July 28, 2023

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

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

This is a report to communicate to the Committee the results of closing the books on fiscal year 2022-23 for the General Fund and the Road Fund.

The General Fund surplus is $1,552,921,410. Of that amount, $1,452,921,410 will be deposited into the Budget Reserve Trust Fund, bringing its balance up to $3,713,518,566, which equates to 24.6 percent of the FY 2023-24 official revenue estimate. This is the largest ever revenue surplus, budget surplus, and deposit to the Budget Reserve Trust Fund. This is the third consecutive year that the General Fund surplus has exceeded $1 billion. Based on estimates released by the National Association of State Budget Officers last month, Kentucky ranks 6th of the 50 states in the balance of the Budget Reserve Trust Fund balance as a percentage of General Fund spending. Four of the highest five ranked states are oil states.

The reserve for necessary government expenses from the General Fund surplus is $100 million, which was based primarily on estimates from the Division of Emergency Management with most related to the ongoing expenses from the Eastern Kentucky flooding disaster.

The General Fund surplus is comprised of a revenue surplus of $1.4 billion, $117 million in spending less than budgeted, $32.6 million in unbudgeted fund transfers, most of which were reimbursements from FEMA, and $5.7 million from an unbudgeted ending balance.

The Road Fund Surplus is $55,504,572, all of which is appropriated to the State Construction Account within the Highways appropriation unit to support the 2022-2024 Biennial Highway Construction Program. The Road Fund surplus is primarily comprised of a revenue surplus of $32.3 million and the rest on the spending side of the ledger.

In addition to this information, I am attaching the press release from the June 2023 revenue receipts.

If you have any questions, please let me know.

Sincerely,

John T. Hicks
State Budget Director

Attachment