

# Financial Outlook Report

Interim Joint Committee on Appropriations and Revenue

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**August 04, 2021**

**John Hicks, State Budget Director**

# Overview

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Fiscal Year 2021 Revenue Story

Fiscal Year 2021 General Fund Year-End

Fiscal Year 2021 Road Fund Year-End

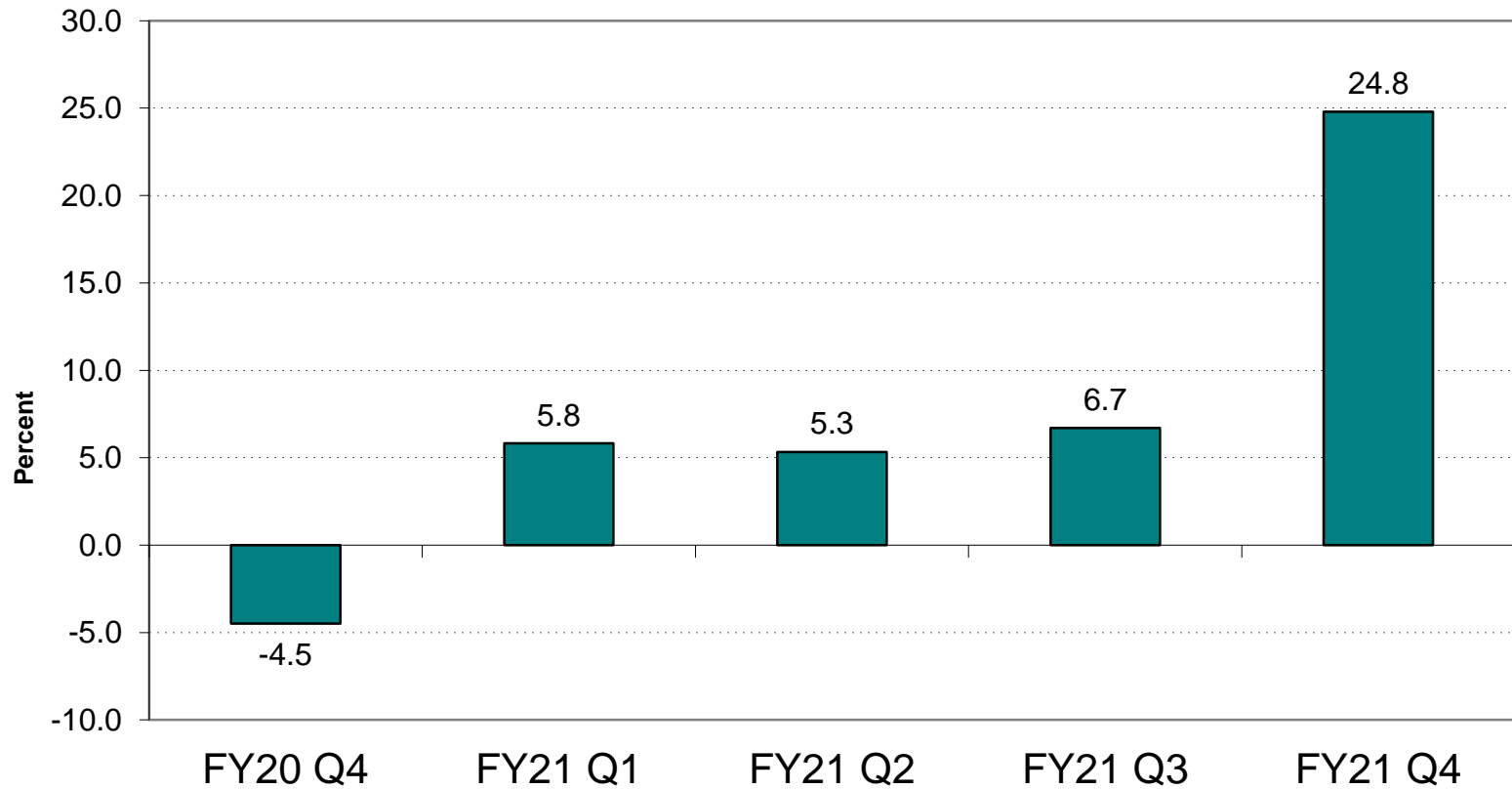
# FY2021 General Fund Revenues

(FY21 revenue totals, \$ million)

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	FY21 Actual Receipts	FY21 Enacted Estimate	Difference from Enacted	Percent Change vs. FY20
Sales and Use	\$4,561.00	\$4232.8	\$328.2	12.0
Individual Income	5,143.80	4,813.00	330.8	7.9
Corp Inc & LLET	882.8	547.5	335.3	38.1
Coal Severance	56.1	52.4	3.7	-4.7
Cigarette Taxes	349.9	345.2	4.7	-1.4
Property	702.5	663.7	38.8	9.2
Lottery	289.1	286.1	3.0	6.5
Other	<u>842.2</u>	<u>763.3</u>	<u>78.9</u>	<u>10.4</u>
<b>TOTAL</b>	<b>\$12,827.4</b>	<b>\$11,704.0</b>	<b>\$1,123.4</b>	<b>10.9%</b>

# Quarterly General Fund Revenue Growth



# FY2021 General Fund Milestones

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## ➤ Sales Tax

- 12% was highest growth rate since FY 1991 (Tax rate increased from 5% to 6%)
- Online sales tax expanded to over \$270 million

## ➤ Business Taxes (Corporate Income + LLET)

- Highest business tax growth since FY 2006
- Abrupt change from last 4 years when growth averaged 0.4%

## ➤ Property Taxes grew 9.2%

- Real property collection growth of 4.4% highest in 14 years. Assessments grew 6.5%.
- Tangible property receipts grew 15.9%, led by Motor Vehicles at 23.2%

# FY2021 General Fund Highlights

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## ➤ Income Tax

- Withholding grew by 5.9% - highest growth since FY 2015
- Estimated payments grew by 16.7%

## ➤ Business Taxes (Corporate Income + LLET)

- Corporate profits rose 14.3% over first 3 quarters of FY 2021

## ➤ Sales Tax

- Like Kentucky's 12% increase, many states experienced double-digit growth

## ➤ Lottery

- Brought in \$347 million, \$75.6 million more than last year
- \$58 million of the excess is “parked” awaiting the next budget

# \$1.17 Billion - FY2021 General Fund Surplus

<b>\$1.17 Billion - FY 2021 General Fund Surplus</b>	
Revenues above Enacted Estimate	\$1,123.4
Spending Lapses	41.2
Other	8.1
<b>General Fund Surplus</b>	<b>\$1,172.7</b>
<b>\$1.17 Billion - FY 2021 General Fund Surplus Disposition</b>	
Reserve for FY 22 Necessary Government Expenses	\$10.0
Deposit to Budget Reserve Trust Fund	1,162.7
<b>General Fund Surplus</b>	<b>\$1,172.7</b>

# FY2021 Budget Reserve Trust Fund (Rainy Day Fund)

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- FY 2021 General Fund Surplus deposit of \$1.17 billion
- Largest deposit from a Surplus ever (FY20's \$162 million second best)
- Brings balance to \$1.92 billion
- Equates to 16% of FY 22 General Fund appropriations
- Entering Great Recession, the balance was 2.3% of General Fund



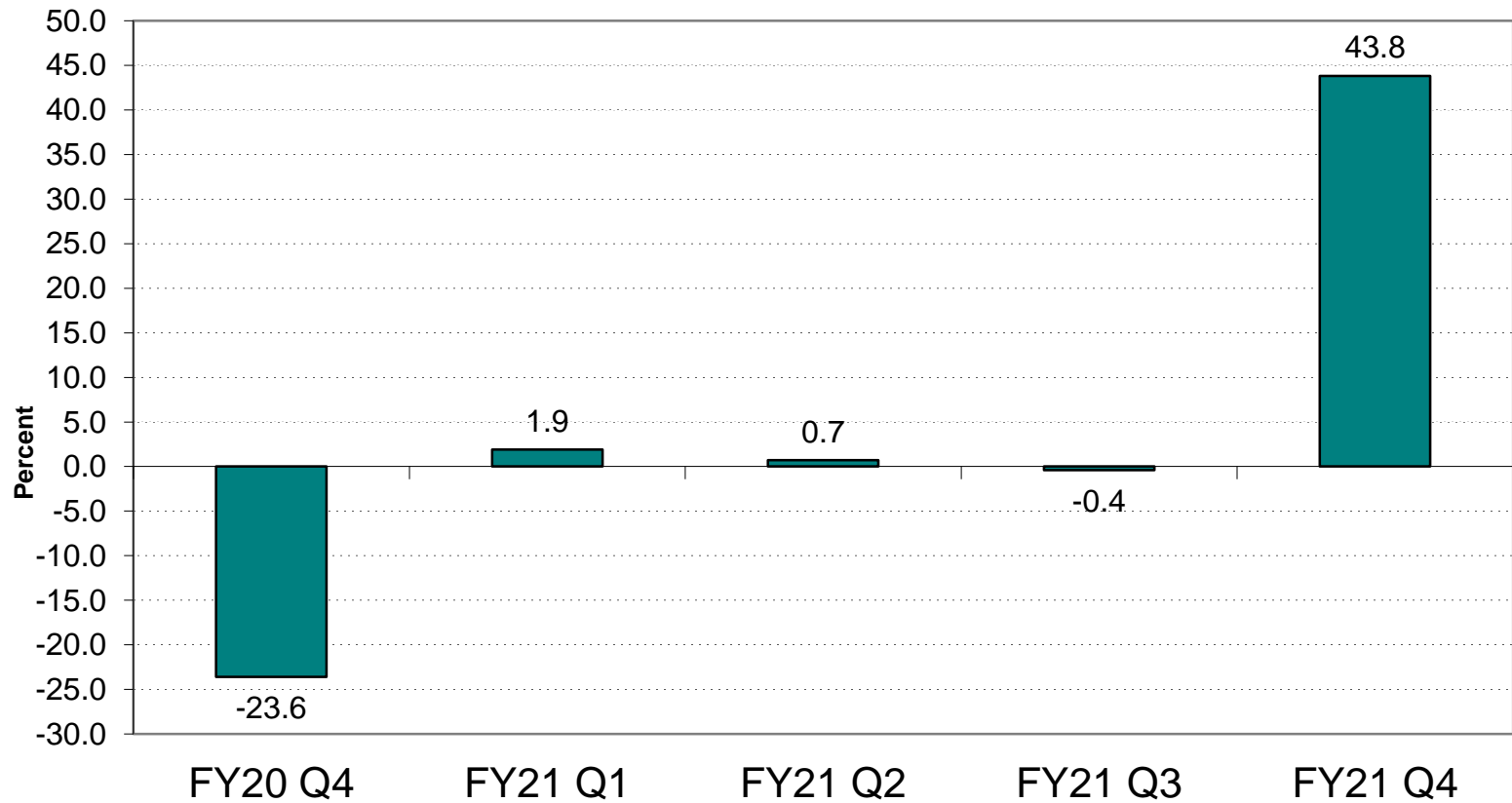
# FY2021 Road Fund Revenues

(FY21 revenue totals, \$ million)

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	FY21 Actual Receipts	FY21 Enacted Estimate	Difference from Enacted	Percent Change vs. FY20
Motor Fuels	\$748.4	\$756.2	-\$7.8	0.9
Motor Vehicle Usage	620.9	568.6	52.3	24.4
Motor Vehicle License	125.5	117.2	8.3	15.5
Motor Vehicle Operators	22.1	17.2	4.9	70.8
Weight Distance	83.2	79.7	3.5	-0.2
Investment Income	-0.1	0.2	-0.3	-101.9
Other	<u>42.5</u>	<u>38.6</u>	<u>3.9</u>	<u>8.9</u>
<b>TOTAL</b>	<b>\$1,642.3</b>	<b>\$1,577.7</b>	<b>\$64.6</b>	<b>10.1%</b>

# Quarterly Road Fund Revenue Growth



# FY2021 Road Fund Milestones

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- Total Road Fund Collections grew 10.1%
  - Highest growth rate since FY 2011 when motor fuels tax rate was increasing
  - \$1,642.3 million was the highest fiscal year collections in Road Fund history
- Motor Vehicle Usage Tax
  - Broke the \$600 million mark for the first time
  - Highest annual amount by more than \$100 million

# \$97.3 Million - FY2021 Road Fund Surplus

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<b>\$97.3 Million - FY 2021 Road Fund Surplus</b>	
Revenues above Enacted Estimate	\$64.6
Spending Lapses	29.7
Other	3.0
<b>Road Fund Surplus</b>	<b>\$97.3</b>
<b>\$97.3 Million - FY 2021 Road Fund Surplus Disposition</b>	
Highways-State Construction Account	\$97.3

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# Questions