

KENTUCKY ROAD FUND

(CONSENSUS FORECASTING GROUP)

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AUGUST 13, 2021

Office of State Budget Director

Overview

- Actual versus estimated Road Fund revenues
 - ▣ FY21

- FY21 compared to previous years
 - ▣ Motor Fuels
 - ▣ Motor Vehicle Usage

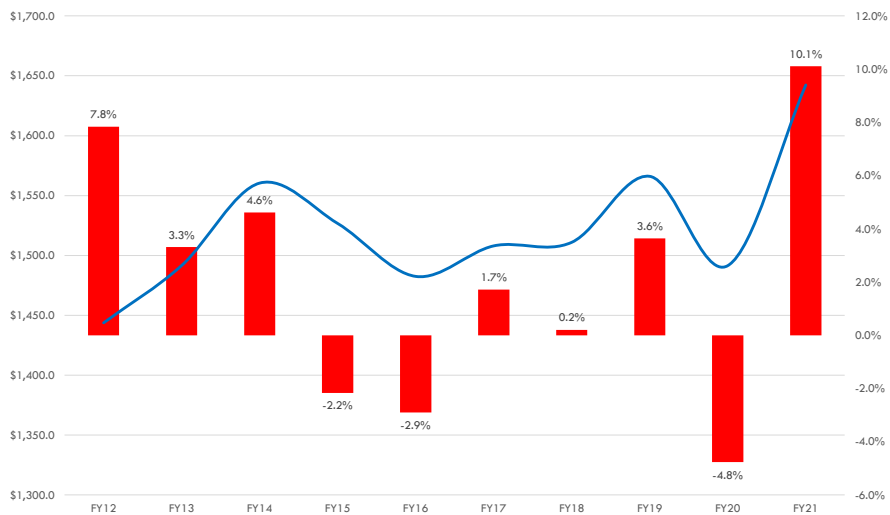
- Five-Year forecasts
 - ▣ Control, Optimistic and Pessimistic scenarios

Road Fund– Actual v. Estimate, FY21

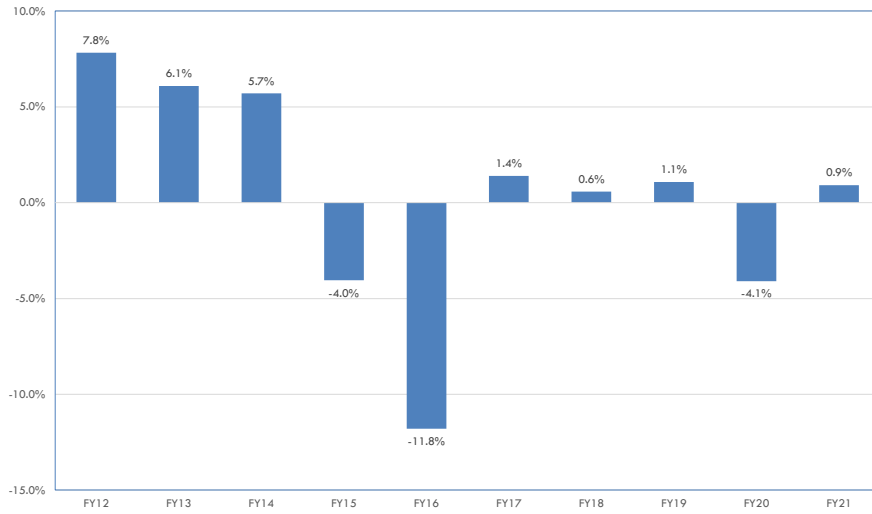
(\$ millions)

	Actual	Estimate	Diff (\$)	Diff (%)
Motor Fuels	748.4	756.2	(7.8)	-1.0
Motor Vehicle Usage	620.9	568.6	52.3	9.2
Motor Vehicle License	125.5	117.2	8.3	7.1
Motor Vehicle Operators	22.1	17.2	4.9	28.4
Weight Distance	83.2	79.7	3.5	4.4
Investment Income	(0.1)	0.2	(0.3)	NA
Other	42.5	38.6	3.9	10.0
Total	1,642.3	1,577.7	64.6	4.1

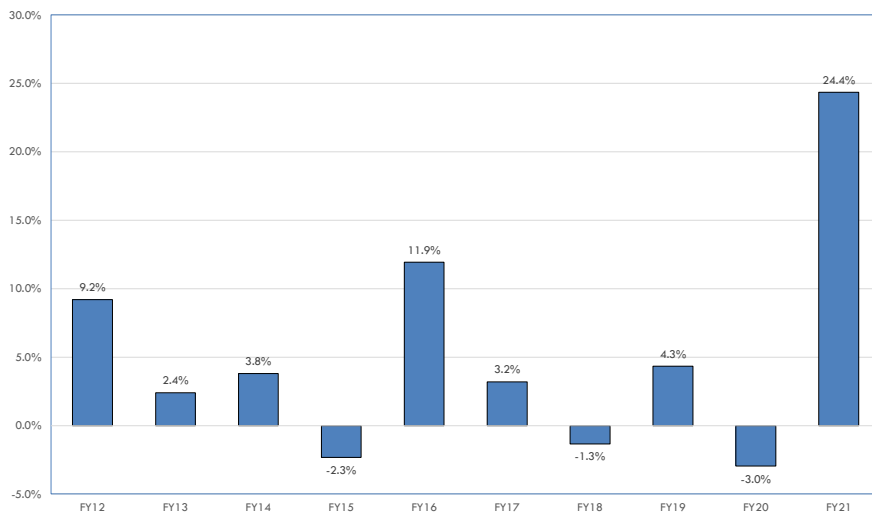
Road Fund Revenue Compared to Previous Years



Motor Fuels Revenue, FY12-FY21 (Percent Change)



MVU Revenue, FY12-FY21 (Percent Change)



Road Fund Forecast, Control Scenario

FY22 – FY26

	FY22		FY23		FY24		FY25		FY26	
	\$M	%Chg	\$M	%Chg	\$M	%Chg	\$M	%Chg	\$M	%Chg
Motor Fuels	782.9	4.6	812.5	3.8	835.3	2.8	847.2	1.4	861.3	1.7
MV Usage	636.5	2.5	612.6	-3.8	580.7	-5.2	591.3	1.8	602.2	1.8
MV License	116.3	-7.3	121.5	4.5	119.9	-1.3	124.1	3.5	120.4	-3.0
MV Operators	20.4	-7.6	22.2	8.8	24.3	9.5	25.0	2.9	26.7	6.8
Weight Distance	89.1	7.1	91.0	2.1	92.1	1.2	93.2	1.2	94.4	1.3
Investment	0.2	NA	0.4	100.0	0.5	25.0	0.6	20.0	1.0	66.7
Other	<u>40.4</u>	<u>-4.8</u>	<u>40.9</u>	<u>1.2</u>	<u>41.4</u>	<u>1.2</u>	<u>41.9</u>	<u>1.2</u>	<u>42.5</u>	<u>1.4</u>
Total Road Fund	1,685.8	2.6	1,701.1	0.9	1,694.2	-0.4	1,723.3	1.7	1,748.5	1.5

Motor Fuels Tax Structure

- Three components of the tax:
 - Two Fixed:
 - Supplemental User Tax @ 5 cents/gallon for gasoline
 - 2 cents/gallon for special fuels (diesel and LP)
 - UST @ 1.4 cents/gallon
 - One Variable:
 - 9% of the average wholesale price (AWP)

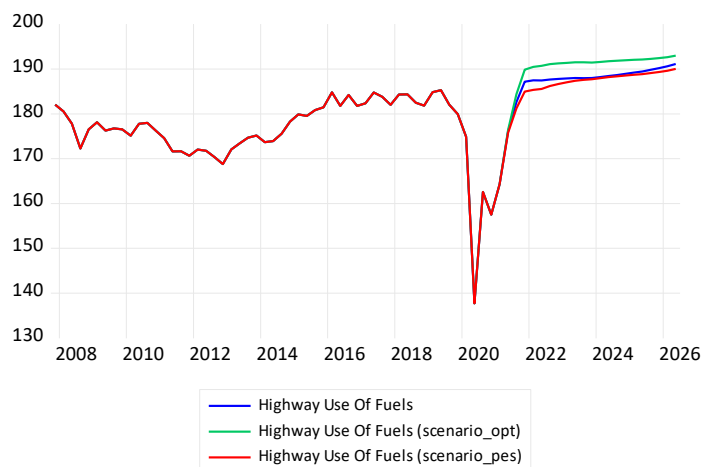
AWP and Model

- DOR calculates AWP quarterly
- Variable portion of the tax rate is 9 percent of the average AWP in the prior FY
 - ▣ The statutory floor is \$2.177 per gallon, or 19.6 cents per gallon
- Once set, tax rate in effect for the entire year
- Limited to a 10% annual increase or decrease

- Motor fuels = f(US Gasoline consumption)

US Motor Fuels Consumption

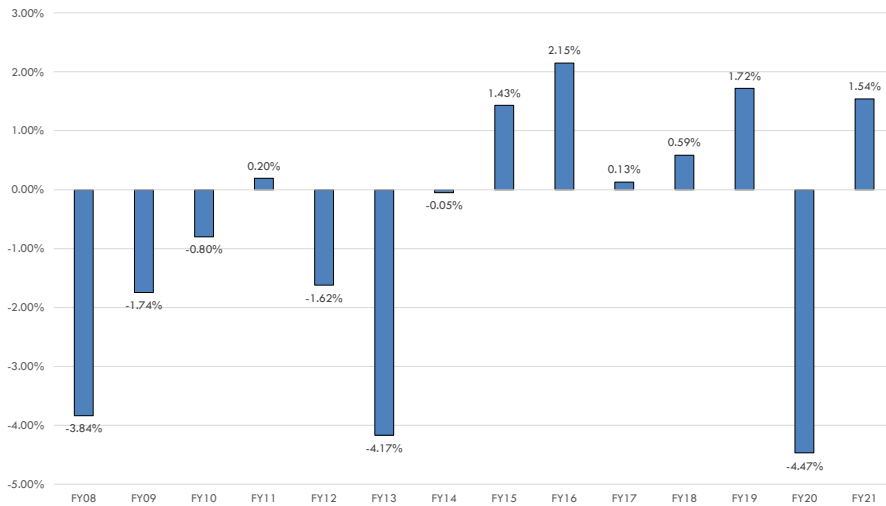
(Billions of Gallons, Global Insight)



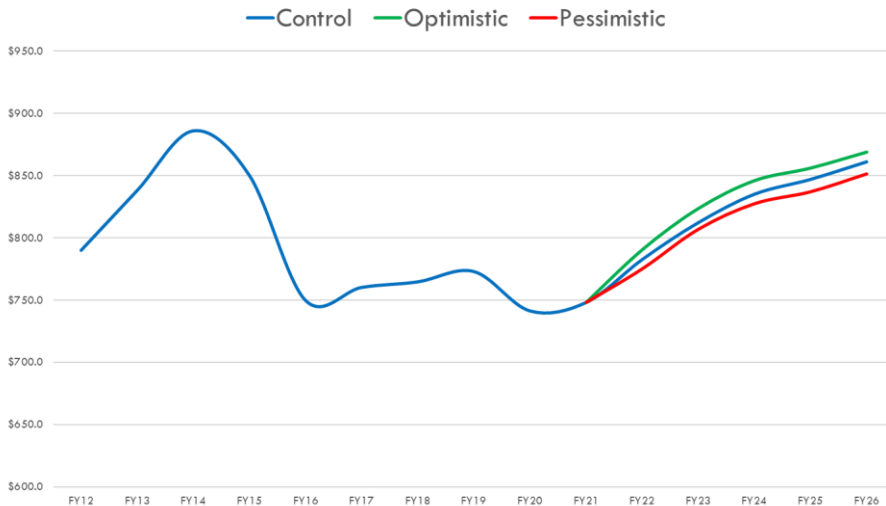
Motor Fuels Tax Forecast

	Million \$			Growth Rate (%)		
	C	O	P	C	O	P
FY22	782.9	790.7	775.4	4.6	5.7	3.6
FY23	812.5	823.8	807.2	3.8	4.2	4.1
FY24	835.3	846.1	827.7	2.8	2.7	2.5
FY25	847.2	856.2	837.3	1.4	1.2	1.2
FY26	861.3	869.0	851.6	1.7	1.5	1.7

Kentucky Taxable Gallons – Motor Fuels (Percent Change)

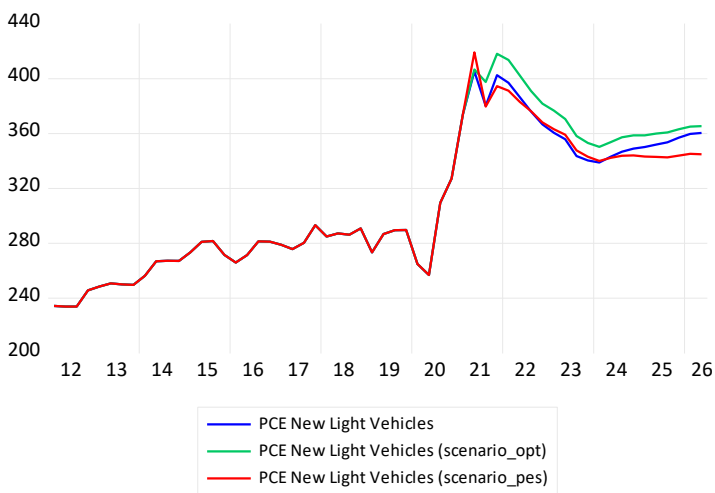


Motor Fuels Forecast



Consumer Spending on Light Vehicles

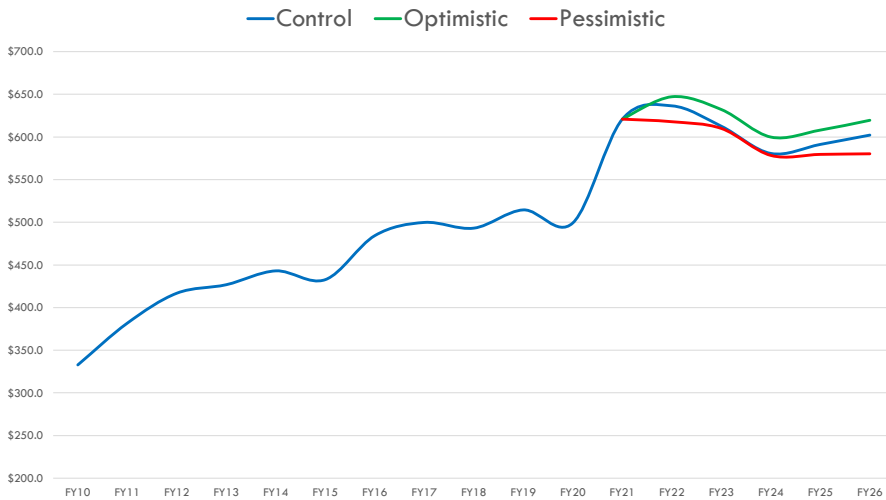
(Billions of Dollars, Global Insight)



Motor Vehicle Usage Tax Forecast

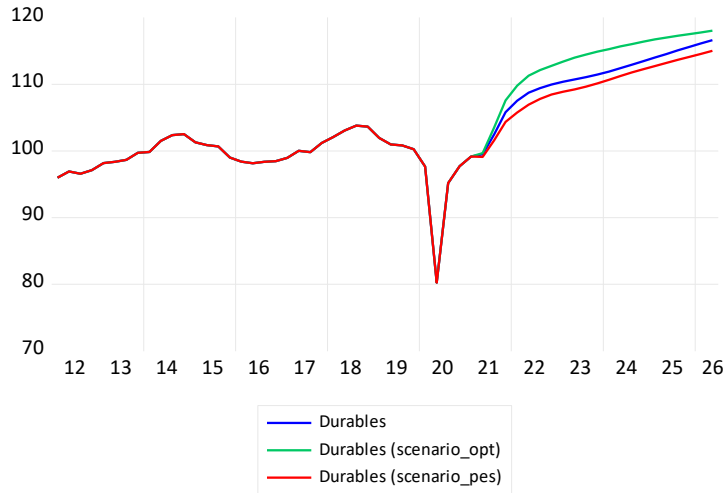
	Million \$			Growth Rate (%)		
	C	O	P	C	O	P
FY22	636.5	647.2	617.9	2.5	4.2	-0.5
FY23	612.6	632.2	610.0	-3.8	-2.3	-1.3
FY24	580.7	599.9	578.4	-5.2	-5.1	-5.2
FY25	591.3	608.1	579.6	1.8	1.4	0.2
FY26	602.2	619.6	580.3	1.8	1.9	0.1

Motor Vehicle Usage Forecast



Industrial Production Index, Durables

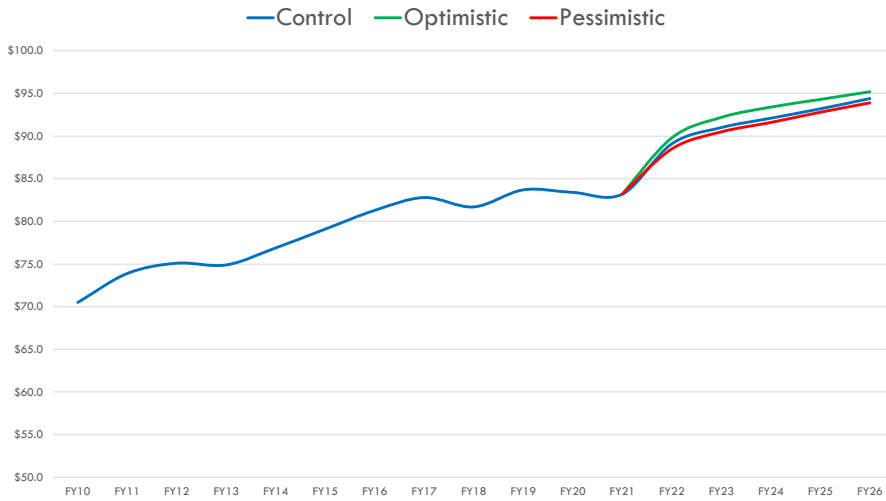
2012 = 100, Global Insight



Weight Distance Tax Forecast

	Million \$			Growth Rate (%)		
	C	O	P	C	O	P
FY22	89.1	89.8	88.5	7.1	8.0	6.4
FY23	91.0	92.2	90.5	2.1	2.7	2.3
FY24	92.1	93.4	91.6	1.2	1.3	1.2
FY25	93.2	94.3	92.8	1.2	1.0	1.3
FY26	94.4	95.2	93.9	1.3	1.0	1.2

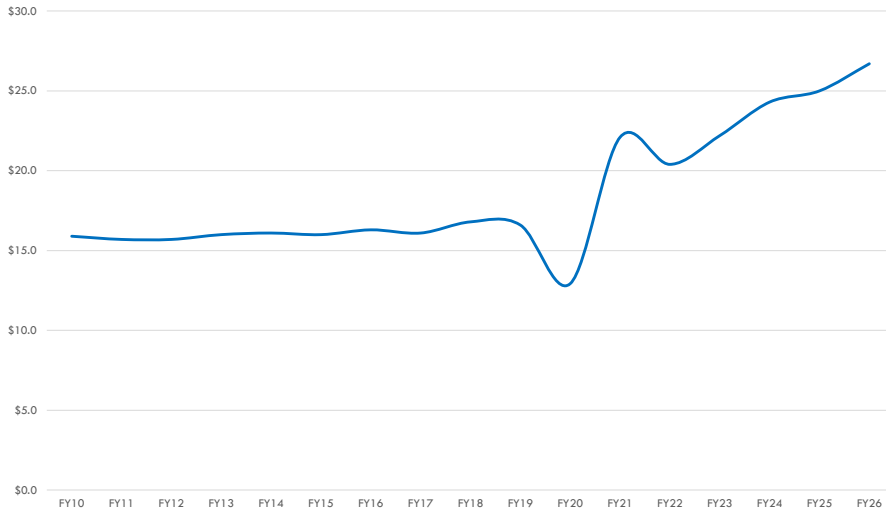
Weight Distance Forecast



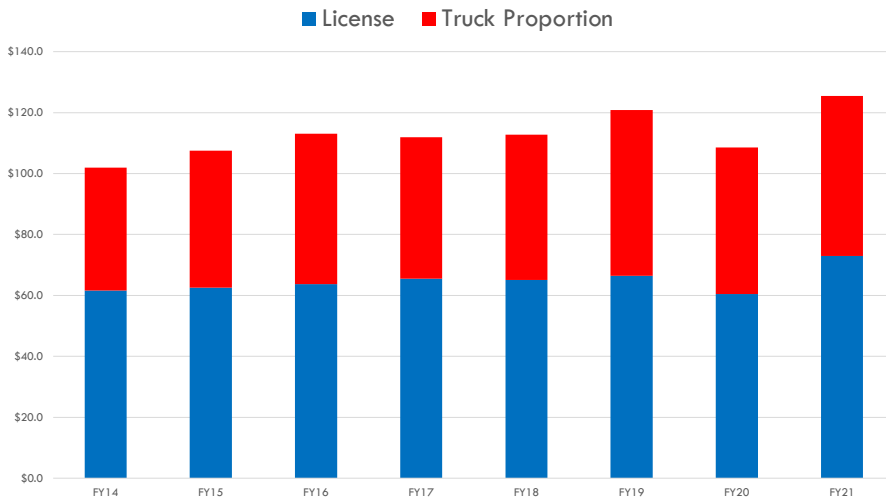
Motor Vehicle Operators Forecast

	Millions \$	Growth Rate(%)
FY22	20.4	-7.6
FY23	22.2	8.8
FY24	24.3	9.5
FY25	25.0	2.9
FY26	26.7	6.8

Motor Vehicle Operators Forecast

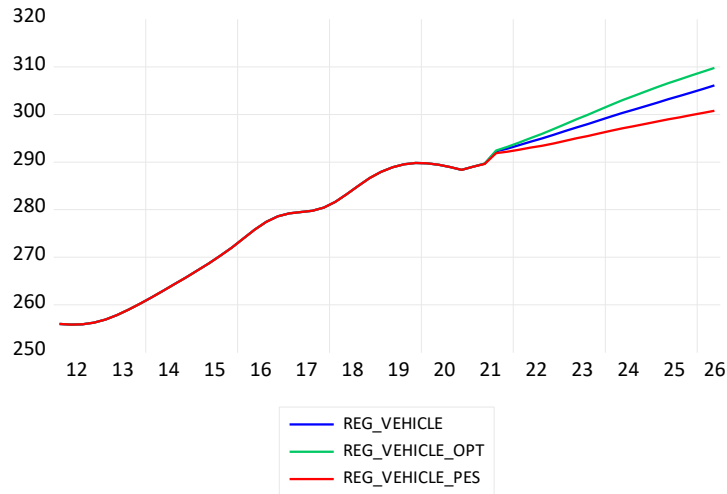


Motor Vehicle License Breakdown



Registered Cars and Light Trucks

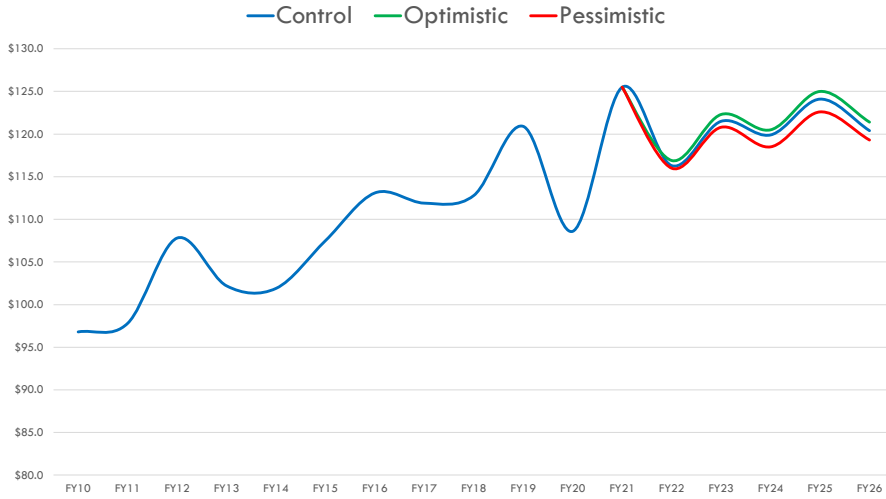
Millions of Units, Global Insight



Motor Vehicle License Forecast

	Million \$			Growth Rate (%)		
	C	O	P	C	O	P
FY22	116.3	116.9	116.0	-7.3	-6.8	-7.6
FY23	121.5	122.3	120.8	4.5	4.6	4.1
FY24	119.9	120.5	118.5	-1.3	-1.5	-1.9
FY25	124.1	125.0	122.6	3.5	3.7	3.5
FY26	120.4	121.4	119.3	-3.0	-2.9	-2.7

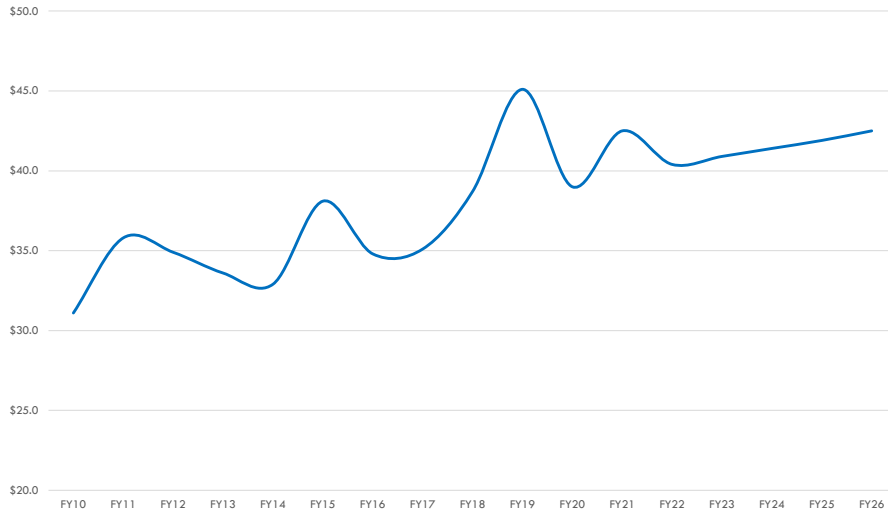
Motor Vehicle License Forecast



Other Forecast

	Millions \$	Growth Rate(%)
FY22	40.4	-4.8
FY23	40.9	1.2
FY24	41.4	1.2
FY25	41.9	1.2
FY26	42.5	1.4

Other Forecast



Road Fund Forecasts, All Scenarios FY22 – FY26

	Million \$			Growth Rate (%)		
	C	O	P	C	O	P
FY22	1,685.8	1,715.6	1,658.8	2.6	4.5	1.0
FY23	1,701.1	1,734.0	1,692.0	0.9	1.1	2.0
FY24	1,694.2	1,726.1	1,682.4	-0.4	-0.5	-0.6
FY25	1,723.3	1,751.1	1,699.8	1.7	1.4	1.0
FY26	1,748.5	1,775.4	1,715.3	1.5	1.4	0.9

Total Road Fund Forecast, All Scenarios

Millions \$

