In Lieu of Traffic Fines	95,180	91,909	3.6%	410,389	353,405	16.1%
Income on Investments	5,289,910	1,213,331	336.0%	11,923,927	2,837,474	320.2%
Miscellaneous	1,160,203	1,267,110	-8.4%	3,974,598	2,762,123	43.9%
Redeposit of State Funds	\$90,172	\$242,322	-62.8%	\$1,610,343	\$875,785	83.9%

APPENDIX B

Summary Statistics for General Fund Major Revenue Sources Fiscal Years 2010- 2019 (\$ millions)

	FY10	FY11	FY12	FY13	FY14
TOTAL GENERAL FUND	8,225,127,620	8,759,442,646	9,090,954,645	9,348,326,000	9,462,035,017
Tax Receipts	7,917,980,032	8,455,775,175	8,786,626,012	8,992,372,146	9,126,466,009
Sales and Gross Receipts	3,396,530,945	3,489,069,236	3,648,803,253	3,616,732,159	3,716,809,229
Beer Consumption	6,165,525	6,118,817	6,125,423	6,190,085	6,226,880
Beer Wholesale	51,596,255	51,914,445	54,139,730	53,750,045	57,969,185
Cigarette	278,159,743	262,220,720	254,798,018	238,669,895	228,076,834
Cigarette Floor Stock	274,940	150,038	31,548	19,426	-1,887
Distilled Spirits Case Sales	453,002	-232,830	116,903	122,873	127,875
Distilled Spirits Consumption	10,719,543	10,942,531	11,355,027	11,962,448	11,961,270
Distilled Spirits Wholesale	27,517,432	28,175,617	29,695,678	31,911,903	33,829,202
Insurance Premium	125,063,475	128,731,563	133,069,934	139,471,024	141,638,641
Pari-Mutuel	-82,480	4,607,322	3,600,911	4,842,847	2,421,099
Race Track Admission	187,994	178,957	164,223	184,269	213,958
Sales and Use	2,794,057,329	2,896,251,816	3,052,236,048	3,021,794,387	3,131,126,876
Wine Consumption	2,442,113	2,584,039	2,716,967	2,856,119	2,896,687
Wine Wholesale	12,082,136	13,748,696	14,102,961	14,959,504	15,523,357
Telecommunications Tax	66,786,669	62,286,497	64,919,274	68,327,915	63,897,510
Other Tobacco Products	21,107,290	21,391,009	21,730,607	21,669,418	20,901,740
License and Privilege	76,326,722	100,533,645	100,903,697	100,211,825	105,181,651
Alc. Bev. License & Suspension	562,082	377,550	281,375	402,958	343,952
Corporation License	5,470,951	10,654,547	5,330,573	-294,874	814,539
Corporation Organization	167,841	69,928	94,666	97,963	47,491
Occupational Licenses	172,153	165,753	156,845	137,311	214,153
Race Track License	271,425	262,175	272,443	264,011	291,300
Bank Franchise Tax	69,085,922	88,400,971	94,158,966	98,971,258	102,857,446
Driver License Fees	596,348	602,721	608,829	633,198	612,770
Natural Resources	317,146,565	342,319,441	346,050,224	269,486,287	241,988,627
Coal Severance	271,943,100	295,836,611	298,263,637	230,540,150	197,525,899
Oil Production	7,564,121	8,287,566	11,955,961	10,974,127	13,128,040
Minerals Severance	13,266,156	13,256,853	13,292,368	13,306,647	12,298,663
Natural Gas Severance	24,373,188	24,938,411	22,538,258	14,665,363	19,036,025
Income	3,538,303,824	3,934,302,025	4,087,239,263	4,369,839,147	4,423,722,549
Corporation	237,867,392	300,782,364	374,423,779	400,752,175	475,120,319
Individual	3,154,488,000	3,417,778,504	3,512,075,128	3,722,963,791	3,749,257,830
LLET	145,948,432	215,741,157	200,740,356	246,123,181	199,344,400
Property	516,169,947	514,814,972	529,566,811	558,378,328	562,428,448
Bank Deposits	589,597	561,375	570,776	588,098	581,157
Building & Loan Association	2,920,507	2,457,458	2,462,810	2,332,923	1,806,976
Distilled Spirits	685,815	730,146	754,636	772,733	854,637
General - Intangible	-	-	-	-	816
General - Real	248,756,857	247,034,036	251,285,063	257,970,441	258,284,309
General - Tangible	193,234,982	186,665,683	207,739,436	216,942,082	223,393,888
Omitted & Delinquent	24,952,198	28,140,461	16,687,591	26,972,243	21,276,527
Public Service	45,026,921	49,210,400	50,063,069	52,795,179	51,859,325
Other	3,071	15,412	3,431	4,629	5,807,422
Inheritance	37,201,611	41,350,929	41,312,904	41,326,220	45,843,849
Miscellaneous	36,300,419	33,384,927	32,749,859	36,398,182	30,491,656
Legal Process	21,807,020	20,303,600	19,977,267	19,748,614	16,792,670
T. V. A. In Lieu Payments	14,335,091	12,992,023	12,707,124	16,600,467	13,646,200
Other	158,308	89,304	65,468	49,101	52,786
Nontax Receipts	301,799,304	300,260,186	301,849,149	353,103,427	333,860,106
Departmental Fees	29,530,171	29,505,690	26,203,503	28,494,072	24,489,562
PSC Assessment Fee	12,685,063	16,266,055	7,389,549	13,205,508	17,155,431
Fines & Forfeitures	29,046,803	26,117,800	26,274,627	28,264,706	24,747,942
Interest on Investments	-303,103	767,606	-14,535,985	711,516	(176,256)
Lottery	200,000,000	200,500,000	210,800,122	215,266,568	219,500,743
Sale of NOx Credits	625,230	36,825	22,025	50,892	104,242
Miscellaneous	30,215,139	27,066,209	45,695,310	67,110,164	48,038,442
Redeposit of State Funds	5,348,284	3,407,285	2,479,483	2,850,428	1,708,902

	FY15	FY16	FY17	FY18	FY19
TOTAL GENERAL FUND	9,966,630,897	10,338,884,795	10,477,848,874	10,838,200,084	11,392,698,460
Tax Receipts	9,637,987,521	9,988,342,493	10,132,685,779	10,497,829,798	10,988,227,884
Sales and Gross Receipts	3,854,700,860	4,062,700,426	4,086,441,364	4,211,205,101	4,717,609,351
Beer Consumption	6,071,389	6,557,744	6,205,443	6,069,024	5,885,046
Beer Wholesale	57,570,011	61,161,655	59,525,060	59,119,872	56,215,810
Cigarette	220,902,529	224,303,658	221,375,451	211,834,789	353,452,495
Cigarette Floor Stock	11,502	8,108	6,040	-3,399	21,289,650
Distilled Spirits Case Sales	132,802	136,488	153,781	155,861	163,929
Distilled Spirits Consumption	12,468,749	12,823,273	14,237,920	14,288,035	14,756,577
Distilled Spirits Wholesale	36,471,357	38,886,865	44,064,952	45,559,663	49,288,861
Insurance Premium	146,480,663	145,250,375	148,188,827	157,154,273	165,476,033
Pari-Mutuel	2,964,884	4,993,574	6,807,535	7,894,063	14,578,083
Race Track Admission	155,426	229,416	174,356	195,837	214,345
Sales and Use	3,267,331,025	3,462,704,116	3,485,215,349	3,605,661,335	3,937,610,039
Wine Consumption	2,912,784	3,102,163	3,084,190	3,165,448	3,143,994
Wine Wholesale	16,323,658	16,583,413	18,289,377	17,445,613	17,608,228
Telecommunications Tax	63,575,235	64,681,001	57,540,002	61,125,754	55,757,372
Other Tobacco Products	21,328,845	21,278,667	21,573,080	21,538,933	22,168,888
License and Privilege	101,926,285	111,094,998	107,690,065	117,424,507	121,663,708
Alc. Bev. License & Suspension	450,542	480,675	367,853	559,200	320,000
Corporation License	188,600	135,698	7,423	11,596	62,947
Corporation Organization	186,635	136,720	982,251	54,471	314,310
Occupational Licenses	202,297	289,193	229,579	216,991	193,778
Race Track License	247,766	324,375	276,596	278,500	268,875
Bank Franchise Tax	99,990,669	109,049,728	105,129,792	115,617,923	119,821,064
Driver License Fees	659,776	678,609	696,570	685,826	682,734
Natural Resources	220,613,349	149,405,136	130,063,924	122,972,027	127,756,984
Coal Severance	180,283,352	120,610,311	100,455,465	89,643,238	92,906,947
Oil Production	9,840,015	4,748,862	5,120,700	5,360,469	5,910,918
Minerals Severance	15,128,385	17,596,331	16,923,270	18,181,584	18,926,560
Natural Gas Severance	15,361,597	6,449,632	7,564,489	9,786,736	10,012,558
Income	4,821,410,590	5,011,709,477	5,136,952,770	5,353,058,930	5,307,357,898
Corporation	528,118,737	526,637,870	497,479,037	511,352,679	555,976,332
Individual	4,069,500,570	4,282,080,975	4,393,862,556	4,603,578,834	4,544,676,175
LLET	223,791,283	202,990,632	245,611,177	238,127,417	206,705,391
Property	563,435,472	577,548,052	602,095,597	621,260,307	647,009,309
Bank Deposits	588,914	632,587	644,459	676,071	666,267
Building & Loan Association	1,482,051	2,191,706	2,369,893	2,158,239	1,701,042
Distilled Spirits	891,761	961,388	1,020,812	1,149,557	1,372,441
General - Intangible	-	-	-	-	-
General - Real	259,228,298	268,087,934	273,935,818	283,388,656	293,725,321
General - Tangible	226,137,118	237,464,692	244,469,542	254,292,498	258,458,750
Omitted & Delinquent	16,237,196	11,991,240	15,966,205	16,274,357	20,097,838
Public Service	58,864,760	56,210,797	63,680,782	63,313,796	70,981,420
Other	5,374	7,708	8,087	7,133	6,230
Inheritance	50,975,858	51,247,149	44,699,808	48,248,219	44,434,124
Miscellaneous	24,925,107	24,637,267	24,742,251	23,660,706	22,396,511
Legal Process	15,435,811	14,479,452	13,299,585	13,035,070	13,135,526
T. V. A. In Lieu Payments	9,452,432	10,119,811	11,350,177	10,575,611	9,251,250
Other	36,863	38,005	92,490	50,025	9,735
Nontax Receipts	326,949,419	344,822,276	335,817,562	334,713,465	393,632,360
Departmental Fees	22,036,475	21,891,588	21,805,380	22,657,477	17,464,180
PSC Assessment Fee	20,829,264	14,367,915	13,784,610	16,218,175	19,665,109
Fines & Forfeitures	22,771,487	21,204,392	19,676,290	17,829,955	19,960,970
Interest on Investments	213,267	287,789	-1,129,875	-7,611,235	-10,553,105
Lottery	221,500,000	241,778,429	241,627,129	253,000,000	263,946,017
Sale of NOx Credits	27,594	0	0	0	0
Miscellaneous	39,571,333	45,292,162	40,054,028	32,619,094	83,149,189
Redeposit of State Funds	1,693,958	5,720,026	9,345,533	5,656,821	10,838,216

**General Fund Growth Rates
Major Revenue Sources
Fiscal Years 2010 – 2019
(%)**

	FY10	FY011	FY12	FY13	FY14
TOTAL GENERAL FUND	-2.4%	6.5%	3.8%	2.8%	1.2%
Tax Receipts	-2.4%	6.8%	3.9%	2.3%	1.5%
Sales and Gross Receipts	0.6%	2.7%	4.6%	-0.9%	2.8%
Beer Consumption	-4.8%	-0.8%	0.1%	1.1%	0.6%
Beer Wholesale	-0.2%	0.6%	4.3%	-0.7%	7.8%
Cigarette	48.9%	-5.7%	-2.8%	-6.3%	-4.4%
Cigarette Floor Stock	---	-45.4%	-79.0%	-38.4%	-109.7%
Distilled Spirits Case Sales	314.3%	-151.4%	-150.2%	5.1%	4.1%
Distilled Spirits Consumption	0.4%	2.1%	3.8%	5.3%	0.0%
Distilled Spirits Wholesale	-1.3%	2.4%	5.4%	7.5%	6.0%
Insurance Premium	-0.1%	2.9%	3.4%	4.8%	1.6%
Pari-Mutuel	-101.9%	---	-21.8%	34.5%	-50.0%
Race Track Admission	-18.6%	-4.8%	-8.2%	12.2%	16.1%
Sales and Use	-2.2%	3.7%	5.4%	-1.0%	3.6%
Wine Consumption	2.1%	5.8%	5.1%	5.1%	1.4%
Wine Wholesale	-2.2%	13.8%	2.6%	6.1%	3.8%
Telecommunications Tax	9.1%	-6.7%	4.2%	5.3%	-6.5%
Other Tobacco Products	82.8%	1.3%	1.6%	-0.3%	-3.5%
License and Privilege	-9.3%	31.7%	0.4%	-0.7%	5.0%
Alc. Bev. License Suspension	43.0%	-32.8%	-25.5%	43.2%	-14.6%
Corporation License	-40.2%	94.7%	-50.0%	-105.5%	-376.2%
Corporation Organization	340.5%	-58.3%	35.4%	3.5%	-51.5%
Occupational Licenses	-33.1%	-3.7%	-5.4%	-12.5%	56.0%
Race Track License	-22.5%	-3.4%	3.9%	-3.1%	10.3%
Bank Franchise Tax	-5.8%	28.0%	6.5%	5.1%	3.9%
Driver License Fees	2.8%	1.1%	1.0%	4.0%	-3.2%
Natural Resources	-10.9%	7.9%	1.1%	-22.1%	-10.2%
Coal Severance	-7.1%	8.8%	0.8%	-22.7%	-14.3%
Oil Production	-10.3%	9.6%	44.3%	-8.2%	19.6%
Minerals Severance	3.6%	-0.1%	0.3%	0.1%	-7.6%
Natural Gas Severance	-42.2%	2.3%	-9.6%	-34.9%	29.8%
Income	-4.5%	11.2%	3.9%	6.9%	1.2%
Corporation	-11.2%	26.4%	24.5%	7.0%	18.6%
Individual	-4.9%	8.3%	2.8%	6.0%	0.7%
LLET	20.0%	47.8%	-7.0%	22.6%	-19.0%
Property	0.6%	-0.3%	2.9%	5.4%	0.7%
Bank Deposits	8.6%	-4.8%	1.7%	3.0%	-1.2%
Building & Loan Association	0.7%	-15.9%	0.2%	-5.3%	-22.5%
Distilled Spirits	9.9%	6.5%	3.4%	2.4%	10.6%
General - Intangible	---	---	---	---	---
General - Real	3.2%	-0.7%	1.7%	2.7%	0.1%
General - Tangible	-5.2%	-3.4%	11.3%	4.4%	3.0%
Omitted & Delinquent	8.7%	12.8%	-40.7%	61.6%	-21.1%
Public Service	9.0%	9.3%	1.7%	5.5%	-1.8%
Other	-1.4%	401.9%	-77.7%	34.9%	125357.4%
Inheritance	-9.8%	11.2%	-0.1%	0.0%	10.9%
Miscellaneous	-5.6%	-8.0%	-1.9%	11.1%	-16.2%
Legal Process	-8.3%	-6.9%	-1.6%	-1.1%	-15.0%
T. V. A. In Lieu Payments	-1.8%	-9.4%	-2.2%	30.6%	-17.8%
Other	142.2%	-43.6%	-26.7%	-25.0%	7.5%
Nontax Receipts	-3.2%	-0.5%	0.5%	17.0%	-5.4%
Departmental Fees	-7.5%	-0.1%	-11.2%	8.7%	-14.1%
PSC Assessment Fee ⁷	-10.1%	28.2%	-54.6%	78.7%	29.9%
Fines & Forfeitures	-0.9%	-10.1%	0.6%	7.6%	-12.4%
Interest on Investments	-107.2%	-353.2%	-1993.7%	-104.9%	-124.8%
Lottery	3.4%	0.3%	5.1%	2.1%	2.0%
Sale of NOx Credits	---	-94.1%	-40.2%	131.1%	104.8%
Miscellaneous	-22.1%	-10.4%	68.8%	46.9%	-28.4%

	FY15	FY16	FY17	FY18	FY19
TOTAL GENERAL FUND	5.3%	3.7%	1.3%	3.4%	5.1%
Tax Receipts	5.6%	3.6%	1.4%	3.6%	4.7%
Sales and Gross Receipts	3.7%	5.4%	0.6%	3.1%	12.0%
Beer Consumption	-2.5%	8.0%	-5.4%	-2.2%	-3.0%
Beer Wholesale	-0.7%	6.2%	-2.7%	-0.7%	-4.9%
Cigarette	-3.1%	1.5%	-1.3%	-4.3%	66.9%
Cigarette Floor Stock	-709.6%	-29.5%	-25.5%	-156.3%	---
Distilled Spirits Case Sales	3.9%	2.8%	12.7%	1.4%	5.2%
Distilled Spirits Consumption	4.2%	2.8%	11.0%	0.4%	3.3%
Distilled Spirits Wholesale	7.8%	6.6%	13.3%	3.4%	8.2%
Insurance Premium	3.4%	-0.8%	2.0%	6.1%	5.3%
Pari-Mutuel	22.5%	68.4%	36.3%	16.0%	84.7%
Race Track Admission	-27.4%	47.6%	-24.0%	12.3%	9.5%
Sales and Use	4.4%	6.0%	0.7%	3.5%	9.2%
Wine Consumption	0.6%	6.5%	-0.6%	2.6%	-0.7%
Wine Wholesale	5.2%	1.6%	10.3%	-4.6%	0.9%
Telecommunications Tax	-0.5%	1.7%	-11.0%	6.2%	-8.8%
Other Tobacco Products	2.0%	-0.2%	1.4%	-0.2%	2.9%
License and Privilege	-3.1%	9.0%	-3.1%	9.0%	3.6%
Alc. Bev. License Suspension	31.0%	6.7%	-23.5%	52.0%	-42.8%
Corporation License	-76.8%	-28.0%	-94.5%	56.2%	442.8%
Corporation Organization	293.0%	-26.7%	618.4%	-94.5%	477.0%
Occupational Licenses	-5.5%	43.0%	-20.6%	-5.5%	-10.7%
Race Track License	-14.9%	30.9%	-14.7%	0.7%	-3.5%
Bank Franchise Tax	-2.8%	9.1%	-3.6%	10.0%	3.6%
Driver License Fees	7.7%	2.9%	2.6%	-1.5%	-0.5%
Natural Resources	-8.8%	-32.3%	-12.9%	-5.5%	3.9%
Coal Severance	-8.7%	-33.1%	-16.7%	-10.8%	3.6%
Oil Production	-25.0%	-51.7%	7.8%	4.7%	10.3%
Minerals Severance	23.0%	16.3%	-3.8%	7.4%	4.1%
Natural Gas Severance	-19.3%	-58.0%	17.3%	29.4%	2.3%
Income	9.0%	3.9%	2.5%	4.2%	-0.9%
Corporation	11.2%	-0.3%	-5.5%	2.8%	8.7%
Individual	8.5%	5.2%	2.6%	4.8%	-1.3%
LLET	12.3%	-9.3%	21.0%	-3.0%	-13.2%
Property	0.2%	2.5%	4.3%	3.2%	4.1%
Bank Deposits	1.3%	7.4%	1.9%	4.9%	-1.5%
Building & Loan Association	-18.0%	47.9%	8.1%	-8.9%	-21.2%
Distilled Spirits	4.3%	7.8%	6.2%	12.6%	19.4%
General - Intangible	---	---	---	---	---
General - Real	0.4%	3.4%	2.2%	3.5%	3.6%
General - Tangible	1.2%	5.0%	2.9%	4.0%	1.6%
Omitted & Delinquent	-23.7%	-26.1%	33.1%	1.9%	23.5%
Public Service	13.5%	-4.5%	13.3%	-0.6%	12.1%
Other	-99.9%	43.4%	4.9%	7.8%	107.8%
Inheritance	11.2%	0.5%	-12.8%	7.9%	-7.9%
Miscellaneous	-18.3%	-1.2%	0.4%	-4.4%	-5.3%
Legal Process	-8.1%	-6.2%	-8.1%	-2.0%	0.8%
T. V. A. In Lieu Payments	-30.7%	7.1%	12.2%	-6.8%	-12.5%
Other	-30.2%	3.1%	143.4%	-45.9%	-80.5%
Nontax Receipts	-2.1%	5.5%	-2.6%	-0.3%	17.6%
Departmental Fees	-10.0%	-0.7%	-0.4%	3.9%	-22.9%
PSC Assessment Fee	21.4%	-31.0%	-4.1%	17.7%	21.3%
Fines & Forfeitures	-8.0%	-6.9%	-7.2%	-9.4%	12.0%
Interest on Investments	-221.0%	34.9%	-492.6%	34.9%	38.7%
Lottery	0.9%	9.2%	-0.1%	4.7%	4.3%
Sale of NOx Credits	-73.5%	-100.0%	---	---	---
Miscellaneous	-17.6%	14.5%	-11.6%	-18.6%	154.9%
Redeposit of State Funds	-0.9%	237.7%	63.4%	-39.5%	91.6%

APPENDIX C

Summary Statistics for Road Fund Major Revenue Sources Fiscal Years 2010 – 2019 (\$ millions)

	FY010	FY11	FY12	FY13	FY14
TOTAL STATE ROAD FUND	1,206,622,639	1,338,811,926	1,443,773,845	1,491,623,669	1,560,439,604
Tax Receipts-	1,181,341,209	1,315,130,011	1,416,497,670	1,471,593,789	1,535,727,564
Sales and Gross Receipts	988,541,345	1,114,593,981	1,207,082,330	1,265,175,199	1,329,208,128
Motor Fuels Taxes	655,761,466	732,826,112	790,229,379	838,344,373	886,161,042
Motor Vehicle Usage	332,779,879	381,767,869	416,852,951	426,830,826	443,047,087
License and Privilege	192,799,864	200,536,031	209,415,340	206,418,590	206,519,436
Motor Vehicles	96,839,803	97,812,587	107,836,554	102,256,080	101,879,541
Motor Vehicle Operators	15,941,488	15,736,805	15,737,651	16,049,755	16,150,032
Weight Distance	70,498,757	73,983,781	75,111,565	74,935,016	76,894,805
Truck Decal Fees	679,383	793,715	736,224	590,397	489,072
Other Special Fees	8,840,433	12,209,142	9,993,345	12,587,343	11,105,986
Nontax Receipts	23,871,991	21,932,031	26,739,794	18,023,074	22,833,411
Departmental Fees	18,487,783	18,167,778	21,879,481	17,094,723	17,368,008
In Lieu of Traffic Fines	779,495	779,828	769,405	702,451	544,637
Investment Income	3,633,987	1,995,228	3,081,180	-398,745	3,997,826
Miscellaneous	970,725	989,197	1,009,727	624,646	922,939
Redeposit of State Funds	1,409,439	1,749,883	536,381	2,006,806	1,880,271

	FY15	FY16	FY17	FY18	FY19
TOTAL STATE ROAD FUND	1,526,738,659	1,482,541,978	1,508,003,421	1,511,003,520	1,566,079,860
Tax Receipts-	1,501,667,661	1,458,382,671	1,484,228,925	1,483,223,103	1,527,527,150
Sales and Gross Receipts	1,283,046,179	1,234,432,155	1,260,348,857	1,258,070,574	1,287,770,861
Motor Fuels Taxes	850,276,246	750,034,840	760,514,967	764,937,870	773,248,338
Motor Vehicle Usage	432,769,932	484,397,314	499,833,891	493,132,705	514,522,523
License and Privilege	218,621,482	223,950,517	223,880,068	225,152,529	239,756,289
Motor Vehicles	107,554,129	113,114,908	111,927,466	112,850,030	120,900,980
Motor Vehicle Operators	15,958,491	16,331,496	16,120,127	16,794,541	16,631,111
Weight Distance	79,147,533	81,375,028	82,886,950	81,711,920	86,721,474
Truck Decal Fees	404,906	283,942	289,874	289,061	313,011
Other Special Fees	15,556,424	12,845,142	12,655,651	13,506,977	18,189,713
Nontax Receipts	22,358,605	23,041,935	22,938,976	26,904,635	36,942,367
Departmental Fees	17,766,834	19,308,449	19,473,809	20,951,634	20,633,454
In Lieu of Traffic Fines	465,304	427,255	378,757	353,405	410,389
Investment Income	2,913,784	2,468,620	1,581,851	2,837,474	11,923,927
Miscellaneous	1,212,683	837,611	1,504,559	2,762,123	3,974,598
Redeposit of State Funds	2,712,394	1,117,372	835,520	875,783	1,610,343

**Road Fund Growth Rates
Major Revenue Sources
Fiscal Years 2010 – 2019
(%)**

	FY10	FY011	FY12	FY13	FY14
TOTAL STATE ROAD FUND	1.2%	11.0%	7.8%	11.0%	4.6%
Tax Receipts-	1.9%	11.3%	7.7%	11.3%	4.4%
Sales and Gross Receipts	3.1%	12.8%	8.3%	12.8%	5.1%
Motor Fuels Taxes	5.3%	11.8%	7.8%	11.8%	5.7%
Motor Vehicle Usage	-1.0%	14.7%	9.2%	14.7%	3.8%
License and Privilege	-3.9%	4.0%	4.4%	4.0%	0.0%
Motor Vehicles	-1.4%	1.0%	10.2%	1.0%	-0.4%
Motor Vehicle Operators	2.7%	-1.3%	0.0%	-1.3%	0.6%
Weight Distance	-6.6%	4.9%	1.5%	4.9%	2.6%
Truck Decal Fees	-18.4%	16.8%	-7.2%	16.8%	-17.2%
Other Special Fees	-16.7%	38.1%	-18.1%	38.1%	-11.8%
Nontax Receipts	-23.9%	-8.1%	21.9%	-8.1%	26.7%
Departmental Fees	-3.2%	-1.7%	20.4%	-1.7%	1.6%
In Lieu of Traffic Fines	-18.7%	0.0%	-1.3%	0.0%	-22.5%
Investment Income	-65.9%	-45.1%	54.4%	-45.1%	-1102.6%
Miscellaneous	49.9%	1.9%	2.1%	1.9%	47.8%
Redeposit of State Funds	14.7%	24.2%	-69.3%	24.2%	-6.3%

	FY15	FY16	FY17	FY18	FY19
TOTAL STATE ROAD FUND	2.4%	-2.9%	1.7%	0.2%	3.6%
Tax Receipts-	2.0%	-2.9%	1.8%	-0.1%	3.0%
Sales and Gross Receipts	1.4%	-3.8%	2.1%	-0.2%	2.4%
Motor Fuels Taxes	1.4%	-11.8%	1.4%	0.6%	1.1%
Motor Vehicle Usage	1.4%	11.9%	3.2%	-1.3%	4.3%
License and Privilege	5.9%	2.4%	0.0%	0.6%	6.5%
Motor Vehicles	5.2%	5.2%	-1.0%	0.8%	7.1%
Motor Vehicle Operators	-0.6%	2.3%	-1.3%	4.2%	-1.0%
Weight Distance	5.6%	2.8%	1.9%	-1.4%	6.1%
Truck Decal Fees	-31.4%	-29.9%	2.1%	-0.3%	8.3%
Other Special Fees	23.6%	-17.4%	-1.5%	6.7%	34.7%
Nontax Receipts	24.1%	3.1%	-0.4%	17.3%	37.3%
Departmental Fees	3.9%	8.7%	0.9%	7.6%	-1.5%
In Lieu of Traffic Fines	-33.8%	-8.2%	-11.4%	-6.7%	16.1%
Investment Income	-830.7%	-15.3%	-35.9%	79.4%	320.2%
Miscellaneous	94.1%	-30.9%	79.6%	83.6%	43.9%
Redeposit of State Funds	35.2%	-58.8%	-25.2%	4.8%	83.9%

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 FY19 Q4 are June 2019 estimates. Source: IHS Markit - Economics & Country Risk, June 12, 2019 data release.

¹ 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.

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

³ 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.

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

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

⁶ Labor Force Participation Rate is computed as the Civilian Labor Force divided by the Working Population.

Table 12

Not Seasonally Adjusted. Data for FY19 Q4 are June 2019 estimates. Source: IHS Markit - Economics & Country Risk, June 12, 2019 data release.

Table 14

Not Seasonally Adjusted. Data for FY19 Q4 are June 2019 estimates. Source: IHS Markit - Economics & Country Risk, June 12, 2019 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 Markit - Economics & Country Risk, June 12, 2019 data release.

Table 18

Not Seasonally Adjusted. Source: IHS Global Insight, Inc. and the Kentucky Governor's Office for Economic Analysis MAK model, June 2019.