

Commonwealth of Kentucky

Quarterly Economic & Revenue Report

Fourth Quarter Fiscal Year 2023

Annual Edition

TEAM
KENTUCKY®

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





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July 31, 2023

The Honorable Andy Beshear
Governor
Commonwealth of Kentucky
State Capitol Building
Frankfort, Kentucky 40601

Mr. Jay Hartz, Director
Legislative Research Commission
Room 300, State Capitol
Frankfort, Kentucky 40601

Ms. Laurie Dudgeon, Director
Administrative Office of the Courts
1001 Vandalay Drive
Frankfort, Kentucky 40601

Dear Honorable Governor Beshear, Mr. Hartz and Ms. Dudgeon:

In accordance with KRS 48.400(2), the Office of State Budget Director (OSBD) is directed to continuously monitor the financial situation of the Commonwealth. In furtherance of this directive, OSBD submits this *Quarterly Economic and Revenue Report* for the fourth quarter of Fiscal Year 2023 (FY23) to the three branches of government.

This report includes the actual revenue receipts for the fourth quarter, the annual review of FY23, and an unofficial forecast for the first three quarters of FY24 (the forecast horizon). The report also provides updates on the national and Kentucky economic landscapes.



A final compilation of the General Fund receipts shows that total revenues finished the year with a \$1.4 billion revenue surplus compared to the budget estimate enacted by the 2022 Regular Session for the biennial budget. The FY23 General Fund revenue surplus is the largest surplus in state history, surpassing the excess revenues collected in FY21 and FY22. The strength of the Kentucky economy, especially more jobs, higher wages and salaries, and continued business profits, propelled General Fund receipts to a 13th consecutive year of growth and the third consecutive year in which there was a budget surplus of more than \$1 billion.

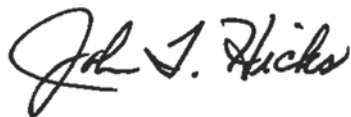
Road Fund receipts grew 4.7 percent in FY23, boosted by a strong fourth quarter in which motor fuels taxes were the primary contributor to the revenue growth. Fiscal Year 2023 total Road Fund collections were \$1,753.3 million, which narrowly exceeded the official estimate by \$32.3 million.

General Fund receipts are expected to be flat during the first three quarters of FY24, which would be in excess of the revenues budgeted for FY24. A large decline in the individual income tax is projected to be offset by strong growth in the sales tax, major business taxes, and the combination of revenues listed as “other”. All the major tax accounts are forecasted to post growth except for the individual income tax, coal severance tax, and cigarette taxes. A 12.4 percent expected decline in the individual income tax is expected as the three quarters of FY24 in the forecasting horizon incorporate the reductions the tax rate.

Road Fund revenues are forecasted to increase 7.5 percent in the first three quarters of FY24. Motor fuels taxes will continue to be the main driver of revenue growth during this time frame due to a larger than normal increase in the tax rate that occurred by operation of law.

This office will continue to closely monitor Kentucky’s economic and revenue conditions and will provide updates at the appropriate times.

Sincerely,

A handwritten signature in black ink that reads "John T. Hicks". The signature is written in a cursive, flowing style.

John T. Hicks
State Budget Director

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EXECUTIVE SUMMARY

In accordance with KRS 48.400(2), the Office of State Budget Director (OSBD) is directed to continuously monitor the financial situation of the Commonwealth. In fulfillment of this mandate, OSBD submits this *Quarterly Economic and Revenue Report* for the fourth quarter of fiscal year 2023 (FY23). This report includes the actual revenue receipts for the fourth quarter, an annual review of FY23, and an unofficial forecast for the first three quarters of FY24 (the forecast horizon). The report also provides updates on the national and Kentucky economic landscapes for the most recently completed quarter and an economic outlook for the forecasting horizon. Appendices at the end of the report show General Fund and Road Fund receipts for the last ten years.

A final compilation of the General Fund receipts shows that total revenues finished the year with a \$1.4 billion revenue surplus compared to the budget estimate enacted during the 2022 Regular Session with HB1. See Table A. The FY23 General Fund revenue surplus is the largest surplus in state history, surpassing the excess revenues collected in FY21 and FY22. The strength of the Kentucky economy, especially more jobs, higher wages and salaries, and continued business profits, propelled General Fund receipts to a 13th consecutive year of growth and the third consecutive year in which there was a budget surplus more than \$1 billion. Evidence of this strength is shown in Table A, showing that all three of the major tax types exceeded the official estimates by a wide margin.

Table A
FY23 General Fund Revenues
Enacted in 2022 and Revised in 2023
\$ millions

	<u>FY23</u>	<u>FY23</u>	<u>FY23</u>
	<u>Actual</u>	<u>Budgeted</u>	<u>\$ Diff</u>
Individual Income	5,843.9	5,339.6	504.3
Sales & Use	5,576.3	5,276.9	299.4
Corp. Inc. & LLET	1,221.6	909.8	311.9
Property	774.4	674.9	99.5
Lottery	337.0	335.0	2.0
Cigarettes	299.3	318.6	-19.3
Coal Severance	96.6	76.6	20.0
Other	<u>998.7</u>	<u>818.7</u>	<u>180.0</u>
Total	15,147.7	13,750.0	1,397.7

Table B depicts the FY23 revenue performance in comparison to the latest official estimate as well as the budgeted estimate. The official estimate was determined by the Consensus Forecasting Group at the December 2022 meeting, as adjusted by the legislative actions of the 2023 Regular Session of the General Assembly. While some of the separate tax accounts had varying degrees of forecasting variations, the overall General Fund estimate was quite close to the FY23 actual revenues. Since the General Assembly did not use the latest official estimates when making the budget adjustments during 2023 regular session, emphasis in this report was the comparison between actual collections and the enacted budget estimate.

Table B
FY23 General Fund
\$ millions

	FY23		FY23		FY23	
	Full Year		Official		Budgeted	
	Actual	% Chg	Estimate	\$ Diff	Estimate	\$ Diff
Individual Income	5,843.9	-3.4	5,831.1	12.8	5,339.6	504.3
Sales & Use	5,576.3	10.1	5,683.1	-106.8	5,276.9	299.4
Corp. Inc. & LLET	1,221.6	3.0	1,279.0	-57.4	909.8	311.9
Property	774.4	7.0	759.4	15.0	674.9	99.5
Lottery	337.0	14.2	337.0	0.0	335.0	2.0
Cigarettes	299.3	-7.8	303.8	-4.5	318.6	-19.3
Coal Severance	96.6	36.7	88.9	7.7	76.6	20.0
Other	998.7	0.7	910.6	88.1	818.7	180.0
General Fund	15,147.7	3.0	15,192.9	-45.2	13,750.0	1,397.7

Projected General Fund Growth for the First Three Quarters of FY24

General Fund receipts are expected to be flat during the first three quarters of FY24. A large decline in the individual income tax due to tax rate reductions is projected to be offset by strong growth in the sales tax, major business taxes, and the combination of revenues listed as “Other”. All the major tax accounts are forecasted to post growth except for the individual income tax, coal severance tax, and cigarette taxes. A 12.4 percent decline in the individual income tax is expected as the three quarters of FY24 in the forecasting horizon all include a decline of one-half percent to the individual income tax rate. The first and second quarters of FY24 are impacted by the tax rate reduction from 5.0 percent to 4.5 percent that took place on January 2023. The tax rate drops to 4.0 percent in the third quarter of the revenue outlook, effective January 2024.

Projected Road Fund Growth for the First Three Quarters of FY24

Road Fund revenues are forecasted to increase 7.5 percent in the first three quarters of FY24. Motor fuels taxes will continue to be the main driver of revenue growth during this time frame. Governor Beshear prevented a two-cent tax increase in July 2022 through an emergency regulation in response to inflation and surging gas prices. The Kentucky legislature chose not to extend the tax rate freeze and the tax rate rose two cents effective March 2023. Motor fuels tax revenue increased accordingly by 8.9 percent from April through June. July 2023 ushered in another tax increase of 2.1 cents per gallon that occurred by operation of law, so the period between July and March will include both effects which are not included in the base year, FY23. In addition to motor fuels, investment income is also expected to see a large increase. The remaining accounts are expected to see minimal growth or decline slightly over the forecast horizon.

Summary of Projected Major Economic Factors

The June S&P Global economic outlook used in this report represents an upward revision from the March forecast used in the third quarter version of the Quarterly Report. Passage of the Fiscal Responsibility Act, which eliminated the immediate risk of default and curbed the significant risk of government shutdown, was a key factor that attributed to the upward revision. The Bureau of Economic Analysis reported stronger growth in consumer spending in recent months as well. As a result of the recent improvement in the outlook, talks regarding the US economy have morphed from a pending recession into a period where there is slowing growth and multiple signs of uncertainty without calling for a recession.

On the employment front, total non-farm employment is expected to increase 1.4 percent in the first three quarters of FY24, a gain of 2.2 million jobs. The service-producing sectors continue to lead the way in the US labor outlook. Growth in the service-providing sectors is expected to be 1.6 percent in the first three quarters of FY24. The goods-producing sectors growth is expected to remain flat in the first, second, and third quarters of FY24.

The Kentucky labor market landscape is expected to make modest improvements over the next three quarters. Kentucky lost 235,100 jobs during the 2020 recession. In the fourth quarter of FY22, Kentucky non-farm employment surpassed its pre-recession peak of 1,955,700 seasonally adjusted jobs. The fourth quarter of FY23 marked the twelfth consecutive adjacent-quarter increase in Kentucky's total nonfarm payroll employment.

Kentuckians' personal income is poised to grow 4.0 percent over the forecasting horizon. The anticipated personal income growth is driven by strong growth in wages and salaries, the largest component of personal income. The wage and salaries component of Kentucky personal income is forecasted to increase 3.9 percent in the first three quarters of FY24 compared to the same period one year prior. A continued tight labor market is expected to support strong nominal wage growth in the near term.

Summary of General Fund Receipts from the Fourth Quarter of FY23

Revenues fell 3.4 percent in the fourth quarter of FY23 due to the 10 percent reduction in the individual income tax rate after posting growth in every quarter since the fourth quarter of FY20 – an eleven-quarter span. General Fund revenues climbed 5.8 percent through the first three quarters of the year before the individual income tax rate reduction began to fully impact total General Fund collections. The reduction in the individual income tax rate resulted in a \$377.0 million decline in the fourth quarter compared to FY22. That decline was partially offset by a \$116.1 million increase in sales and use tax collections as well as smaller gains in lottery collections and “Other” receipts. The tax receipts portion of total revenues fell 5.4 percent in comparison to the 3.4 percent total General Fund reduction, indicating that General Fund total revenues were helped by some non-tax receipts – including interest on investments and the Kentucky Lottery dividend payments.

Summary of Road Fund Receipts from the Fourth Quarter of FY23

Fourth quarter Road Fund receipts reached an all-time high of \$482.1 million. Fourth quarter collections surpassed the previous high of \$466.7 million from the final quarter of FY21. Revenues were 6.1 percent, or \$27.5 million, greater than in the same quarter last year. Six of the seven major categories exceeded prior year receipts with the motor fuels taxes accounting for \$17.6 million of the total revenue increase, partially due to the rate increase in March 2023. Motor vehicle usage tax collections were \$4.1 million more than in FY22 and income on investments rose by \$3.8 million. The remaining accounts, taken together, increased by \$2.0 million.

Summary of General Fund Receipts for FY23

General Fund collections for FY23 grew 3.0 percent in FY23 to \$15,147.7 million. Kentucky's strong economy helped push General Fund receipts to a 13th consecutive year of growth and the third consecutive year in which there was a budget surplus in excess of \$1 billion. Revenues grew 5.8 percent over the first six months of the fiscal year before slowing to 0.5 percent for the remainder of the year as a reduction in the individual income tax rate hampered revenue growth. Total General Fund growth rates for the four quarters of FY23 were 3.8, 7.6, 5.9, and -3.4 percent, respectively.

Summary of Road Fund Receipts for FY23

After a slow start to the year, Road Fund revenues accelerated over the final three quarters, ending FY23 with record annual collections. Receipts were \$1,753.3 million, an increase of 4.7 percent compared to FY22. A strong final three quarters of collections put Road Fund receipts \$32.3 million over the enacted estimate with the motor vehicle usage tax exceeding the estimate by \$56.6 million. A \$35.5 million shortfall in motor fuels taxes partially offset the usage tax surplus. Each of the remaining accounts were each within \$7.4 million of estimated levels. Growth rates for the four quarters were -0.3, 7.3, 5.7, and 6.1 percent, respectively.

Summary of the Economy for the Fourth Quarter of FY23

Real GDP rose by 2.0 percent in the fourth quarter of FY23 over the same quarter last year. Inflation was 4.1 percent in the fourth quarter of FY23, which has moderated from the peak of 8.6 percent in the fourth quarter of FY22. US non-farm employment rose 2.6 percent in the fourth quarter of FY23. Adjacent-quarter growth has been tapering for the last eight quarters. US personal income grew 5.4 percent in the fourth quarter of FY23 over last year, led by dividends, interest, and rents income, which grew 7.5 percent.

Kentucky non-farm employment rose by 2.5 percent in the fourth quarter of FY23 over the same quarter last year. This is the first time that Kentucky non-farm employment has surpassed 2,000,000 filled jobs. Leisure and hospitality services employment was the fastest growing supersector in the fourth quarter of FY23, gaining 6.4 percent over the last quarter last year. All 11 supersectors gained jobs in the fourth quarter of FY23 compared to the fourth quarter of FY22. Kentucky personal income grew by 4.3 percent in the fourth quarter. Kentucky wages and salaries was the fastest growing income component in the fourth quarter, gaining a net 6.0 percent, or \$6.8 billion, compared to the same quarter last year.

REVENUE & ECONOMIC OUTLOOK

GENERAL FUND

The Interim Outlook represents unofficial estimates prepared pursuant to KRS 48.400(2). Forecasted revenues presented in Table 1 were projected using the June 2023 “control scenario” economic forecast from both S&P Global and the Kentucky MAK model as the primary inputs. S&P Global has placed a 55 percent probability on their "control scenario" as being the most likely economic outcome, relative to the pessimistic (25 percent) and optimistic (20 percent) scenarios. All estimates in this outlook extend from the first quarter of FY24 through the third quarter of FY24 (the forecasting horizon).

The latest official estimates listed in Table 1 are from the December 2022 meeting of the state Consensus Forecasting Group, as revised by actions from the 2023 Regular Session of the General Assembly. Table A in the Executive Summary also contains a comparison between FY23 actual General Fund revenues, and the estimates used to formulate the biennial budget. With FY23 General Fund actual revenues now compiled, receipts finished the year with a \$1.4 billion revenue surplus compared to the budget estimate enacted by the 2022 Regular Session for the biennial budget. The FY23 General Fund revenue surplus is the largest surplus in state history, surpassing the excess revenues collected in FY21 and FY22. The strength of the Kentucky economy, especially more jobs, higher wages and salaries, and continued business profits, propelled General Fund receipts to a 13th consecutive year of growth and the third consecutive year in which there was a budget surplus more than \$1 billion.

Revenues fell 3.4 percent in the fourth quarter of FY23 due to the 10 percent reduction in the individual income tax rate after posting growth in every quarter since the fourth quarter of FY20 – an eleven-quarter span. General Fund revenues climbed at a 5.8 percent clip through the first three quarters of the year before the individual income tax rate reduction began to fully impact total General Fund collections. The tax receipts portion of total revenues fell 5.4 percent in comparison to the 3.4 percent total General Fund reduction, a clear indication that General Fund total revenues were helped by some non-tax receipts – including interest on investments and the Kentucky Lottery dividend payments.

General Fund receipts are expected to be flat during the three-quarter forecasting horizon, which would be in excess of the revenues budgeted for FY24. Given the cuts to the individual income tax and the growth of General Fund revenues since FY20, total General Fund revenue equal to FY23 gives affirming testimony that the Kentucky economy is expected to remain vibrant. A large decline in the individual income tax is projected to be offset by strong growth in the sales tax, major business taxes, and the combination of revenues listed as “Other”. All of the major tax accounts

are forecasted to post growth with the exception of the individual income tax, coal severance tax, and cigarette taxes.

Individual income tax receipts declined 3.4 percent in FY23 due largely to a 17.8 percent reduction in the fourth quarter. This sharp quarterly decline was the direct result of the negative fiscal impact of reducing the individual income tax from 5.0 percent to 4.5 percent, a ten-percent rate reduction effective January 1, 2023. The reduction in the individual income tax rate resulted in a \$377.0 million drop in individual income tax revenues in the fourth quarter alone. The tax rate reduction effectively lowered the withholding and declaration payment components of the individual income tax. That decline was partially offset by an estimated \$116.1 million increase in sales and use tax collections.

Table 1 displays the outlook for the individual income tax over the forecasting horizon. A 12.4 percent decline is expected as the three quarters of FY24 in the forecasting horizon include a decline of one-half percent to the individual income tax rate. The first and second quarters of FY24 are impacted by the tax cut from 5.0 percent to 4.5 percent that took place on January 2023. The third quarter of the revenue outlook contains an additional statutory rate reduction that will occur in January 2024 when the rate is lowered from 4.5 percent to 4.0 percent. All the major components of the individual income tax will be impacted by the rate reduction, as demonstrated in part by the performance of receipts in the fourth quarter of FY23. Withholding and estimated payments are profoundly impacted by the rate cuts.

Fiscal Year 2023 marked the third consecutive year in which **sales tax** receipts posted double-digit growth. This remarkable run for the sales tax is unprecedented in the logbooks of Kentucky revenue history. While a strong consumer sector certainly undergirds the recent surge in the sales tax, the fiscal impacts from two legislative actions broadening the sales tax base to include additional services also helped to stimulate receipts. Sales and use tax collections are expected to maintain growth at an above-trend growth rate, albeit less than double digits. This interim forecast calls for a 6.9 percent improvement during the first three quarters of FY24. Growth at the projected level of 6.9 percent would also be a sign of strength since the sales tax grew by a stunning 10.7 percent during the same three quarters in FY23.

Combined **corporation income tax and limited liability entity tax (LLET)** collections grew at a pace of 3.0 percent in FY23 with total receipts equaling \$1,221.6 million. The 3.0 percent increase in FY23 follows two years of extraordinary growth – 38.1 percent in FY21 and 34.4 percent in FY22. This period of unprecedented growth has lifted the combined business taxes from \$639.2 million in FY20 to \$1,221.6 million in FY23, a net growth rate of 91.1 percent. For the forecasting horizon, these two taxes are estimated in aggregate due to a credit that flows from the LLET back to the income taxes. Double-digit growth of 17.4 percent is anticipated in the first three quarters of FY24. Strong expected corporate profits are the driving force behind the forecasted increase. Since fourth-quarter receipts of \$521.9 million in FY23 made up 42.7 percent of total FY23 collections, it should not be assumed that

the forecast for full year FY24 will also grow at 17.4 percent since the fourth quarter lies beyond the forecasting horizon and it will be large share of annual receipts.

Property tax receipts surged in FY23, increasing 7.0 percent, on the strength of real and tangible personal property. Growth of 7.0 percent exceeds the rate of increase over the last ten years, which hovers around 3.2 percent. Real property grew at 4.1 percent while tangible property advanced by 9.7 percent. Motor vehicle property taxes also increased by 10.2 percent as older vehicles are being replaced with newer models with higher valuations. The interim forecast calls for a continuation of strong property tax growth during the forecasting horizon. Property taxes are expected to experience a 4.4 percent increase over FY23 levels, still above the 10-year average rate of growth. Unlike combined business taxes that are heavily weighted to the fourth quarter, the property tax accounts receive approximately 10 percent of annual receipts in the fourth quarter.

Dividend payments from the **Kentucky Lottery** have continued to grow despite the maturity of the state lottery and the growing number of alternative sources of recreational gaming. General Fund payments totaled \$337.0 million, up from the \$295.0 million received in the General Fund in FY22. Including the dividend payments that were required to be diverted into a separate account at the direction of the budget bill, total lottery dividend payments were \$347.3 million in FY22 and \$370.3 million in FY23. This interim forecast calls for a 6.9 percent increase in General Fund lottery payments during the forecasting horizon.

Cigarette taxes continued to fall in FY23, plunging by 7.8 percent after declining 7.3 percent in FY22. Smoking rates continue to fall, and the number of cigarettes per smoker has also decreased. The interim outlook forecasts a further decline in cigarette taxes with an 8.1 percent expected falloff during the forecasting horizon.

The **coal severance tax** has seen a resurgence over the last two fiscal years. Receipts have grown from \$56.1 million in FY21 to \$96.6 million in FY23, increasing by 26.0 percent and 36.7 percent over the two-year span. Spot prices for coal have risen sharply during that time as the price of substitute sources of energy, like oil and natural gas, have also fluctuated to the upside. The coal severance tax has experienced annual growth rates of a larger magnitude than the other major General Fund accounts. Moderation is expected over the forecasting horizon with a 4.7 percent projected decline, albeit compared to the high receipts of the last two fiscal years.

The **“Other”** category contains 59 smaller accounts which make up the remainder of the General Fund. Insurance premiums tax, alcohol taxes, telecommunication taxes, inheritance taxes, and abandoned property receipts are the five largest ongoing accounts in the “Other” category forecast. Income from investments, while not a perennial source of significant income, recorded receipts of \$150.5 million in FY23. The dramatic increase on the income on investments stems from prior year surpluses that were deposited into the State’s “Rainy Day Fund”. That fund is invested in a short-term pool that have benefited from increased interest rate on short-term investment instruments.

The “Other” accounts totaled \$998.7 million in FY23 to record growth of 0.7 percent. FY22 contained the one-time \$225 million legal settlement from Poker Stars that posted in September 2022, so posting any growth in FY23 exceeded expectations. In addition to income on investments, the recently enacted ridesharing tax exceeded the estimated fiscal impact by posting \$15.8 million in just five months of collections. Looking forward to the forecasting horizon, “Other” receipts are projected to increase by 11.9 percent. Growth in the perennial sources of revenue is expected, but the historically high rate of expected growth is primarily attributable to further increases in the investment income account and the ridesharing tax.

Table 1
General Fund Interim Outlook
\$ millions

	FY23				FY23		FY24	
	Q4		Full Year		Official		Q1-Q3	
	Actual	% Chg	Estimate	% Chg	Estimate	\$ Diff	Estimate	% Chg
Individual Income	1,741.0	-17.8	5,843.9	-3.4	5,831.1	12.8	3,592.1	-12.4
Sales & Use	1,467.1	8.6	5,576.3	10.1	5,683.1	-106.8	4,392.8	6.9
Corp. Inc. & LLET	521.9	2.9	1,221.6	3.0	1,279.0	-57.4	821.2	17.4
Property	78.2	4.9	774.4	7.0	759.4	15.0	726.8	4.4
Lottery	89.7	38.7	337.0	14.2	337.0	0.0	264.4	6.9
Cigarettes	76.0	-9.4	299.3	-7.8	303.8	-4.5	205.2	-8.1
Coal Severance	22.6	5.6	96.6	36.7	88.9	7.7	70.4	-4.7
Other	301.6	32.2	998.7	0.7	910.6	88.1	780.1	11.9
General Fund	4,298.2	-3.4	15,147.7	3.0	15,192.9	-45.2	10,853.0	0.0

ROAD FUND

Road Fund receipts grew 4.7 percent in Fiscal Year 2023, boosted by a strong fourth quarter in which collections rose 6.1 percent. Year-end revenues exceeded the official estimate by \$32.3 million. Motor fuels taxes, which increased nearly nine percent, were the primary contributor to the revenue growth in the final three months of the year. For the year, all the major components had increases, with rates of growth ranging from 0.6 percent to 5.0 percent. Total collections for FY23 were \$1,753.3 million, an increase of \$78.0 million over prior year totals. The motor fuels, motor vehicle usage, and income on investments accounts equaled \$72.2 million of the growth.

Looking ahead, Road Fund revenues are forecasted to increase at an even greater rate than what was seen in FY23, rising 7.5 percent in the first three quarters of FY24. Motor fuels taxes will continue to be the main driver of revenue growth during this time frame with income on investments also providing a boost in receipts. The remaining accounts are expected to see minimal growth or decline slightly, with growth rates ranging from negative 0.6 percent to positive 3.4 percent.

Motor fuels tax receipts are forecasted to rise 15.2 percent in the first nine months of FY24 due to a larger than normal increase in the tax rate. The motor fuels tax rate was scheduled to increase 2.0 cents per gallon in FY23; however, the rate was frozen by Governor Beshear in an emergency regulation to combat rising prices. The regulation expired at the end of February due to no action by the legislature, so the 2.0 cents tax increase was in effect only for the final quarter of the year. Based on the average wholesale price of gasoline in FY23, the tax rate in FY24 has increased an additional 2.1 cents per gallon over the rate in effect at the end of FY23. Therefore, the FY24 motor fuels tax rate will be 4.1 cents per gallon higher than it was in FY23 for the first three quarters of the year. This will offset a slight decline in the number of gallons purchased due to a small decline in the demand for motor fuels.

Motor vehicle usage tax revenues are forecasted to decline 0.4 percent over the first three quarters of FY24 as spending on new light vehicles retreats from an all-time high. Collections in this account have been very strong for the last several years with collections reaching all-time highs in each of the past three years.

To estimate growth of the other components of the Road Fund, OSBD 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. Growth in motor vehicle license fees is expected to slow from 2.5 percent in FY23 to increase 0.9 percent in the first three quarters of FY24. Weight distance taxes, on the other hand, are expected to fall 0.6 percent after growing 0.6 percent in the just completed year. Motor vehicle operators' license (driver's license) taxes are forecasted to rise 1.9 percent and investment income collections are projected to be \$12.1 million. The "Other" category is expected to increase 3.4 percent.

Table 2
Road Fund Interim Outlook
\$ millions

	FY23				FY23		FY24	
	Q4		Full Year		Official		Q1-Q3	
	Actual	% Chg	Actual	% Chg	Estimate	\$ Diff	Estimate	% Chg
Motor Fuels	215.7	8.9	798.3	3.0	833.8	-35.5	670.9	15.2
Motor Vehicle Usage	172.4	2.4	660.3	5.0	603.7	56.6	485.9	-0.4
Motor Vehicle License	50.2	-1.8	126.7	2.5	119.4	7.4	77.2	0.9
Motor Vehicle Operators	8.4	5.5	29.7	4.3	27.1	2.6	21.7	1.9
Weight Distance	21.5	1.1	87.7	0.6	94.6	-6.9	65.8	-0.6
Income on Investments	1.8	-188.4	6.3	NA	0.1	6.2	12.1	167.5
Other	12.0	21.9	44.2	2.2	42.4	1.8	33.3	3.4
Road Fund	482.1	6.1	1,753.3	4.7	1,721.0	32.3	1,366.9	7.5

NATIONAL OUTLOOK

The forecast of the national outlook used in this quarterly report is from the S&P Global control scenario for June 2023. The June economic outlook represents an upward revision from the March forecast used in the third quarter version of the quarterly report. Higher than anticipated economic momentum and the passage of the Fiscal Responsibility Act are two key factors that attributed to the upward revision. The Bureau of Economic Analysis reported stronger growth in consumer spending. In addition, above-trend construction and trade data contributed to an upward revision to real GDP relative to the prior outlook quarter. Recently signed federal legislation suspended the debt limit through 2024 and established statutory limits on discretionary spending through 2025, eliminating the immediate risk of default. As a result of the recent improvement in the outlook, talks regarding the US economy have morphed from a pending recession into a period where there is slowing growth and multiple signs of uncertainty without calling for a recession.

Real GDP is expected to increase 1.1 percent in the first three quarters of FY24. Among the five components of real GDP, real imports (a deduction from real GDP) are poised to grow the quickest in percentage terms, increasing 2.5 percent compared to the same periods one year prior. Growth in real exports is expected to slightly trail real imports, increasing 2.1 percent in the first three quarters of FY24, compared to the same FY23 quarters. Real government expenditures are expected to be a positive contributor to overall economic growth over the outlook horizon, rising 2.1 percent compared to the same periods one year prior. The recent increase in real government expenditures is caused by the large increases in Interest on the Debt, Social Security, and Non-Defense Consumption.

Real investment growth is expected to weaken over the three-quarter forecast horizon, decreasing 0.8 percent. Real investment continues to struggle under the weight of high interest rates and uncertain future demand for the output of businesses. High borrowing costs have lowered the internal rate of return on investments, and slower growth in economic output has dampened business expectations.

US housing starts are expected to decline 6.3 percent during the outlook periods. Elevated mortgage rates have contributed to the slowing of existing home sales. While home prices have stabilized and even started to fall in some places, lower housing prices will not be enough to solve the affordability problem in the near term. Higher mortgage rates and increased underwriting scrutiny have dampened home affordability.

A slight uptick in the rate of unemployment is expected through the third quarter of FY24, reaching 3.7 percent, increasing 0.2 percentage points compared to the same quarters in FY23. Labor markets are expected to remain tight over the three-quarter outlook. While total non-farm employment has fully recovered from the pandemic, total labor force participation has not. Lower labor force participation will contribute to an imbalance between labor demand and labor supply, leading to persistent wage increases in all sectors of the economy.

US personal income is expected to increase 4.7 percent in the first three quarters of FY24. The US wages and salaries component is anticipated to continue its positive trajectory, underpinning personal income growth with a 4.4 percent increase over the nine-month outlook. US wages and salaries are the largest component of US personal income, accounting for roughly 51 percent. The projected uptick in personal income is also attributed to an increase in dividends, interest, and rents, which is forecasted to grow a robust 7.6 percent in the first three quarters of FY24, compared to the same period one year prior. Transfer receipts are expected to rise 3.6 percent over the first, second, and third quarters of FY24.

On the employment front, total non-farm employment is expected to increase 1.4 percent in the first three quarters of FY24, a gain of 2.2 million jobs. The service-producing sectors continue to lead the way in the US labor outlook. Growth in the service-providing sectors is expected to be 1.6 percent in the first three quarters of FY24. The goods-producing sectors growth is expected to remain flat in the first, second, and third quarters of FY24, compared to the same periods one year prior.

Table 3
US Economic Outlook
Interim Forecast

	Q1, Q2, & Q3			
	FY24	FY23	\$ Chg	% Chg
Real GDP	20,384.2	20,161.2	223.0	1.1
Real Consumption	14,455.9	14,246.7	209.2	1.5
Real Investment	3,615.7	3,643.8	-28.1	-0.8
Real Govt. Expenditures	3,519.0	3,446.4	72.6	2.1
Real Exports	2,652.5	2,598.6	53.9	2.1
Real Imports	3,945.1	3,848.9	96.2	2.5
CPI all goods (% chg)	3.2	7.1	NA	NA
CPI Food (% chg)	3.7	10.4	NA	NA
CPI Energy (% chg)	-5.8	13.3	NA	NA
CPI Core (% chg)	4.3	5.9	NA	NA
Industrial Production Index (% chg)	-0.7	2.1	NA	NA
Unemployment Rate (%)	3.7	3.5	NA	NA
Housing Starts (millions, NSA)	1.3	1.4	-0.1	-6.3

Table 4
US Labor and Income Outlook
Interim Forecast

	Q1, Q2, & Q3			
	FY24	FY23	\$ Chg	% Chg
Non-farm Employment (millions, NSA)	156.5	154.3	2.2	1.4
Goods-producing	21.4	21.4	0.0	0.0
Construction	7.9	7.8	0.1	0.9
Mining	0.6	0.6	0.0	3.3
Manufacturing	12.9	12.9	-0.1	-0.7
Service-providing	112.3	110.5	1.7	1.6
Trade, Transportation & Utilities	28.9	28.8	0.1	0.4
Information	3.1	3.1	0.0	-0.2
Finance	9.1	9.1	0.1	0.6
Business Services	23.1	22.8	0.3	1.5
Educational Services	25.5	24.7	0.7	2.9
Leisure and Hospitality Services	16.6	16.2	0.4	2.3
Other Services	5.9	5.8	0.1	2.2
Government	22.8	22.3	0.5	2.2
Personal Income (\$ billions, AR)	23,271.5	22,234.4	1,037.0	4.7
Wages and Salaries	11,940.9	11,439.6	501.3	4.4
Transfer Receipts	4,124.7	3,980.1	144.6	3.6
Dividends, Interest, and Rents	4,548.8	4,229.1	319.7	7.6
Supplements to Wages and Salaries	2,527.3	2,416.0	111.3	4.6
Proprietors' Income	1,917.1	1,879.6	37.5	2.0
Social Insurance	1,787.4	1,710.0	77.4	4.5
Residence Adjustment	0.0	0.0	0.0	513.0

KENTUCKY OUTLOOK

The forecast for Kentucky personal income and the employment outlook by sector was prepared using the June 2023 control forecast from S&P Global US Economic Outlook and the Kentucky MAK model.

The Kentucky labor market landscape is expected to make modest improvements over the next three quarters. Kentucky lost roughly 235,100 jobs during the 2020 recession. In the fourth quarter of FY22, Kentucky non-farm employment surpassed its pre-recession peak of 1,955,700 seasonally adjusted jobs. The fourth quarter of FY23 marked the twelfth consecutive adjacent-quarter increase in Kentucky's total nonfarm payroll employment.

Total nonfarm payroll employment is anticipated to increase 1.3 percent over the next three fiscal quarters, adding 26,200 annualized jobs to the Commonwealth's economy. Seven of the 11 supersectors are forecasted to experience varying degrees of employment gains over the nine-month forecast. The most notable growth is expected in the service-providing sector, accounting for 90.6 percent of all job gains in the outlook periods.

In percentage terms, leisure and hospitality services employment is anticipated to grow the quickest among all supersectors. Over the first three quarters of FY24, the leisure and hospitality services employment is on track to net roughly 7,700 annualized jobs, accounting for an increase of 3.9 percent compared to the same three quarters in FY23. Employment in business services is the second-best performer and is forecasted to increase by approximately 7,600 annualized jobs, an increase of 3.3 percent compared to the first three quarters one year prior.

Growth in the goods-producing sector is expected to slump 1.2 percent in the first, second, and third quarters of FY24, accounting for a net loss of roughly 4,100 annualized jobs compared to the same periods one year prior. Manufacturing employment is forecasted to take the greatest hit within the goods-producing sector, decreasing by an estimated 5,200 annualized jobs, a 2.0 percent decline.

The steady growth over the past 10 consecutive quarters in mining employment is expected to reverse course. Mining employment is forecasted to decline 3.9 percent, a loss of roughly 300 annualized jobs compared to the same periods one year prior. Mining employment is the smallest of the Kentucky supersectors. In percentage terms, mining employment is anticipated to shrink the most among all supersectors, however the decline does not impact the overall total nonfarm employment count substantially.

Government employment, which includes federal, state, and local government jobs, is on an upswing and forecasted to continue its trend of modest growth over the first three quarters of FY24. The government sector is expected to increase by approximately 6,600 annualized jobs, a 2.2 percent increase, compared to the same quarters in FY23.

Kentuckians' personal income is poised to grow 4.0 percent over the forecasted quarters. The anticipated personal income growth is driven by strong growth in wages and salaries, the largest component of personal income. Kentucky wages and salaries is forecasted to increase 3.9 percent in the first three quarters of FY24, compared to the same period one year prior. A continued tight labor market is expected to support strong nominal wage growth in the near term.

Table 5
KY Labor and Income Outlook
Interim Forecast

	Q1, Q2, & Q3			
	FY24	FY23	\$ Chg	% Chg
Non-farm Employment (thousands, NSA)	2,007.5	1,981.3	26.2	1.3
Goods-producing	344.0	348.1	-4.1	-1.2
Construction	85.1	83.7	1.4	1.7
Mining	8.2	8.5	-0.3	-3.9
Manufacturing	250.6	255.9	-5.2	-2.0
Service-providing	1,357.2	1,333.4	23.8	1.8
Trade, Transportation & Utilities	425.8	428.9	-3.1	-0.7
Information	21.9	22.0	0.0	-0.1
Finance	97.7	96.0	1.7	1.8
Business Services	236.9	229.3	7.6	3.3
Educational Services	300.3	292.1	8.2	2.8
Leisure and Hospitality Services	205.7	198.0	7.7	3.9
Other Services	68.8	67.1	1.7	2.5
Government	306.4	299.8	6.6	2.2
Personal Income (\$ billions, AR)	248.7	239.2	9.5	4.0
Wages and Salaries	123.0	118.3	4.6	3.9
Transfer Receipts	62.9	60.9	2.0	3.2
Dividends, Interest, and Rents	39.5	37.3	2.2	6.0
Supplements to Wages and Salaries	30.7	29.4	1.3	4.3
Proprietors' Income	17.4	17.1	0.3	1.7
Social Insurance	20.4	19.6	0.7	3.8
Residence Adjustment	-4.5	-4.4	-0.2	3.7

REVENUE RECEIPTS

GENERAL FUND

Fourth Quarter, FY23

General Fund revenues fell 3.4 percent in the fourth quarter of FY23 after growing 5.8 percent through the first three quarters of the year. A reduction in the individual income tax rate resulted in a \$377.0 million drop in individual income tax revenues from FY22. That decline was partially offset by a \$116.1 million increase in sales and use tax collections as well as smaller gains in lottery collections and “Other” receipts. Fourth quarter revenues totaled \$4,298.2 million, a \$150.5 million difference from the \$4,448.7 million collected in the fourth quarter of FY22. Detailed information on these and other accounts is available in Appendix A.

Individual income tax receipts fell 17.8 percent in the quarter to \$1,741.0 million due to a 10 percent reduction in the tax rate from 5.0 percent to 4.5 percent. The three largest components of the tax; withholding, estimated payments and net payments with returns all had declines in excess of \$90.0 million with the largest drop coming from estimated payments which was \$173.5 million less than last year.

Sales and use tax revenue rose 8.6 percent in the fourth quarter of FY23 as collections in this account remain strong. Fiscal Year 2023 marks the third consecutive year in which sales tax receipts had double-digit growth. Receipts were \$1,467.1 million compared to the \$1,350.9 million collected in the fourth quarter of FY22.

Combined corporation income and limited liability entity tax (LLET) collections increased 2.9 percent in the fourth quarter of FY23. Receipts totaled \$521.9 million and were \$14.8 million more than collected a year earlier.

Property tax collections grew \$3.6 million, or 4.9 percent, in the fourth quarter as tangible and motor vehicle collections accounted for the majority of the gain. Collections in the final three months were \$78.2 million compared to \$74.6 million received in the fourth quarter of the prior fiscal year.

Lottery receipts rose 38.7 percent, or \$25.0 million, to \$89.7 million in the fourth quarter of the year.

Coal severance tax collections rose 5.6 percent in the fourth quarter to \$22.6 million. This represents a \$1.2 million rise over prior year receipts.

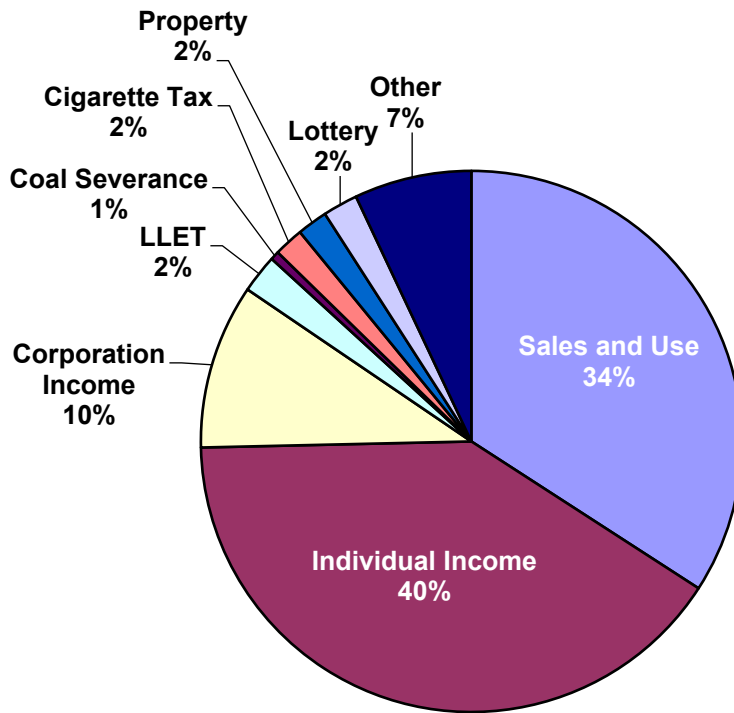
Cigarette tax revenue fell 9.4 percent in the final quarter of the FY23. Receipts of \$76.0 million were \$7.9 million less than collected in the fourth quarter of FY22.

The “Other” category encompasses the remaining General Fund taxes and fees. Collections in this account increased 32.2 percent, or \$73.5 million over FY22 levels largely due to a \$59.9 million increase in income on investments. Fourth quarter receipts were \$301.6 million and compare to \$228.1 million collected in the prior year.

Table 6				
Summary General Fund Receipts				
\$ millions				
	FY23	FY22	Diff	Diff
	Q4	Q4	\$	%
Individual Income	1,741.0	2,118.0	-377.0	-17.8
Sales & Use	1,467.1	1,350.9	116.1	8.6
Corp. Inc. & LLET	521.9	507.1	14.8	2.9
Property	78.2	74.6	3.6	4.9
Lottery	89.7	64.7	25.0	38.7
Cigarettes	76.0	83.9	-7.9	-9.4
Coal Severance	22.6	21.4	1.2	5.6
Other	301.6	228.1	73.5	32.2
Total	4,298.2	4,448.7	-150.5	-3.4

Figure A details the composition of fourth quarter 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 corporation and LLET taxes at 12 percent followed by the “Other” account at seven percent. Cigarette and property taxes, as well as lottery collections each accounted for two percent while coal accounted for one percent.

**Figure A
Composition of Fourth Quarter FY23
General Fund Revenues**



**ROAD FUND
Fourth Quarter, FY23**

Fourth quarter Road Fund receipts reached an all-time high of \$482.1 million. This surpassed the previous high of \$466.7 million from the final quarter of FY21. Revenues were 6.1 percent, or \$27.5 million, greater than in the same quarter last year. Six of the seven major categories exceeded prior year receipts with the motor fuels taxes accounting for \$17.6 million of the total revenue increase. Motor vehicle usage tax collections were \$4.1 million more than in FY22 and income on investments rose by \$3.8 million. The remaining accounts, taken together, increased by \$2.0 million. Summary data are contained in Table 7 and detailed data are shown in Appendix A.

Motor fuels tax receipts increased 8.9 percent, or \$17.6 million, during the fourth quarter primarily due to an increase in the tax rate. Receipts were \$215.7 million and compare to \$198.0 million collected during the fourth quarter last fiscal year.

Motor vehicle usage tax receipts totaled \$172.4 million for the quarter. Collections were 2.4 percent, or \$4.1 million, more than the same period last year and were the largest quarterly total for the year.

Motor vehicle license tax collections were the only major Road Fund category to decline in the fourth quarter. Revenues in this account fell 1.8 percent during the final three months of the year. Receipts of \$50.2 million compare to \$51.1 million received during the fourth quarter of FY22.

Motor vehicle operator's fees totaled \$8.4 million in the just completed quarter, a 5.5 percent, or \$400,000, increase compared to the level observed a year ago.

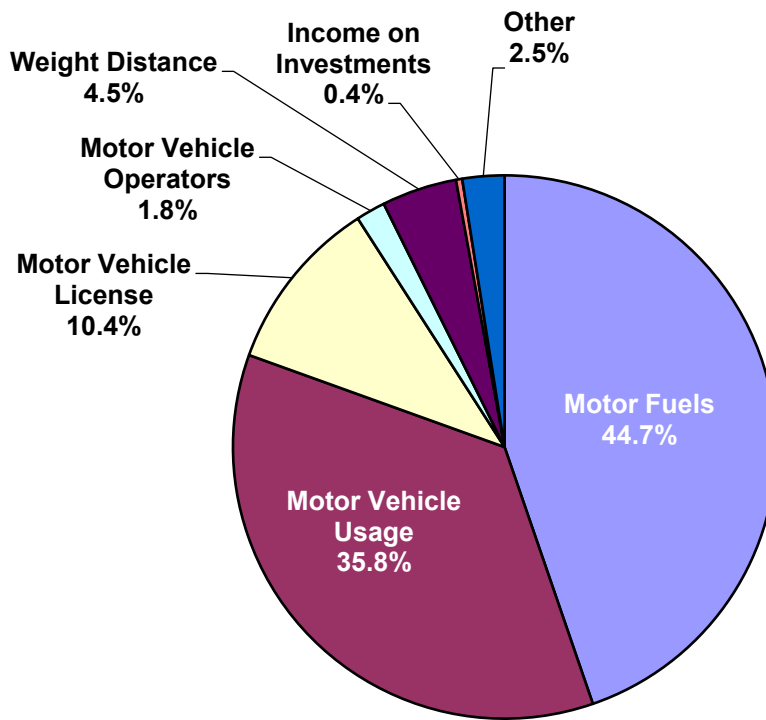
Weight distance tax receipts were essentially unchanged compared to FY22. Collections were \$21.5 million, which is \$200,000 more than last year.

The remainder of the accounts in the Road Fund combined to total \$13.8 million, an increase of 76.0 percent.

Table 7				
Summary Road Fund Receipts				
\$ millions				
	FY23	FY22	Diff	Diff
	Q4	Q4	\$	%
Motor Fuels	215.7	198.0	17.6	8.9
Motor Vehicle Usage	172.4	168.3	4.1	2.4
Motor Vehicle License	50.2	51.1	-0.9	-1.8
Motor Vehicle Operators	8.4	8.0	0.4	5.5
Weight Distance	21.5	21.3	0.2	1.1
Income on Investments	1.8	-2.0	3.8	NA
Other	12.0	9.9	2.2	22.0
Total	482.1	454.6	27.5	6.1

Figure B details the composition of Road Fund revenues by tax type in the fourth quarter of FY23. Motor fuels taxes and motor vehicle usage taxes comprised 81 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 four percent. The “Other” category accounted for three percent while motor vehicle operators accounted for two percent of the total Road Fund receipts. Income on investments accounted for less than one percent.

Figure B
Composition of Fourth Quarter FY23
Road Fund Revenues



ANNUAL TOTALS, FY23

General Fund

The strength of Kentucky's economy, including more jobs, higher wages and salaries, and continued business profits helped push General Fund receipts to a 13th consecutive year of growth and the third consecutive year in which there was a budget surplus in excess of \$1 billion. Collections for FY23 were \$15,147.7 million, which is \$1,397.7 million more than the budgeted estimate. All the major taxes except for cigarette taxes contributed to the surplus: individual income taxes by \$504.3 million, sales and use taxes by \$299.4 million, major business taxes by \$311.9 million, and property taxes by \$99.5 million.

Revenues grew 5.8 percent over the first six months of the fiscal year before slowing to 0.5 percent for the remainder of the year as a reduction in the individual income tax rate hampered growth. Growth rates for the four quarters of FY23 were 3.8, 7.6, 5.9, and -3.4 percent, respectively. For the year, revenue from six of the major accounts increased over prior year totals. The declining accounts were the individual income and cigarette taxes.

Individual income tax receipts declined due to the tax rate reduction from 5.0 percent to 4.5 percent, effective January 2023, after exhibiting strong growth the past two years. The impact of the rate reduction on revenues can be seen by looking at the quarterly growth rates. Collections grew in the eight percent range in each of the first two quarters of the year but then fell after the rate cut became effective in January. Growth rates for the four quarters were 8.4, 8.8, -3.3, and -17.8 percent, respectively. Withholding tax receipts grew by 1.5 percent for the year but were up 7.7 percent during the first six months before declining 3.9 percent during the last six months of the year.

Sales and use tax receipts increased 10.1 percent for the year, the third consecutive year in which collections had double-digit growth. Revenues were \$5,576.3 million which was \$513.4 million more than last year. Quarterly growth rates were 12.8, 8.2, 11.2, and 8.6 percent, respectively.

Combined corporation income and the limited liability entity taxes (LLET) collections grew 3.0 percent, or \$35.0 million, compared to last year. After a strong start to the year, receipts either fell or were weak for the remaining three quarters of the year. Quarterly growth rates for the taxes were 16.0, -9.2, -0.1, and 2.9 percent, respectively. These taxes have grown by a net 91 percent over the past three years.

Property tax receipts had an unexpected surge in FY23, increasing 7.0 percent. Real and tangible property as well as motor vehicles all grew strongly. Growth was strongest in the first half of the year before moderating in the last six months. Growth rates for the four quarters were 7.8, 7.9, 5.3, and 4.9 percent, respectively.

Lottery revenues deposited into the General Fund were \$337.0 million, or 14.2 percent over last year. Growth rates for the four quarters were 7.9, 5.9, 8.4, and 38.7 percent, respectively.

Cigarette tax revenue declined for the fourth consecutive year, declining 7.8 percent in FY23 to \$299.3 million. Quarterly growth rates for the year were -3.4, -9.5, -8.9, and -9.4 percent, respectively.

Coal severance tax collections increased 36.7 percent to \$96.6 million, a level not seen since FY17. Revenues in this account have grown a net 72.2 percent in the past two years. Quarterly growth rates for this account are 72.2, 41.0, 43.7, and 5.6 percent, respectively.

The “Other” category, which includes multiple taxes and fees such as income on investments, inheritance, and insurance premium taxes grew only 0.7 percent for the year. Growth in the “Other” account was limited by a \$225 million legal settlement in the first quarter of FY22. Quarterly growth rates for the “Other” account were -48.7, 25.9, 46.4, and 32.2 percent, respectively. The historically high amount in “Other” income is directly attributable to the investment income earned by the state. Growth in investment income was nearly \$150 million higher than last year due to increased interest rates on short-term assets.

Figure C details the composition of FY23 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 sources of revenue was the combined corporate and LLET taxes which had an eight percent share. The “Other” accounts made up seven percent. Property tax collections were five percent, while cigarette taxes and lottery dividends each were two percent. Finally, coal severance taxes accounted for one percent.

Figure C
Composition of FY23 General Fund Revenues

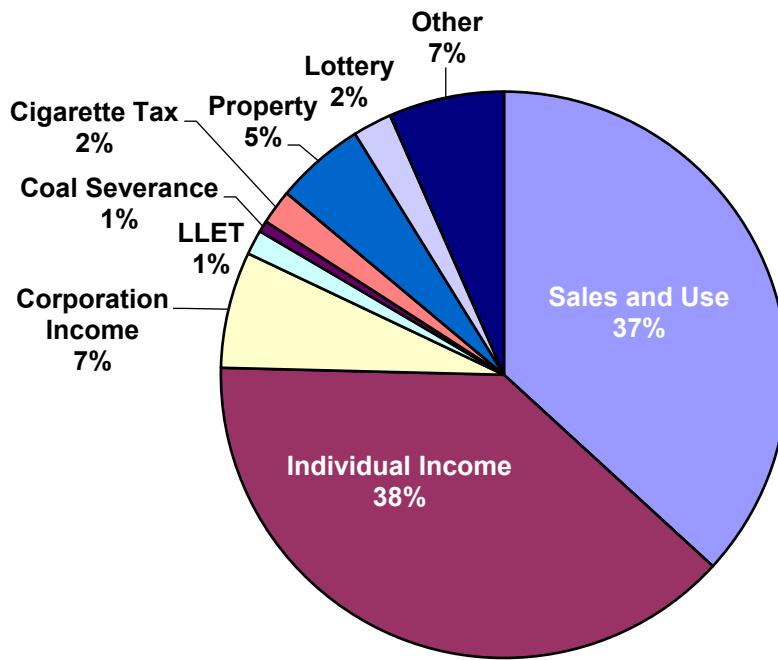


Table 8
General Fund Quarterly Growth Rates
percents

	FY23				
	Q1	Q2	Q3	Q4	Full Year
Individual Income	8.4	8.8	-3.3	-17.8	-3.4
Sales & Use	12.8	8.2	11.2	8.6	10.1
Corp. Inc. & LLET	16.0	-9.2	-0.1	2.9	3.0
Property	7.8	7.9	5.3	4.9	7.0
Lottery	7.9	5.9	8.4	38.7	14.2
Cigarettes	-3.4	-9.5	-8.9	-9.4	-7.8
Coal Severance	72.2	41.0	43.7	5.6	36.7
Other	-48.7	25.9	46.4	32.2	0.7
Total	3.8	7.6	5.9	-3.4	3.0

Figure D
FY23 Quarterly General Fund Growth
 percent

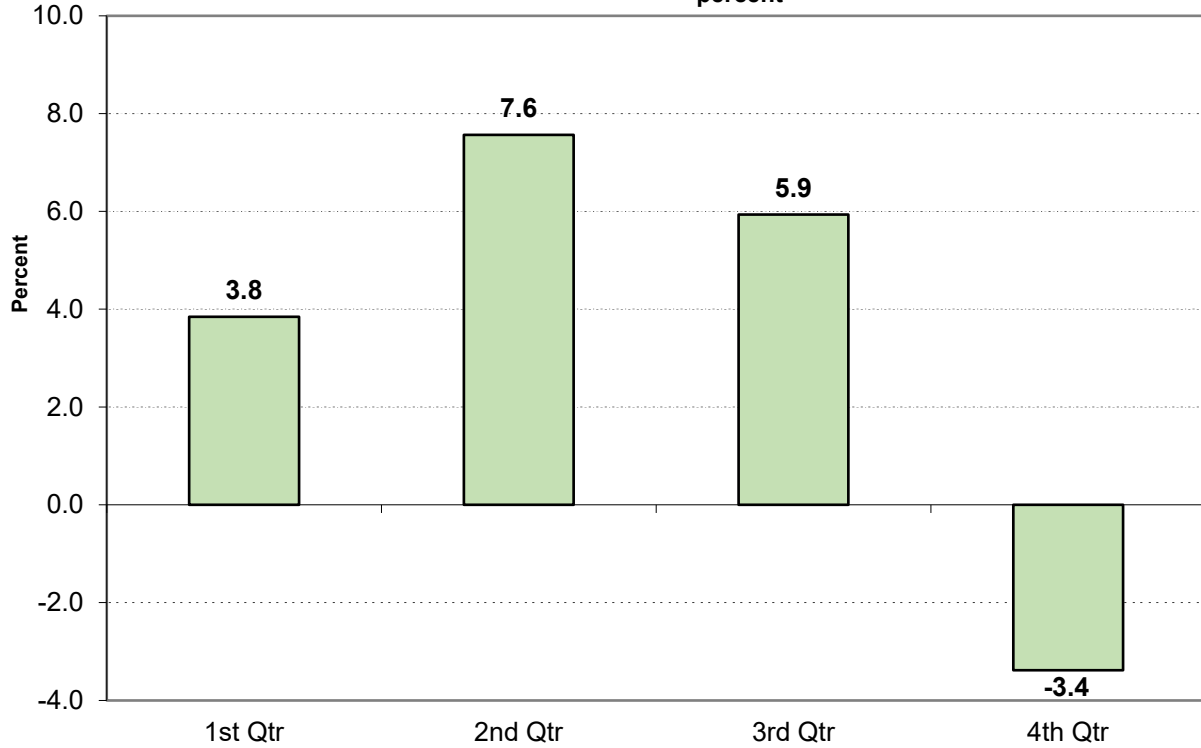


Table 9
General Fund Revenues Compared to Previous Years
 \$ millions

	Full Year			Growth Rates (%)		
	FY23	FY22	FY21	FY23	FY22	FY21
Individual Income	5,843.9	6,047.5	5,143.8	-3.4	17.6	7.9
Sales & Use	5,576.3	5,062.9	4,561.0	10.1	11.0	12.0
Corp. Inc. & LLET	1,221.6	1,186.6	882.8	3.0	34.4	38.1
Property	774.4	723.9	702.5	7.0	3.0	9.2
Lottery	337.0	295.0	289.1	14.2	2.0	6.5
Cigarettes	299.3	324.5	349.9	-7.8	-7.3	-1.4
Coal Severance	96.6	70.7	56.1	36.7	26.0	-4.7
Other	998.7	991.5	842.2	0.7	17.7	10.4
Total	15,147.7	14,702.5	12,827.4	3.0	14.6	17.4

Table 10
FY23 General Fund Receipts Compared to Official Estimate
\$ millions

	FY23		Difference	
	Actual	Estimate	\$	%
Individual Income	5,576.3	5,683.1	-106.8	-1.9
Sales & Use	5,843.9	5,831.1	12.8	0.2
Corp. Inc. & LLET	1,221.6	1,279.0	-57.4	-4.5
Property	96.6	88.9	7.7	8.6
Lottery	299.3	303.8	-4.5	-1.5
Cigarettes	774.4	759.4	15.0	2.0
Coal Severance	337.0	337.0	0.0	0.0
Other	998.7	910.6	88.1	9.7
Total	15,147.7	15,192.9	-45.2	-0.3

Table 11
General Fund Quarterly Revenue Receipts
\$ millions

	FY23				
	Q1	Q2	Q3	Q4	Full Year
Individual Income	1,368.9	1,392.4	1,341.5	1,741.0	5,843.9
Sales & Use	1,397.1	1,369.0	1,343.2	1,467.1	5,576.3
Corp. Inc. & LLET	337.2	261.0	101.5	521.9	1,221.6
Property	68.0	448.3	179.8	78.2	774.4
Lottery	75.0	88.8	83.5	89.7	337.0
Cigarettes	81.1	74.1	68.0	76.0	299.3
Coal Severance	22.1	24.6	27.2	22.6	96.6
Other	207.1	222.7	267.3	301.6	998.7
Total	3,556.6	3,880.8	3,412.0	4,298.2	15,147.7

ANNUAL TOTALS, FY23

Road Fund

After a slow start to the year, Road Fund revenues accelerated over the final three quarters, ending FY23 with the highest ever annual total and a revenue surplus of \$32.3 million. Receipts were \$1,753.3 million, an increase of 4.7 percent compared to FY22. Road Fund collections were within two percent of the official estimate growth rates for the four quarters were -0.3, 7.3, 5.7, and 6.1 percent, respectively. Road Fund collections are detailed in Tables 2 and 12.

Motor fuels tax receipts were negative in two of the first three quarters of the year and increased by a net 1.0 percent in the first nine months of FY23. Revenues were constrained during this time period because of Governor Beshear's emergency regulation which prevented a two cents per gallon increase in the tax rate in response to surging gasoline prices. Collections grew a robust 8.9 percent in the final quarter of the year after the legislature chose not to extend the rate freeze, allowing the tax rate to increase two cents in the final quarter of the year. Total collections for FY23 were \$798.3 million, an increase of 3.0 percent over FY22 totals. Quarterly growth rates for motor fuels taxes were -0.7, 4.3, -0.6, and 8.9 percent, respectively.

Growth in motor vehicle usage tax revenues increased in each of the first three quarters of the year before cooling off in the final three months. Collections in this account set an all-time high for the third consecutive year and exceeded expectations. Revenues for the year were \$660.3 million and \$56.6 million more than the official forecast. Growth rates for the four quarters were 2.2, 5.7, 10.0, and 2.4 percent, respectively.

Motor vehicle license tax receipts grew 2.5 percent for the year to \$126.7 million. Collections in the account had a strong start to the year and then tapered off the last three quarters. Growth rates were 11.9, 2.4, 3.4, and -1.8 percent, respectively.

Motor vehicle operators' receipts were only \$1.2 million more than was collected in FY22 but collections took a circuitous route to get there. The growth rates for this account were -65.4, 163.9, -19.3, and 5.5 percent, respectively. Investment income had an unexpected turnaround when receipts increased from -\$11.0 million in FY22 to \$6.3 million this year. "Other" income rose 2.2 percent to \$44.2 million.

Weight distance tax collections were flat in FY23 with year-end revenues up only \$500,000 over FY22 totals. Receipts totaled \$87.7 million but were \$6.9 million less than projected. Growth rates for the four quarters were 2.8, 0.7, -2.3, and 1.1 percent, respectively.

A strong final three quarters of collections put Road Fund receipts \$32.3 million over the enacted estimate with the motor vehicle usage tax exceeding the estimate by \$56.6 million of it. A \$35.5 million shortfall in motor fuels taxes helped offset the usage tax surplus. Each of the remaining accounts were each within \$7.4 million of estimated levels.

Figure E details the composition of FY23 Road Fund receipts by tax type. Eighty-three percent of the Road Fund came from motor vehicle usage and motor fuels taxes in the just completed year. Following these, the motor vehicle license tax accounted for seven percent and the weight distance tax accounted for five percent. “Other” taxes and motor vehicle operators each accounted for two percent while income on investments was less than one percent.

Figure E
Composition of FY23 Road Fund Revenues

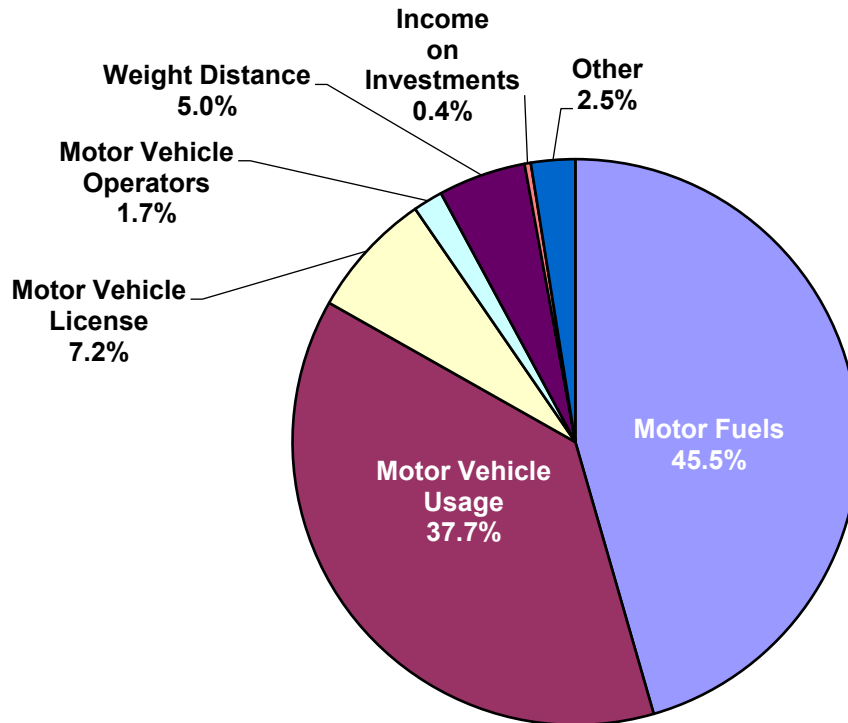


Table 12
Road Fund Quarterly Growth Rates
percents

	FY23				Full Year
	Q1	Q2	Q3	Q4	
Motor Fuels	-0.7	4.3	-0.6	8.9	3.0
Motor Vehicle Usage	2.2	5.7	10.0	2.4	5.0
Motor Vehicle License	11.9	2.4	3.4	-1.8	2.5
Motor Vehicle Operators	-65.4	163.9	-19.3	5.5	4.3
Weight Distance	2.8	0.8	-2.3	1.1	0.6
Income on Investments	-2,594.8	NA	NA	-188.4	-157.2
Other	13.5	0.4	-16.9	22.0	2.2
Total	-0.3	7.3	5.7	6.1	4.7

Figure F
FY23 Quarterly Road Fund Growth
percent

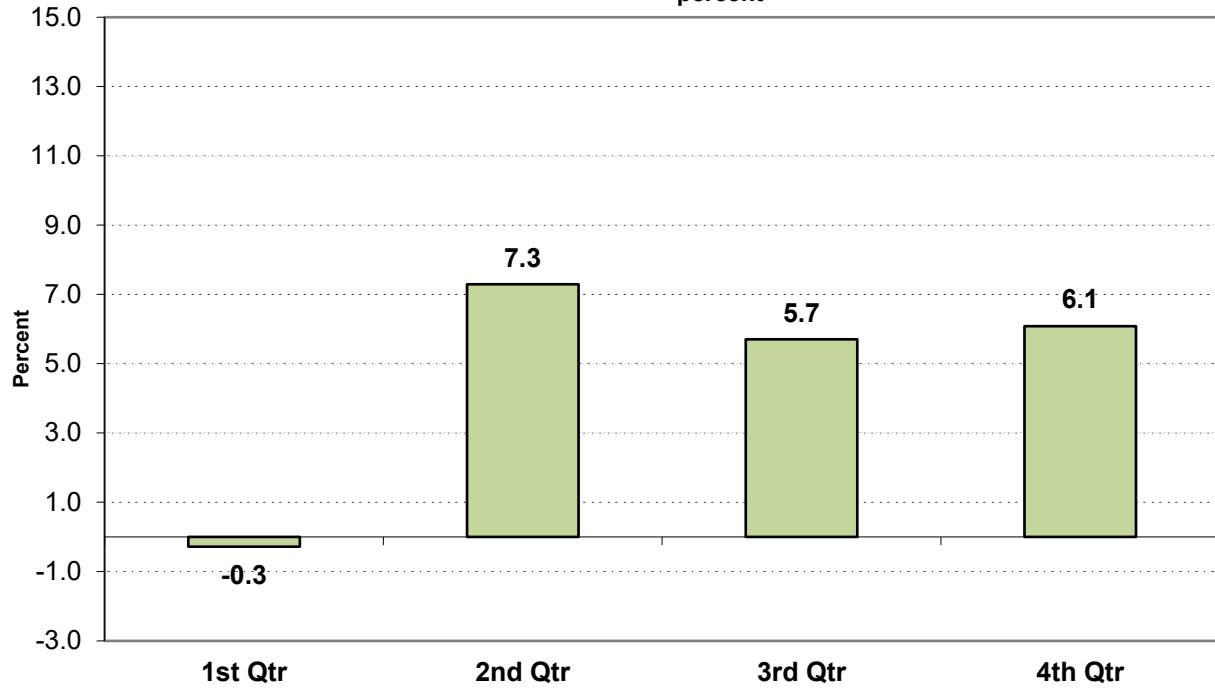


Table 13
Road Fund Revenues Compared to Previous Years
\$ millions

	Full Year			Growth Rates (%)		
	FY23	FY22	FY21	FY23	FY22	FY21
Motor Fuels	798.3	774.6	748.4	3.0	3.5	0.9
Motor Vehicle Usage	660.3	629.1	620.9	5.0	1.3	24.4
Motor Vehicle License	126.7	123.7	125.5	2.5	-1.5	15.5
Motor Vehicle Operators	29.7	28.5	22.1	4.3	29.1	70.8
Weight Distance	87.7	87.2	83.2	0.6	4.8	-0.2
Income on Investments	6.3	-11.0	-0.1	NA	NA	-101.9
Other	44.2	43.3	42.5	2.2	1.9	8.9
Total	1,753.3	1,675.4	1,642.3	4.7	2.0	10.1

Table 14
FY23 Road Fund Receipts Compared to Official Estimate
\$ millions

	FY23		Difference	
	Actual	Estimate	\$	%
Motor Fuels	798.3	833.8	-35.5	-4.3
Motor Vehicle Usage	660.3	603.7	56.6	9.4
Motor Vehicle License	126.7	119.4	7.4	6.2
Motor Vehicle Operators	29.7	27.1	2.6	9.7
Weight Distance	87.7	94.6	-6.9	-7.3
Income on Investments	6.3	0.1	6.2	NA
Other	44.2	42.4	1.8	4.3
Total	1,753.3	1,721.0	32.3	1.9

Table 15
FY 23 Road Fund Quarterly Revenue Receipts
\$ millions

	FY23				Full Year
	Q1	Q2	Q3	Q4	
Motor Fuels	200.1	202.8	179.7	215.7	798.3
Motor Vehicle Usage	167.6	151.2	169.1	172.4	660.3
Motor Vehicle License	22.1	20.2	34.2	50.2	126.7
Motor Vehicle Operators	2.5	11.7	7.0	8.4	29.7
Weight Distance	22.4	22.3	21.5	21.5	87.7
Income on Investments	-2.8	2.5	4.8	1.8	6.3
Other	10.7	9.2	12.3	12.0	44.2
Total	422.6	419.8	428.7	482.1	1,753.3

THE ECONOMY

FOURTH QUARTER FY23

NATIONAL ECONOMY

Real gross domestic product (real GDP) rose by 2.0 percent in the fourth quarter of FY23 over the fourth quarter of FY22. On an adjacent-quarter basis, real GDP rose by 0.2 percent in the fourth quarter of FY23 over the third quarter of FY23. Real GDP has risen in four consecutive quarters on an adjacent-quarter basis, following two declines in the last two quarters of FY22. The last six adjacent-quarter growth rates are: -0.4, -0.1, 0.8, 0.6, 0.3, and 0.2 percent, respectively, indicating that growth has been tapering over the last four quarters. All five components of real GDP are weak, with no component really standing out.

Real consumption rose by 2.0 percent in the fourth quarter of FY23 over the fourth quarter of FY22. Unlike real GDP, real consumption has grown on an adjacent-quarter basis for twelve consecutive quarters. The last 12 adjacent-quarter growth rates are: 9.4, 1.0, 2.6, 2.9, 0.7, 0.8, 0.3, 0.5, 0.6, 0.3, 0.9, and 0.3 percent, respectively. The values are bobbing up and down but have slowly moved towards zero over the last six quarters indicating a prolonged tapering of consumption in the US economy. Real consumption made up 70.9 percent of real GDP in the fourth quarter of FY23.

Real investment fell 3.0 percent in the fourth quarter of FY23 compared to the fourth quarter of FY22. Real investment has been very volatile since the end of the 2020 recession. The last 12 adjacent-quarter growth rates are: 17.7, 4.2, -1.4, 0.2, 2.5, 7.2, 1.3, -3.7, -2.5, 1.1, -3.0, and 1.4 percent, respectively. Average growth over that time was 2.1 percent, highlighting the slight upward trend of the volatility. From the end of the recession to present, real investment rose a net \$751.0 billion, a net 26.0 percent increase over that time. Real investment made up 17.9 percent of real GDP in the fourth quarter of FY23.

Real government expenditures rose 3.4 percent in the fourth quarter of FY23 over the fourth quarter of FY22. On an adjacent-quarter basis, real government expenditures have risen for four consecutive quarters, following five consecutive declines. The last 12 adjacent-quarter growth rates are: -1.5, -0.03, 1.6, -0.8, -0.04, -0.2, -0.6, -0.4, 0.9, 0.9, 1.3, and 0.2 percent, respectively. While the declines outnumber the increases seven-to-five, there is still a slight upward trend in government expenditures. Real government expenditures rose a net \$46.6 billion, a net 1.4 percent increase over that time. Real government expenditures made up 17.2 percent of real GDP in the fourth quarter of FY23.

The real GDP component, real government expenditures, does not measure all the things that the federal government spends money on. Federal outlays, on the other hand, captures every program and every account in which the federal government spends money. See Table 18. Federal outlays rose by 7.7 percent in the fourth quarter of FY23 compared to the fourth quarter of FY22. Meanwhile, federal outlays declined by 0.8 percent in the fourth quarter of FY23 compared to the third quarter of FY23. While federal outlays have moderated some in the last nine quarters, total outlays are still \$1.5 trillion above their pre-recession levels. The last 12 adjacent-quarter growth rates are: -20.0, -17.4, 39.2, -6.5, -12.3, -9.4, -3.1, 0.7, 2.2, 2.7, 3.4, and -0.8 percent, respectively. As can be seen in Table 18, outlays have grown since the fourth quarter of FY22, but declined relative to the third quarter of FY23.

In the last year, federal outlays have increased 7.7 percent, or \$456.4 billion. The highest-moving outlay in both absolute and percentage terms is Interest on the Debt. Interest on the Debt rose by \$300.6 billion, or 46.4 percent, in the fourth quarter of FY23 compared to the fourth quarter of FY22. Federal Transfer Payments to Resident Persons grew 4.8 percent, or \$136.3 billion, in the fourth quarter of FY23 compared to the fourth quarter of FY22. Together, the growth in Interest on the Debt and Federal Transfer Payments to Resident Persons made up 95.7 percent of the growth in total outlays for the fourth quarter of FY23.

Real exports rose by 2.8 percent in the fourth quarter of FY23 compared to the fourth quarter of FY22. Real exports have become more volatile since the end of the 2020 recession. Four of the last eight adjacent-quarter growth rates were negative and two of the last four adjacent-quarter growth rates were negative. The last 12 adjacent-quarter growth rates are: 12.4, 5.6, 0.1, 1.2, -0.3, 5.4, -1.2, 3.3, 3.5, -0.9, 1.3, and -1.0 percent, respectively. Despite the increase in the number of declining quarters, the positive growth rates are still high enough to cause exports to rise over time. Real exports rose a net \$635.3 billion in the fourth quarter of FY23 compared to the fourth quarter of FY20; that is a net 32.6 percent increase. Real export made up 12.8 percent of real GDP in the fourth quarter of FY23.

Real imports declined by 1.1 percent in the fourth quarter of FY23 compared to the fourth quarter of FY22. Real imports have risen for two consecutive quarters on an adjacent-quarter basis follow two consecutive declining quarters. The last 12 adjacent-quarter growth rates are: 17.1, 7.4, 1.8, 1.9, 1.6, 4.4, 4.3, 0.6, -1.9, -1.4, 1.0, and 1.2 percent, respectively. Real imports have risen a net \$1.2 trillion in the fourth quarter of FY23 over the fourth quarter of FY20; that is a net 43.6 percent increase during that time. Real imports, a deduction from real GDP, made up 19.2 percent of real GDP in the fourth quarter of FY23.

Inflation, as measured by the change in the consumer price index for all goods (CPI-all goods), has tapered in the last five quarters. Inflation reached a peak in the fourth quarter of FY22 at 8.6 percent. Inflation for the last five quarters has been: 8.6, 8.3, 7.1, 5.8, and 4.1 percent, respectively. While food inflation remains high (7.3 percent in the fourth quarter of FY23), deflation in energy goods prices (-11.6 percent in the fourth quarter) was largely responsible for the lower overall inflation rate in the fourth quarter of FY23.

US non-farm employment rose by 2.6 percent in the fourth quarter of FY23 compared to the fourth quarter of FY22. US non-farm employment has risen in all 12 quarters since the end of the 2020 recession, but that growth has tapered for the last eight quarters. The last 12 adjacent-quarter growth rates are: 5.1, 1.4, 0.7, 1.1, 1.4, 1.3, 1.1, 0.8, 0.8, 0.6, 0.6, and 0.5 percent, respectively. All 11 supersectors gained jobs in the fourth quarter of FY23. The fastest growing employment supersector in the fourth quarter of FY23 is the mining industry. Mining employment grew 6.3 percent in the fourth quarter of FY23 compared to the fourth quarter of FY22. Educational services employment rose by the most in absolute jobs, gaining 1.0 million jobs in the fourth quarter of FY23 compared to the fourth quarter of FY22. The second fastest growing supersector was the leisure and hospitality services employment, which gained by 0.9 million jobs in the fourth quarter of FY23 compared to the fourth quarter of FY22.

US personal income grew by 5.4 percent in the fourth quarter of FY23 compared to the fourth quarter of FY22. The fastest growing component in percentage terms was dividends, interest and rents income, which grew a net 7.5 percent, or \$305.5 billion, in the fourth quarter of FY23 over the fourth quarter of FY22. The fastest growing component in absolute terms was wages and salaries in the fourth quarter of FY23. Wages and income grew a net \$606.8 billion, a net 5.5 percent increase, in the fourth quarter of FY23 compared to the same quarter in FY22. All five contributing components of personal income grew in the fourth quarter of FY23 compared to the fourth quarter of FY22.

KENTUCKY ECONOMY

Kentucky non-farm employment rose by 2.5 percent in the fourth quarter of FY23 compared to the fourth quarter of FY22. This is the first time that Kentucky non-farm employment surpassed 2,000,000 workers. Adjacent-quarter employment growth has been positive in all 12 quarters since the end of the end of the 2020 recession. While the growth has been positive, the rate of growth has been shrinking in nearly every quarter since the end of the recession. The last 12 adjacent-quarter growth rates are: 6.9, 1.2, 1.3, 0.8, 0.8, 1.2, 0.8, 0.4, 0.9, 0.3, 0.8, and 0.5 percent, respectively. All 11 Kentucky supersectors gained jobs in the fourth quarter of FY23 compared to the fourth quarter of FY22.

The fastest growing supersector was leisure and hospitality services employment, which grew a net 6.4 percent, or 12,400 net jobs, in the fourth quarter of FY23 compared to the fourth quarter of FY22. Leisure and hospitality services employment was affected the greatest by the 2020 recession. Leisure and hospitality services employment lost 0.3 percent and 36.6 percent, respectively, on an adjacent-quarter basis in the two quarters of the 2020 recession. That is a net loss of 36.7 percent, or 74,600 net jobs during the 2020 recession. Leisure and hospitality services employment finally surpassed its pre-recession level (203,100 jobs) in the fourth quarter of FY23 (205,200 jobs). Leisure and hospitality services employment has risen in 11 of the 12 quarters since the end of the 2020 recession. Leisure and hospitality services employment made up 10.2 percent of total Kentucky non-farm employment in the fourth quarter of FY23.

Educational services employment also grew by a net 12,400 jobs, or 4.3 percent, in the fourth quarter of FY23 compared to the fourth quarter of FY22. Educational services employment has also risen in 11 of the last 12 quarters since the end of the 2020 recession. The last 12 adjacent-quarter growth rates are: 6.3, 1.1, 1.7, 0.7, -0.05, 0.2, 0.3, 0.6, 1.4, 0.5, 1.0, and 1.3 percent, respectively. Cumulatively, that is a net increase of 41,500 jobs, or a 16.1 percent net gain. Kentucky educational services employment surpassed its pre-recession level in the second quarter of FY23. Educational services employment made up 14.9 percent of total Kentucky non-farm employment in the fourth quarter of FY23.

Kentucky personal income grew by 4.3 percent in the fourth quarter of FY23 over the fourth quarter of FY22. Kentucky personal income contracted for several quarters following the end of the 2020 recession, then grew for the next eight consecutive quarters. The last 12 adjacent-quarter growth rates are: -5.9, -0.6, 14.6, -7.7, 1.2, 0.6, 0.9, 1.3, 1.0, 1.5, 0.9, and 0.9 percent, respectively. The 2020 recession was peculiar, in that, personal income rose during the recession, and then fell following the recession, because of three rounds of stimulus checks which significantly increased transfer receipts income during those quarters. Kentucky transfer receipts income explains most of the large changes in Kentucky personal income during that time.

Kentucky wages and salaries was the fastest growing component of Kentucky personal income in the fourth quarter of FY23. It was the largest in percentage terms, 6.0 percent, and in absolute terms, gaining \$6.8 billion in the fourth quarter of FY23 compared to the fourth quarter of FY22. Kentucky wages and salaries, the largest component of Kentucky personal income, made up 49.4 percent of total Kentucky personal income in the fourth quarter of FY23

Kentucky transfer receipts have increased for the last three consecutive quarters. Kentucky transfer receipts have risen again to \$62.1 billion in the fourth quarter of FY23. Kentucky transfer receipts income made up 25.5 percent of total Kentucky personal income.

Table 16
History of US Economic Series

	FY22		FY23							
	Q4	% chg	Q1	% chg	Q2	% chg	Q3	% chg	Q4	% chg
Real GDP (\$ billions, AR)	19,895.3	1.8	20,054.7	1.9	20,182.5	0.9	20,246.4	1.6	20,285.7	2.0
Real Consumption	14,099.5	2.4	14,178.6	2.2	14,214.9	1.7	14,346.6	2.3	14,387.0	2.0
Real Investment	3,747.0	7.2	3,653.9	1.9	3,694.1	-3.8	3,583.3	-7.9	3,635.2	-3.0
Real Government Expenditures	3,379.5	-1.3	3,410.6	-0.3	3,442.5	0.9	3,486.2	2.7	3,494.6	3.4
Real Exports	2,516.9	7.3	2,604.1	11.3	2,579.6	4.6	2,612.2	7.2	2,586.7	2.8
Real Imports	3,947.5	11.2	3,872.9	7.4	3,818.2	1.5	3,855.6	-1.8	3,903.1	-1.1
CPI - All Goods (% chg)	8.6	NA	8.3	NA	7.1	NA	5.8	NA	4.1	NA
CPI - Food (% chg)	10.0	NA	11.1	NA	10.7	NA	9.4	NA	7.3	NA
CPI - Energy (% chg)	35.2	NA	25.3	NA	12.6	NA	2.0	NA	-11.6	NA
Core CPI (% chg)	6.0	NA	6.3	NA	6.0	NA	5.6	NA	5.3	NA
Industrial Prod. Index (% chg)	3.8	NA	3.5	NA	1.8	NA	0.8	NA	0.1	NA
Working Population (millions, NSA)	263.7	0.9	264.2	1.0	264.7	1.0	266.1	1.1	266.6	1.1
Civilian Labor Force	164.2	2.0	164.9	1.8	164.4	1.6	166.0	1.5	166.9	1.7
Employed	158.4	4.4	158.9	3.5	158.9	2.2	159.7	1.8	161.2	1.8
Unemployed	5.8	-37.9	6.0	-28.5	5.5	-14.0	6.3	-6.3	5.7	-0.8
Not in Labor Force	99.5	-0.7	99.3	-0.4	100.3	0.1	100.1	0.4	99.7	0.2
Labor Force Participation Rate (%)	62.2	NA	62.2	NA	62.2	NA	62.5	NA	62.6	NA
Unemployment Rate (%)	3.6	NA	3.5	NA	3.6	NA	3.5	NA	3.5	NA
Housing Starts (millions, AR)	1.6	3.4	1.4	-8.2	1.4	-16.9	1.4	-19.5	1.4	-15.0

Table 17
History of US Labor and Income Data

	FY22		FY23							
	Q4	% chg	Q1	% chg	Q2	% chg	Q3	% chg	Q4	% chg
Non-farm Employment (millions, NSA)	152.0	4.7	153.3	4.2	154.3	3.4	155.2	2.9	156.0	2.6
Goods-producing	21.1	4.5	21.3	4.4	21.4	3.6	21.5	2.9	21.5	2.0
Mining	0.6	8.0	0.6	8.8	0.6	8.7	0.6	8.6	0.6	6.3
Construction	7.7	4.4	7.8	4.6	7.8	3.7	7.9	3.2	7.9	2.5
Manufacturing	12.8	4.4	12.9	4.0	13.0	3.4	13.0	2.5	13.0	1.5
Service-providing	108.8	5.6	109.8	4.9	110.6	3.9	111.2	3.1	111.8	2.8
Trade, Transportation & Utilities	28.6	4.2	28.8	3.7	28.8	2.4	28.9	1.3	28.9	0.9
Information	3.1	8.8	3.1	7.4	3.1	5.7	3.1	3.1	3.1	0.9
Finance	9.0	3.2	9.1	2.7	9.1	2.1	9.1	1.4	9.1	1.0
Business Services	22.5	6.4	22.7	5.6	22.8	3.9	22.9	2.6	23.0	2.4
Educational Services	24.2	2.5	24.5	3.3	24.7	3.8	25.0	4.3	25.2	4.3
Leisure and Hospitality Services	15.7	13.8	16.0	9.7	16.2	7.5	16.5	6.2	16.6	5.7
Other Services	5.7	5.3	5.7	4.0	5.8	3.4	5.8	3.3	5.8	3.0
Government	22.1	0.7	22.2	0.7	22.3	1.2	22.5	1.9	22.7	2.5
Personal Income (\$ billions, AR)	21,578.3	3.2	21,969.5	4.6	22,241.3	5.1	22,492.6	5.5	22,734.1	5.4
Wages and Salaries	11,058.0	9.1	11,361.0	9.0	11,413.9	6.2	11,543.8	5.7	11,664.9	5.5
Transfer Receipts	3,883.2	-11.4	3,892.8	-6.0	3,998.2	1.8	4,049.3	4.7	4,062.2	4.6
Dividends, Interest, and Rents	4,098.9	4.8	4,153.7	5.3	4,235.8	5.9	4,297.9	7.1	4,404.4	7.5
Supplements to Wages and Salaries	2,357.1	5.6	2,394.0	6.0	2,414.2	5.1	2,439.9	4.5	2,464.8	4.6
Proprietors' Income	1,835.4	3.3	1,863.5	4.0	1,882.9	5.2	1,892.5	4.5	1,882.3	2.6
Social Insurance	1,654.4	8.7	1,695.6	9.1	1,703.7	6.8	1,730.8	5.9	1,744.5	5.4
Residential Adjustment	0.0	NA	0.0	NA	0.0	NA	0.0	NA	0.0	NA

Table 18
US Federal Outlays
\$ billions, AR

	Q4			
	FY23	FY22	\$ Chg	% Chg
Federal Outlays excl. Gross Investment	6,391.6	5,935.2	456.4	7.7
National Defense	782.2	726.5	55.6	7.7
Non-Defense Consumption	577.2	521.8	55.5	10.6
Federal Transfer Payments to Resident Persons	2,982.8	2,846.5	136.3	4.8
Medicare	974.0	911.8	62.2	6.8
Social Security	1,349.5	1,206.9	142.6	11.8
Social Insurance to Rest of the World	32.0	28.6	3.4	12.0
Grants-in-Aid to State & Local Govts	912.0	960.5	-48.5	-5.1
Medicaid	612.0	590.1	21.9	3.7
Non-Medicaid Grants to State & Local Govts	300.0	370.4	-70.4	-19.0
Aid to Foreign Govts	44.3	74.1	-29.8	-40.3
Interest on the Debt	949.1	648.5	300.6	46.4
Subsidies	112.0	122.9	-10.9	-8.9

Table 19
History of KY Labor and Income Data

	FY22		FY23							
	Q4	% chg	Q1	% chg	Q2	% chg	Q3	% chg	Q4	% chg
Non-farm Employment (thousands, NSA)	1,954.0	3.2	1,972.4	3.3	1,978.0	2.4	1,993.4	2.4	2,002.5	2.5
Goods-producing	342.1	4.2	347.0	5.0	347.0	3.9	350.3	3.9	345.8	1.1
Mining	8.2	6.9	8.3	9.2	8.6	11.7	8.7	8.8	8.3	1.4
Construction	81.9	3.4	83.6	5.4	82.7	2.3	84.8	3.0	84.9	3.7
Manufacturing	252.0	4.4	255.1	4.8	255.7	4.2	256.9	4.0	252.6	0.2
Service-providing	1,314.0	3.6	1,328.5	3.7	1,330.8	2.4	1,340.9	2.3	1,353.2	3.0
Trade, Transportation & Utilities	422.8	3.3	425.1	3.1	429.0	2.0	432.4	2.1	426.4	0.9
Information	21.2	2.8	21.7	4.7	22.0	6.3	22.2	5.6	22.0	3.7
Finance	97.0	1.2	97.0	0.9	95.8	-1.1	95.3	-1.3	97.6	0.7
Business Services	228.4	4.2	230.7	4.8	227.7	2.1	229.5	1.3	235.1	3.0
Educational Services	286.1	1.1	290.2	2.6	291.6	2.8	294.6	3.6	298.5	4.3
Leisure and Hospitality Services	192.8	8.6	196.9	6.3	197.7	4.2	199.5	3.1	205.2	6.4
Other Services	65.7	5.0	66.9	5.3	67.0	3.8	67.5	3.5	68.3	3.9
Government	298.0	0.2	296.9	-0.2	300.3	0.3	302.2	1.2	303.5	1.9
Personal Income (\$ billions, AR)	233.9	4.0	236.1	3.8	239.7	4.7	241.8	4.7	244.0	4.3
Wages and Salaries	113.6	10.2	116.9	10.6	119.1	9.5	119.0	7.0	120.4	6.0
Transfer Receipts	61.2	-5.4	60.0	-6.9	60.8	-3.4	62.0	0.3	62.1	1.5
Dividends, Interest, and Rents	36.4	3.9	36.8	3.9	37.3	4.2	37.8	5.3	38.5	5.8
Supplements to Wages and Salaries	28.6	7.2	29.1	7.6	29.5	7.4	29.7	5.8	30.0	4.9
Proprietors' Income	17.0	4.9	17.0	5.0	17.2	8.4	17.2	5.2	17.1	0.4
Social Insurance	18.9	9.9	19.4	10.6	19.7	9.8	19.7	6.7	19.9	5.3
Residential Adjustment	-4.2	NA	-4.4	NA	-4.5	NA	-4.2	NA	-4.3	NA

Table 20
History and Outlook
Annual Growth Rates (%)

	FY22				FY23				FY24		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
United States											
Real GDP	5.0	5.7	3.7	1.8	1.9	0.9	1.6	2.0	1.4	1.0	1.0
Real Consumption	7.4	7.2	4.8	2.4	2.2	1.7	2.3	2.0	1.6	1.7	1.1
Real Investment	5.6	8.6	11.6	7.2	1.9	-3.8	-7.9	-3.0	-1.0	-2.3	1.0
Real Government Expenditures	0.7	0.5	-1.6	-1.3	-0.3	0.9	2.7	3.4	3.0	2.2	1.1
Real Exports	6.6	6.5	5.2	7.3	11.3	4.6	7.2	2.8	0.7	2.8	2.7
Real Imports	13.3	10.1	12.7	11.2	7.4	1.5	-1.8	-1.1	1.3	3.2	2.9
Personal Income	4.9	6.9	-3.5	3.2	4.6	5.1	5.5	5.4	4.7	4.6	4.7
Wage & Salary	10.6	9.9	10.9	9.1	9.0	6.2	5.7	5.5	3.9	4.6	4.6
Industrial Production Index	4.4	3.8	4.4	3.8	3.5	1.8	0.8	0.1	-0.9	-0.6	-0.5
Total Non-farm Employment	4.7	4.6	5.0	4.7	4.2	3.4	2.9	2.6	2.1	1.5	0.8
Manufacturing Employment	2.8	3.1	3.5	4.4	4.0	3.4	2.5	1.5	0.6	-0.8	-1.7
Unemployment Rate	5.1	4.2	3.8	3.6	3.5	3.6	3.5	3.5	3.6	3.7	3.8
Kentucky											
Personal Income	6.4	7.7	-5.2	4.0	3.8	4.7	4.7	4.3	4.3	3.6	4.0
Wage & Salary	8.4	8.3	10.1	10.2	10.6	9.5	7.0	6.0	4.1	3.2	4.4
Non-farm Employment	4.2	4.2	3.6	3.2	3.3	2.4	2.4	2.5	1.7	1.5	0.7
Goods Producing	3.1	2.7	2.6	4.2	5.0	3.9	3.9	1.1	-0.6	-0.9	-2.0
Service Providing	5.3	5.1	4.2	3.6	3.7	2.4	2.3	3.0	2.1	2.0	1.2
Government	0.5	1.8	1.8	0.2	-0.2	0.3	1.2	1.9	2.8	2.1	1.7

APPENDIX A

General Fund and Road Fund Revenue Receipts

Fourth Quarter FY23

KENTUCKY STATE GOVERNMENT - GENERAL FUND REVENUE

	Fourth Quarter FY 2023	Fourth Quarter FY2022	% Change	Year-to-Date FY2023	Year-to-Date FY2022	% Change
TOTAL GENERAL FUND	\$4,298,177,892	\$4,448,691,061	-3.4%	\$15,147,662,170	\$14,702,460,459	3.0%
Tax Receipts	\$4,109,133,461	\$4,345,874,628	-5.4%	\$14,527,687,760	\$14,072,971,696	3.2%
Sales and Gross Receipts	\$1,711,934,302	\$1,589,220,590	7.7%	\$6,453,385,746	\$5,909,080,340	9.2%
Beer Consumption	1,516,986	1,529,930	-0.8%	6,064,945	6,278,125	-3.4%
Beer Wholesale	17,542,172	16,443,872	6.7%	69,440,398	66,130,324	5.0%
Cigarette	76,022,943	83,873,448	-9.4%	299,280,936	324,467,835	-7.8%
Distilled Spirits Case Sales	60,825	63,826	-4.7%	234,898	227,893	3.1%
Distilled Spirits consumption	4,992,164	4,817,925	3.6%	18,828,726	18,524,507	1.6%
Distilled Spirits Wholesale	19,495,361	18,474,980	5.5%	73,923,974	70,704,041	4.6%
Insurance Premium	64,958,545	61,070,811	6.4%	195,995,018	167,305,684	17.1%
Pari-Mutuel	16,748,054	14,291,541	17.2%	56,281,309	47,733,411	17.9%
Racetrack Admission	0	29,980	-100.0%	63,820	135,855	-53.0%
Sales and Use	1,467,056,774	1,350,923,418	8.6%	5,576,312,025	5,062,877,350	10.1%
Wine Consumption	761,046	802,648	-5.2%	3,159,312	3,336,159	-5.3%
Wine Wholesale	5,090,180	5,058,229	0.6%	20,382,672	20,558,087	-0.9%
Telecommunications Tax	18,030,210	19,152,810	-5.9%	75,663,030	76,442,296	-1.0%
Other Tobacco Products	9,468,215	12,687,026	-25.4%	41,979,246	44,383,010	-5.4%
Floor Stock Tax	180	147	22.2%	2,666	(24,238)	---
Car Rental & Ride Sharing	10,190,648	0	---	15,772,771	0	---
Natural Resources	\$34,461,756	\$32,311,538	6.7%	\$147,031,423	\$109,019,465	34.9%
Coal Severance	22,635,123	21,444,452	5.6%	96,553,542	70,653,864	36.7%
Oil Production	1,627,894	2,357,008	-30.9%	7,565,799	7,547,757	0.2%
Minerals Severance	7,046,817	5,357,119	31.5%	26,321,853	21,366,602	23.2%
Natural Gas Severance	3,151,922	3,152,958	0.0%	16,590,229	9,451,241	75.5%
Individual Income Tax	\$1,741,025,562	\$2,118,012,755	-17.8%	\$5,843,883,534	\$6,047,528,270	-3.4%
Withholding	1,266,841,233	1,357,708,637	-6.7%	5,108,675,646	5,031,080,045	1.5%
Declarations	292,405,157	465,948,229	-37.2%	634,549,279	792,235,265	-19.9%
Net Returns	180,411,534	291,497,793	-38.1%	105,541,005	222,234,154	-52.5%
Fiduciary	515,960	2,858,095	-81.9%	(5,734,074)	1,978,806	---
Pass-Through Entity Tax	851,678	0	---	851,678	0	---
Major Business Taxes	\$521,934,961	\$507,109,412	2.9%	\$1,221,612,834	\$1,186,604,333	3.0%
Corporation Income	423,522,576	406,760,663	4.1%	1,006,250,613	932,591,148	7.9%
LLET	98,412,385	100,348,749	-1.9%	215,362,221	254,013,185	-15.2%
Property	\$78,243,245	\$74,617,797	4.9%	\$774,375,669	\$723,856,929	7.0%
General - Real	4,704,295	5,061,463	-7.1%	338,783,090	325,304,164	4.1%
General - Tangible	8,972,052	5,491,374	63.4%	136,505,807	124,381,606	9.7%
Tangible - Motor Vehicle	64,473,632	61,342,984	5.1%	197,506,861	179,189,332	10.2%
Omitted & Delinquent	(2,351,581)	226,063	---	17,215,367	17,426,030	-1.2%
Public Service	2,481,013	2,501,148	-0.8%	80,924,768	74,646,765	8.4%
Other	(36,166)	(5,235)	---	3,439,776	2,909,032	18.2%
Inheritance Tax	\$15,851,125	\$19,903,867	-20.4%	\$71,809,112	\$81,264,890	-11.6%
Miscellaneous	\$5,682,510	\$4,698,668	20.9%	\$15,589,443	\$15,617,470	-0.2%
License and Privilege	\$850,114	\$600,925	41.5%	2,268,760	1,832,117	23.8%
Bank Franchise	(\$608,548)	(\$496,412)	---	(1,240,636)	622,154	---
Legal Process	2,191,123	2,258,190	-3.0%	9,173,850	9,879,393	-7.1%
T. V. A. In Lieu Payments	2,908,728	2,308,855	26.0%	5,018,465	3,208,136	56.4%
Other	341,093	27,111	1158.1%	369,004	75,670	387.6%
Nontax Receipts	\$188,491,504	\$103,574,460	82.0%	\$611,879,618	\$623,610,826	-1.9%
Departmental Fees	6,278,363	4,117,687	52.5%	15,961,962	13,891,710	14.9%
PSC Assessment Fee	1,696,005	2,318,214	-26.8%	11,910,522	15,819,870	-24.7%
Fines & Forfeitures	5,371,739	5,016,723	7.1%	19,798,963	18,644,760	6.2%
Income on Investments	62,379,464	2,439,186	2457.4%	150,510,534	585,342	25613.3%
Lottery	89,683,817	64,657,312	38.7%	336,974,700	295,000,000	14.2%
Miscellaneous	23,082,114	25,025,338	-7.8%	76,722,937	279,669,144	-72.6%
Redeposit of State Funds	\$552,927	(\$758,026)	---	\$8,094,791	\$5,877,936	37.7%

KENTUCKY STATE GOVERNMENT - ROAD FUND REVENUE

	Fourth Quarter FY 2023	Fourth Quarter FY 2022	%	Year-to-Date FY 2023	Year-to-Date FY 2022	%
			Change			Change
TOTAL STATE ROAD FUND	\$482,135,300	\$454,627,599	6.1%	\$1,753,323,281	\$1,675,354,852	4.7%
Tax Receipts-	\$473,174,127	\$449,008,998	5.4%	\$1,717,417,646	\$1,657,098,864	3.6%
Sales and Gross Receipts	\$388,104,952	\$366,351,804	5.9%	\$1,458,609,862	\$1,403,734,092	3.9%
Motor Fuels Taxes	215,667,449	198,033,558	8.9%	798,263,863	774,647,395	3.0%
Motor Vehicle Usage	172,437,503	168,318,246	2.4%	660,345,999	629,086,696	5.0%
License and Privilege	\$85,069,175	\$82,657,193	2.9%	\$258,807,784	\$253,364,772	2.1%
Motor Vehicles	50,222,160	51,122,135	-1.8%	126,713,604	123,656,728	2.5%
Motor Vehicle Operators	8,449,442	8,005,174	5.5%	29,736,792	28,504,651	4.3%
Weight Distance	21,531,472	21,293,481	1.1%	87,722,299	87,201,685	0.6%
Truck Decal Fees	88,220	89,420	-1.3%	240,000	183,160	31.0%
Other Special Fees	4,777,881	2,146,983	122.5%	14,395,089	13,818,548	4.2%
Nontax Receipts	\$8,892,183	\$5,396,571	64.8%	\$35,523,095	\$17,566,474	102.2%
Departmental Fees	5,904,021	6,383,128	-7.5%	24,785,707	24,699,775	0.3%
In Lieu of Traffic Fines	78,195	51,660	51.4%	443,040	227,990	94.3%
Income on Investments	1,785,794	(2,019,369)	---	6,308,931	(11,019,731)	---
Miscellaneous	1,124,174	981,152	14.6%	3,985,418	3,658,440	8.9%
Redeposit of State Funds	\$68,990	\$222,030	-68.9%	\$382,540	\$689,514	-44.5%

APPENDIX B

Summary Statistics for General Fund Major Revenue Sources Fiscal Years 2014- 2023 (\$)

	FY14	FY15	FY16	FY17	FY18
TOTAL GENERAL FUND	9,462,035,017	9,966,630,897	10,338,884,795	10,477,848,874	10,838,200,084
Tax Receipts	9,126,466,009	9,637,987,521	9,988,342,493	10,132,685,779	10,497,829,798
Sales and Gross Receipts	3,716,809,229	3,854,700,860	4,062,700,426	4,086,441,364	4,211,205,101
Beer Consumption	6,226,880	6,071,389	6,557,744	6,205,443	6,069,024
Beer Wholesale	57,969,185	57,570,011	61,161,655	59,525,060	59,119,872
Cigarette	228,076,834	220,902,529	224,303,658	221,375,451	211,834,789
Cigarette Floor Stock	-1,887	11,502	8,108	6,040	-3,399
Distilled Spirits Case Sales	127,875	132,802	136,488	153,781	155,861
Distilled Spirits Consumption	11,961,270	12,468,749	12,823,273	14,237,920	14,288,035
Distilled Spirits Wholesale	33,829,202	36,471,357	38,886,865	44,064,952	45,559,663
Insurance Premium	141,638,641	146,480,663	145,250,375	148,188,827	157,154,273
Pari-Mutuel	2,421,099	2,964,884	4,993,574	6,807,535	7,894,063
Race Track Admission	213,958	155,426	229,416	174,356	195,837
Sales and Use	3,131,126,876	3,267,331,025	3,462,704,116	3,485,215,349	3,605,661,335
Wine Consumption	2,896,687	2,912,784	3,102,163	3,084,190	3,165,448
Wine Wholesale	15,523,357	16,323,658	16,583,413	18,289,377	17,445,613
Telecommunications Tax	63,897,510	63,575,235	64,681,001	57,540,002	61,125,754
Other Tobacco Products	20,901,740	21,328,845	21,278,667	21,573,080	21,538,933
Car Rental & Ride Sharing	-	-	-	-	-
License and Privilege	105,181,651	101,926,285	111,094,998	107,690,065	117,424,507
Alc. Bev. License & Suspension	343,952	450,542	480,675	367,853	559,200
Corporation License	814,539	188,600	135,698	7,423	11,596
Corporation Organization	47,491	186,635	136,720	982,251	54,471
Occupational Licenses	214,153	202,297	289,193	229,579	216,991
Race Track License	291,300	247,766	324,375	276,596	278,500
Bank Franchise Tax	102,857,446	99,990,669	109,049,728	105,129,792	115,617,923
Driver License Fees	612,770	659,776	678,609	696,570	685,826
Natural Resources	241,988,627	220,613,349	149,405,136	130,063,924	122,972,027
Coal Severance	197,525,899	180,283,352	120,610,311	100,455,465	89,643,238
Oil Production	13,128,040	9,840,015	4,748,862	5,120,700	5,360,469
Minerals Severance	12,298,663	15,128,385	17,596,331	16,923,270	18,181,584
Natural Gas Severance	19,036,025	15,361,597	6,449,632	7,564,489	9,786,736
Income	4,423,722,549	4,821,410,590	5,011,709,477	5,136,952,770	5,353,058,930
Corporation	475,120,319	528,118,737	526,637,870	497,479,037	511,352,679
Individual	3,749,257,830	4,069,500,570	4,282,080,975	4,393,862,556	4,603,578,834
LLET	199,344,400	223,791,283	202,990,632	245,611,177	238,127,417
Property	562,428,448	563,435,472	577,548,052	602,095,597	621,260,307
Bank Deposits	581,157	588,914	632,587	644,459	676,071
Building & Loan Association	1,806,976	1,482,051	2,191,706	2,369,893	2,158,239
Distilled Spirits	854,637	891,761	961,388	1,020,812	1,149,557
General - Real	258,284,309	259,228,298	268,087,934	273,935,818	283,388,656
General - Tangible	223,393,888	226,137,118	237,464,692	244,469,542	254,292,498
Omitted & Delinquent	21,276,527	16,237,196	11,991,240	15,966,205	16,274,357
Public Service	51,859,325	58,864,760	56,210,797	63,680,782	63,313,796
Other	4,371,628	5,374	7,708	8,087	7,133
Inheritance	45,843,849	50,975,858	51,247,149	44,699,808	48,248,219
Miscellaneous	30,491,656	24,925,107	24,637,267	24,742,251	23,660,706
Legal Process	16,792,670	15,435,811	14,479,452	13,299,585	13,035,070
T. V. A. In Lieu Payments	13,646,200	9,452,432	10,119,811	11,350,177	10,575,611
Other	52,786	36,863	38,005	92,490	50,025
Nontax Receipts	333,860,106	326,949,419	344,822,276	335,817,562	334,713,465
Departmental Fees	24,489,562	22,036,475	21,891,588	21,805,380	22,657,477
PSC Assessment Fee	17,155,431	20,829,264	14,367,915	13,784,610	16,218,175
Fines & Forfeitures	24,747,942	22,771,487	21,204,392	19,676,290	17,829,955
Interest on Investments	(176,256)	213,267	287,789	-1,129,875	-7,611,235
Lottery	219,500,743	221,500,000	241,778,429	241,627,129	253,000,000
Sale of NOx Credits	104,242	27,594	0	0	0
Miscellaneous	48,038,442	39,571,333	45,292,162	40,054,028	32,619,094
Redeposit of State Funds	1,708,902	1,693,958	5,720,026	9,345,533	5,656,821

	FY19	FY20	FY21	FY22	FY23
TOTAL GENERAL FUND	11,392,698,460	11,566,621,672	12,827,432,329	14,702,460,457	15,147,662,170
Tax Receipts	10,988,227,884	11,185,135,285	12,414,752,386	14,072,971,696	14,527,687,760
Sales and Gross Receipts	4,717,609,351	4,859,752,240	5,407,385,853	5,909,080,340	6,453,385,746
Beer Consumption	5,885,046	6,147,066	6,200,831	6,278,125	6,064,945
Beer Wholesale	56,215,810	61,686,347	63,363,832	66,130,324	69,440,398
Cigarette	353,452,495	354,965,469	349,939,662	324,467,834	299,280,936
Cigarette Floor Stock	21,289,650	51,120	6,958	-24,238	2,666
Distilled Spirits Case Sales	163,929	180,755	202,034	227,894	234,898
Distilled Spirits Consumption	14,756,577	15,928,560	17,520,621	18,524,507	18,828,726
Distilled Spirits Wholesale	49,288,861	53,860,774	62,862,108	70,704,041	73,923,974
Insurance Premium	165,476,033	168,803,965	176,537,254	167,305,685	195,995,018
Pari-Mutuel	14,578,083	15,771,742	31,229,897	47,733,411	56,281,309
Race Track Admission	214,345	143,685	21,551	135,855	63,820
Sales and Use	3,937,610,039	4,070,905,629	4,561,017,999	5,062,877,350	5,576,312,025
Wine Consumption	3,143,994	3,261,354	3,461,261	3,336,159	3,159,312
Wine Wholesale	17,608,228	17,837,410	19,936,744	20,558,086	20,382,672
Telecommunications Tax	55,757,372	68,074,621	73,910,160	76,442,297	75,663,030
Other Tobacco Products	22,168,888	22,133,743	41,174,942	44,383,011	41,979,246
Car Rental & Ride Sharing	-	-	-	-	15,772,771
License and Privilege	121,663,708	125,203,420	117,938,539	2,454,271	1,028,124
Alc. Bev. License & Suspension	320,000	264,150	225,350	303,050	601,000
Corporation License	62,947	83,625	197,340	146,936	7,280
Corporation Organization	314,310	65,992	35,791	56,907	321,434
Occupational Licenses	193,778	173,320	272,299	246,572	289,802
Race Track License	268,875	242,717	242,691	222,000	199,400
Bank Franchise Tax	119,821,064	123,097,210	116,008,780	622,155	-1,240,636
Driver License Fees	682,734	1,276,406	956,288	856,652	849,844
Natural Resources	127,756,984	87,324,689	84,445,676	109,019,465	147,031,423
Coal Severance	92,906,947	58,820,499	56,073,988	70,653,864	96,553,542
Oil Production	5,910,918	4,591,931	4,200,401	7,547,757	7,565,799
Minerals Severance	18,926,560	19,425,087	20,607,726	21,366,602	26,321,853
Natural Gas Severance	10,012,558	4,487,171	3,563,561	9,451,241	16,590,229
Income	5,307,357,898	5,404,391,683	6,026,619,268	7,234,132,602	7,065,496,368
Corporation	555,976,332	346,366,518	608,017,501	932,591,148	1,006,250,613
Individual	4,544,676,175	4,765,235,522	5,143,769,886	6,047,528,269	5,843,883,534
LLET	206,705,391	292,789,644	274,831,881	254,013,185	215,362,221
Property	647,009,309	643,046,099	702,475,525	723,856,929	774,375,669
Bank Deposits	666,267	699,983	836,189	944,556	971,637
Building & Loan Association	1,701,042	1,609,784	51,057	0	0
Distilled Spirits	1,372,441	1,580,059	1,751,298	1,953,945	2,453,430
General - Real	293,725,321	304,018,815	317,378,436	325,304,165	338,783,090
General - Tangible	258,458,750	251,537,841	291,489,619	303,570,938	334,012,668
Omitted & Delinquent	20,097,838	12,184,648	17,994,932	17,426,031	17,215,367
Public Service	70,981,420	71,408,609	72,960,107	74,646,764	80,924,768
Other	6,230	6,360	13,887	10,530	14,709
Inheritance	44,434,124	46,322,174	62,068,793	81,264,890	71,809,112
Miscellaneous	22,396,511	19,094,980	13,818,732	13,163,199	14,561,319
Legal Process	13,135,526	11,554,463	10,161,708	9,879,393	9,173,850
T. V. A. In Lieu Payments	9,251,250	6,657,123	3,252,452	3,208,136	5,018,465
Other	9,735	883,395	404,571	75,670	369,004
Nontax Receipts	393,632,360	363,353,087	393,971,345	623,610,826	611,879,618
Departmental Fees	17,464,180	15,286,507	11,508,943	13,891,710	15,961,962
PSC Assessment Fee	19,665,109	14,921,519	16,663,260	15,819,870	11,910,522
Fines & Forfeitures	19,960,970	15,576,601	12,728,359	18,644,759	19,798,963
Interest on Investments	-10,553,105	-6,147,796	-344,153	585,342	150,510,534
Lottery	263,946,017	271,363,344	289,100,000	295,000,000	336,974,700
Sale of NOX Credits	0	0	0	0	0
Miscellaneous	83,149,189	52,352,911	64,314,936	279,669,144	76,722,937
Redeposit of State Funds	10,838,216	18,133,300	18,708,597	5,877,936	8,094,791

**General Fund Growth Rates
Major Revenue Sources
Fiscal Years 2014 – 2023
(%)**

	FY14	FY15	FY16	FY17	FY18
TOTAL GENERAL FUND	1.2%	5.3%	3.7%	1.3%	3.4%
Tax Receipts	1.5%	5.6%	3.6%	1.4%	3.6%
Sales and Gross Receipts	2.8%	3.7%	5.4%	0.6%	3.1%
Beer Consumption	0.6%	-2.5%	8.0%	-5.4%	-2.2%
Beer Wholesale	7.8%	-0.7%	6.2%	-2.7%	-0.7%
Cigarette	-4.4%	-3.1%	1.5%	-1.3%	-4.3%
Cigarette Floor Stock	-109.7%	-709.6%	-29.5%	-25.5%	-156.3%
Distilled Spirits Case Sales	---	---	2.8%	12.7%	1.4%
Distilled Spirits Consumption	0.0%	4.2%	2.8%	11.0%	0.4%
Distilled Spirits Wholesale	6.0%	7.8%	6.6%	13.3%	3.4%
Insurance Premium	1.6%	3.4%	-0.8%	2.0%	6.1%
Pari-Mutuel	---	22.5%	68.4%	36.3%	16.0%
Race Track Admission	16.1%	-27.4%	47.6%	-24.0%	12.3%
Sales and Use	3.6%	4.4%	6.0%	0.7%	3.5%
Wine Consumption	1.4%	0.6%	6.5%	-0.6%	2.6%
Wine Wholesale	3.8%	5.2%	1.6%	10.3%	-4.6%
Telecommunications Tax	-6.5%	-0.5%	1.7%	-11.0%	6.2%
Other Tobacco Products	-3.5%	2.0%	-0.2%	1.4%	-0.2%
Car Rental & Ride Sharing	---	---	---	---	---
License and Privilege	5.0%	-3.1%	9.0%	-3.1%	9.0%
Alc. Bev. License Suspension	-14.6%	31.0%	6.7%	-23.5%	52.0%
Corporation License	-376.2%	-76.8%	-28.0%	-94.5%	56.2%
Corporation Organization	-51.5%	293.0%	-26.7%	618.4%	-94.5%
Occupational Licenses	56.0%	-5.5%	43.0%	-20.6%	-5.5%
Race Track License	10.3%	-14.9%	30.9%	-14.7%	0.7%
Bank Franchise Tax	3.9%	-2.8%	9.1%	-3.6%	10.0%
Driver License Fees	-3.2%	7.7%	2.9%	2.6%	-1.5%
Natural Resources	-10.2%	-8.8%	-32.3%	-12.9%	-5.5%
Coal Severance	-14.3%	-8.7%	-33.1%	-16.7%	-10.8%
Oil Production	19.6%	-25.0%	-51.7%	7.8%	4.7%
Minerals Severance	-7.6%	23.0%	16.3%	-3.8%	7.4%
Natural Gas Severance	29.8%	-19.3%	-58.0%	17.3%	29.4%
Income	1.2%	9.0%	3.9%	2.5%	4.2%
Corporation	18.6%	11.2%	-0.3%	-5.5%	2.8%
Individual	0.7%	8.5%	5.2%	2.6%	4.8%
LLET	-19.0%	12.3%	-9.3%	21.0%	-3.0%
Property	0.7%	0.2%	2.5%	4.3%	3.2%
Bank Deposits	-1.2%	1.3%	7.4%	1.9%	4.9%
Building & Loan Association	-22.5%	-18.0%	47.9%	8.1%	-8.9%
Distilled Spirits	10.6%	4.3%	7.8%	6.2%	12.6%
General - Real	0.1%	0.4%	3.4%	2.2%	3.5%
General - Tangible	-13.4%	1.2%	5.0%	2.9%	4.0%
Omitted & Delinquent	-90.2%	-23.7%	-26.1%	33.1%	1.9%
Public Service	92.3%	13.5%	-4.5%	13.3%	-0.6%
Other	-91.7%	---	43.4%	4.9%	-11.8%
Inheritance	10.9%	11.2%	0.5%	-12.8%	7.9%
Miscellaneous	-16.2%	-18.3%	-1.2%	0.4%	-4.4%
Legal Process	-15.0%	-8.1%	-6.2%	-8.1%	-2.0%
T. V. A. In Lieu Payments	-17.8%	-30.7%	7.1%	12.2%	-6.8%
Other	7.5%	-30.2%	3.1%	143.4%	-45.9%
Nontax Receipts	-5.4%	-2.1%	5.5%	-2.6%	-0.3%
Departmental Fees	-14.1%	-10.0%	-0.7%	-0.4%	3.9%
PSC Assessment Fee ⁷	29.9%	21.4%	-31.0%	-4.1%	17.7%
Fines & Forfeitures	-12.4%	-8.0%	-6.9%	-7.2%	-9.4%
Interest on Investments	---	---	---	-492.6%	---
Lottery	2.0%	0.9%	9.2%	-0.1%	4.7%
Sale of NOx Credits	104.8%	-73.5%	-100.0%	#DIV/0!	---
Miscellaneous	-28.4%	-17.6%	14.5%	-11.6%	-18.6%
Redeposit of State Funds	-40.0%	-0.9%	-36.3%	63.4%	-39.5%

	FY19	FY20	FY21	FY22	FY23
TOTAL GENERAL FUND	5.1%	1.5%	10.9%	14.6%	3.0%
Tax Receipts	4.7%	1.8%	11.0%	13.4%	3.2%
Sales and Gross Receipts	12.0%	3.0%	11.3%	9.3%	9.2%
Beer Consumption	-3.0%	4.5%	0.9%	1.2%	-3.4%
Beer Wholesale	-4.9%	9.7%	2.7%	4.4%	5.0%
Cigarette	66.9%	0.4%	-1.4%	-7.3%	-7.8%
Cigarette Floor Stock	---	---	-86.4%	-448.3%	-111.0%
Distilled Spirits Case Sales	5.2%	10.3%	11.8%	12.8%	3.1%
Distilled Spirits Consumption	3.3%	7.9%	10.0%	5.7%	1.6%
Distilled Spirits Wholesale	8.2%	9.3%	16.7%	12.5%	4.6%
Insurance Premium	5.3%	2.0%	4.6%	-5.2%	17.1%
Pari-Mutuel	84.7%	8.2%	98.0%	52.8%	17.9%
Race Track Admission	9.5%	-33.0%	-85.0%	530.4%	-53.0%
Sales and Use	9.2%	3.4%	12.0%	11.0%	10.1%
Wine Consumption	-0.7%	3.7%	6.1%	-3.6%	-5.3%
Wine Wholesale	0.9%	1.3%	11.8%	3.1%	-0.9%
Telecommunications Tax	-8.8%	22.1%	8.6%	3.4%	-1.0%
Other Tobacco Products	2.9%	-0.2%	86.0%	7.8%	-5.4%
Car Rental & Ride Sharing	---	---	---	---	---
License and Privilege	3.6%	2.9%	-5.8%	-97.9%	-58.1%
Alc. Bev. License Suspension	-42.8%	-17.5%	-14.7%	34.5%	98.3%
Corporation License	442.8%	32.9%	136.0%	-25.5%	-95.0%
Corporation Organization	477.0%	-79.0%	-45.8%	59.0%	464.8%
Occupational Licenses	-10.7%	-10.6%	57.1%	-9.4%	17.5%
Race Track License	-3.5%	-9.7%	0.0%	-8.5%	-10.2%
Bank Franchise Tax	3.6%	2.7%	-5.8%	-99.5%	-299.4%
Driver License Fees	-0.5%	87.0%	-25.1%	-10.4%	-0.8%
Natural Resources	3.9%	-31.6%	-3.3%	29.1%	34.9%
Coal Severance	3.6%	-36.7%	-4.7%	26.0%	36.7%
Oil Production	10.3%	-22.3%	-8.5%	79.7%	0.2%
Minerals Severance	4.1%	2.6%	6.1%	3.7%	23.2%
Natural Gas Severance	2.3%	-55.2%	-20.6%	165.2%	75.5%
Income	-0.9%	1.8%	11.5%	20.0%	-2.3%
Corporation	8.7%	-37.7%	75.5%	53.4%	7.9%
Individual	-1.3%	4.9%	7.9%	17.6%	-3.4%
LLET	-13.2%	41.6%	-6.1%	-7.6%	-15.2%
Property	4.1%	-0.6%	9.2%	3.0%	7.0%
Bank Deposits	-1.5%	5.1%	19.5%	13.0%	2.9%
Building & Loan Association	-21.2%	-5.4%	-96.8%	-100.0%	---
Distilled Spirits	19.4%	15.1%	10.8%	11.6%	25.6%
General - Real	3.6%	3.5%	4.4%	2.5%	4.1%
General - Tangible	1.6%	-2.7%	15.9%	4.1%	10.0%
Omitted & Delinquent	23.5%	-39.4%	47.7%	-3.2%	-1.2%
Public Service	12.1%	0.6%	2.2%	2.3%	8.4%
Other	-12.7%	2.1%	118.3%	-24.2%	39.7%
Inheritance	-7.9%	4.2%	34.0%	30.9%	-11.6%
Miscellaneous	-5.3%	-14.7%	-27.6%	-4.7%	10.6%
Legal Process	0.8%	-12.0%	-12.1%	-2.8%	-7.1%
T. V. A. In Lieu Payments	-12.5%	-28.0%	-51.1%	-1.4%	56.4%
Other	-80.5%	8974.4%	-54.2%	-81.3%	387.7%
Nontax Receipts	17.6%	-7.7%	8.4%	58.3%	-1.9%
Departmental Fees	-22.9%	-12.5%	-24.7%	20.7%	14.9%
PSC Assessment Fee	21.3%	-24.1%	11.7%	-5.1%	-24.7%
Fines & Forfeitures	12.0%	-22.0%	-18.3%	46.5%	6.2%
Interest on Investments	---	---	---	---	---
Lottery	4.3%	2.8%	6.5%	2.0%	14.2%
Sale of NOx Credits	---	---	---	---	---
Miscellaneous	154.9%	-37.0%	22.8%	334.8%	-72.6%
Redeposit of State Funds	91.6%	67.3%	3.2%	-68.6%	37.7%

APPENDIX C

Summary Statistics for Road Fund Major Revenue Sources Fiscal Years 2014 – 2023 (\$)

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

	FY19	FY20	FY21	FY22	FY23
TOTAL STATE ROAD FUND	1,566,079,860	1,491,513,188	1,642,340,305	1,675,354,852	1,753,323,281
Tax Receipts-	1,527,527,150	1,459,053,657	1,614,526,694	1,657,098,864	1,717,417,646
Sales and Gross Receipts	1,287,770,861	1,240,878,729	1,369,253,236	1,403,734,092	1,458,609,862
Motor Fuels Taxes	773,248,338	741,601,128	748,377,115	774,647,395	798,263,863
Motor Vehicle Usage	514,522,523	499,277,601	620,876,121	629,086,696	660,345,999
License and Privilege	239,756,289	218,174,928	245,273,458	253,364,772	258,807,784
Motor Vehicles	120,900,980	108,626,329	125,481,645	123,656,728	126,713,604
Motor Vehicle Operators	16,631,111	12,930,555	22,080,766	28,504,651	29,736,792
Weight Distance	86,721,474	83,374,856	83,185,252	87,201,685	87,722,299
Truck Decal Fees	313,011	120,460	145,500	183,160	240,000
Other Special Fees	18,189,713	13,122,728	14,380,295	13,818,548	14,395,089
Nontax Receipts	36,942,367	32,083,175	26,934,560	17,566,474	35,523,095
Departmental Fees	20,633,454	20,315,948	21,907,240	24,699,775	24,785,707
In Lieu of Traffic Fines	410,389	282,892	210,555	227,990	443,040
Investment Income	11,923,927	6,688,478	-118,008	-11,019,731	6,308,931
Miscellaneous	3,974,598	4,795,857	4,934,773	3,658,440	3,985,418
Redeposit of State Funds	1,610,343	376,356	879,051	689,514	382,540

**Road Fund Growth Rates
Major Revenue Sources
Fiscal Years 2014 – 2023
(%)**

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

	FY19	FY20	FY21	FY22	FY23
TOTAL STATE ROAD FUND	3.6%	-4.8%	10.1%	2.0%	4.7%
Tax Receipts-	3.0%	-4.5%	10.7%	2.6%	3.6%
Sales and Gross Receipts	2.4%	-3.6%	10.3%	2.5%	3.9%
Motor Fuels Taxes	1.1%	-4.1%	0.9%	3.5%	3.0%
Motor Vehicle Usage	4.3%	-3.0%	24.4%	1.3%	5.0%
License and Privilege	6.5%	-9.0%	12.4%	3.3%	2.1%
Motor Vehicles	7.1%	-10.2%	15.5%	-1.5%	2.5%
Motor Vehicle Operators	-1.0%	-22.3%	70.8%	29.1%	4.3%
Weight Distance	6.1%	-3.9%	-0.2%	4.8%	0.6%
Truck Decal Fees	8.3%	-61.5%	20.8%	25.9%	31.0%
Other Special Fees	34.7%	-27.9%	9.6%	-3.9%	4.2%
Nontax Receipts	37.3%	-13.2%	-16.0%	-34.8%	102.2%
Departmental Fees	-1.5%	-1.5%	7.8%	12.7%	0.3%
In Lieu of Traffic Fines	16.1%	-31.1%	-25.6%	8.3%	94.3%
Investment Income	320.2%	-43.9%	-101.8%	---	---
Miscellaneous	43.9%	20.7%	2.9%	-25.9%	8.9%
Redeposit of State Funds	83.9%	-76.6%	133.6%	-21.6%	-44.5%

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 labor force 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 labor force 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

Tables 3, 4, and 5

Data for FY24 Q1, Q2, and Q3 are June 2023 estimates.

Source: IHS Markit – Economics & Country Risk, June 8, 2023 data release.

Table 16

Real series are annual rate, billions of chained 2000 dollars.

Components do not sum to real GDP because they are annualized independently.

Data for FY23 Q4 are June 2023 estimates.

Source: IHS Markit - Economics & Country Risk, June 7, 2023 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.

Tables 17, 18, 19, and 20

Data for FY23 Q4 are June 2023 estimates.

Source: IHS Markit - Economics & Country Risk, June 7, 2023 data release.