

# FIRST QUARTER RECEIPTS

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Office of State Budget Director

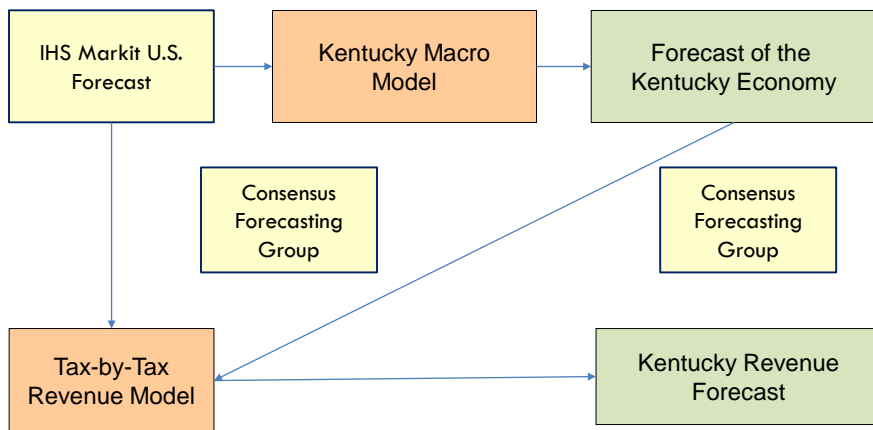
## Purpose of the Meeting

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- KRS 48.120 (2)
  - “By October 15 of each odd-numbered year, the Office of State Budget Director shall provide to each branch of government preliminary revenue estimates made by the consensus forecast group for the general fund and road fund for the current and next two (2) fiscal years, including explanatory statements, and a comparative record of the actual revenues of these funds for each of the last two (2) years concluded.”
- Second in a series of three estimates done in preparation for the FY 2020-2022 biennial budget
- Today’s estimates are not official revisions
- Many of the presentation materials were prepared in juxtaposition to August planning estimates

## Estimation Process

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## Summary of 1<sup>st</sup> Quarter Receipts

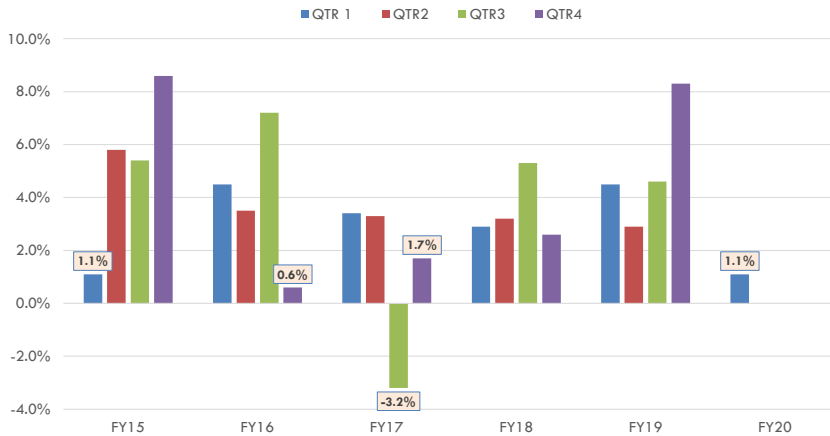
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- **General Fund**
  - ▣ July: +1.9% (\$845.7 million)
  - ▣ August: +3.6% (\$787.2 million)
  - ▣ September: -1.2% (\$1,064.5 million)
  - ▣ 1<sup>st</sup> Quarter: +1.1% (Lowest since 2017Q3)
- **Road Fund**
  - ▣ July: 0.4% (\$128.2 million)
  - ▣ August: -0.7% (\$142.3 million)
  - ▣ September: 3.8% (\$131.1 million)
  - ▣ 1<sup>st</sup> Quarter: +1.1%

# General Fund Quarterly Growth

(Percent Growth)

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# General Fund Major Taxes

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- Individual Income Tax: +1.6%
  - ▣ Withholding: +2.1%
  - ▣ Estimated Payments: +1.5%
  - ▣ Net Returns: (\$5,413,477) or -67.7%
- Sales tax: +7.8%
- Corporate and LLET: -10.5%
- Coal Severance: -11.9%
- Cigarette Taxes: +0.1%
- Property Taxes: -9.8%

## General Fund Trends and Comments

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- **Individual Income Tax:**
  - ▣ Withholding should now be on a comparable basis with FY19 (both on the lower rate of withholding).
- **Corporate Income and LLET:**
  - ▣ Refunds will continue to run more negative
  - ▣ The Department of Revenue has potential refunds, primarily related to a 2015 KY Court of Appeals decision, totaling around \$30 million that are contingent upon resolution of cases currently under protest. There is a high probability that those refunds will be paid out within the current fiscal year (FYE June 30, 2020).
- **Sales and Gross Receipts Taxes**
  - ▣ Marketplace Providers creating a surge in Sales Tax receipts
  - ▣ Timing issues impede the ability to estimate full-year activity on the basis of one quarter of data (e.g., insurance premiums tax).

## Road Fund Major Taxes

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- **Motor Fuels Taxes: +0.8%**
- **Motor Vehicle Usage: +5.9%**
- **Motor Vehicle Licenses: -13.2%**
- **Weight Distance: +1.3%**