

CFG OFFICIAL ESTIMATES

(INTRODUCTORY REMARKS AND RECEIPTS UPDATES)

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Assessment of Current Situation

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- Continuation of the process of revising FY22 and projecting the FY23/FY24 biennium
 - “Official Estimates” are due by the fifteenth legislative day pursuant to KRS 48.120 (3)
 - Today will be an official revision to the estimates for FY22
 - Today will also mark the first official estimate for FY23 and FY24
- What has changed since October
 - October and November receipts have been posted
 - Updated economic outlook from IHS Markit
 - In August we used the July economic outlook
 - In October we used the September economic outlook
 - Today we will be using the November economic outlook

GF and RF Receipts through November

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- General Fund growth in October and November has been quite strong
 - ▣ October posted growth of 10.6 percent
 - Sales tax 16.3%
 - Individual Income tax 12.3%
 - Major Business taxes 17.5%
 - ▣ November followed with a monthly growth rate of 16.2 percent
 - Sales tax 14.1%
 - Individual Income tax 13.5%
 - Major Business taxes 31.8%
 - ▣ GF growth through the first five months has been 17.3 percent
- Road Fund grew by 0.1 percent in October and 4.8 percent in November
 - ▣ Year-to-Date Road Fund growth stands at 3.1 percent
 - ▣ Year-to-Date motor fuels tax growth is 3.5 percent
 - ▣ Year-to-Date motor vehicle usage growth is 3.1 percent

A Broader Look at GF Revenues

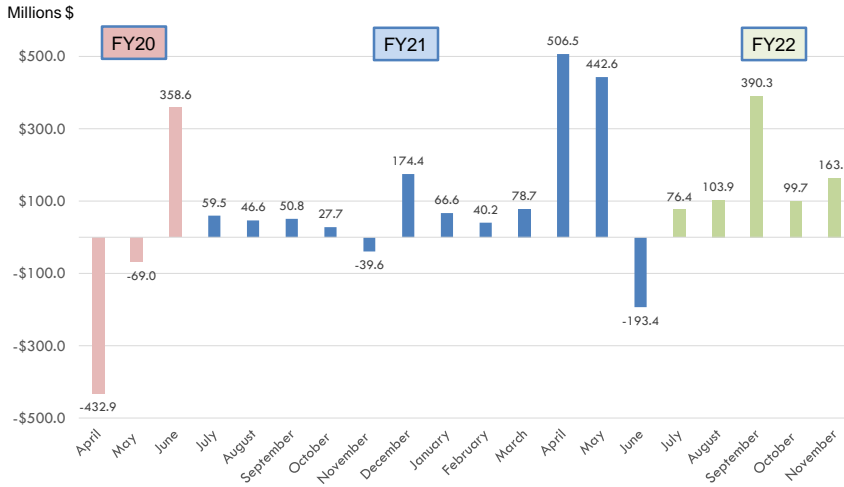
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- Nominal year-to-date growth for the General Fund now stands at \$833.4 million through the first five months of the fiscal year
 - ▣ Sales – \$221.1 million, 12.0 percent growth
 - ▣ Individual Income – \$173.9 million, 9.0 percent growth
 - ▣ Major Business Taxes – \$138.4 million, 61.7 percent growth
 - ▣ One-time settlement – \$225.0 million
 - ▣ Total from listed sources – \$758.5 million of the \$833.4 million
- If the final seven months of FY21 are added to the first five months of FY22, cumulative revenue growth would total \$1,949.2 million over the last twelve months – setting a record for revenue growth over a continuous twelve month span

Monthly General Fund Revenue Growth

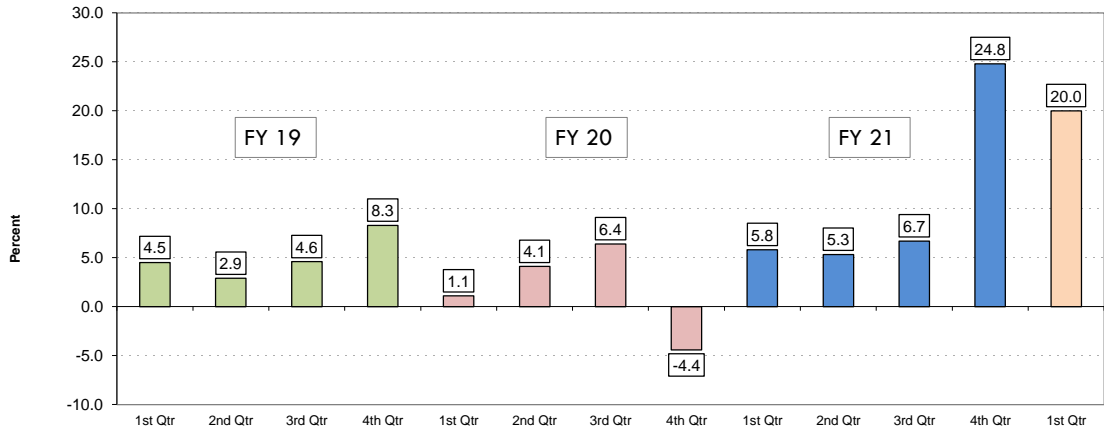
(Millions \$)

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Quarterly GF Revenue Growth Rates Since FY19

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Legislative Impacts Included in Estimates

(Millions \$, See Word Document for the Details)

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| | FY21 | FY22 | FY23 | FY24 |
|------------------------|------------------|-------------------|-------------------|-------------------|
| Corporate & LLET | \$ (20.0) | \$ (61.5) | \$ (75.3) | \$ 2.9 |
| Individual Income Tax | \$ (5.0) | \$ (30.5) | \$ (48.8) | \$ (37.4) |
| Sales Tax | \$ (0.1) | \$ (9.5) | \$ (12.1) | \$ (12.3) |
| Cigarette Taxes | \$ (1.0) | \$ (1.8) | \$ (1.8) | \$ (1.8) |
| Other Tobacco Products | \$ 7.9 | \$ 10.3 | \$ 11.8 | \$ 12.3 |
| Property Taxes | \$ - | \$ - | \$ (0.38) | \$ (0.38) |
| Coal Severance | \$ (1.3) | \$ (1.3) | \$ (1.3) | \$ (1.3) |
| Other Taxes | \$ - | \$ (124.0) | \$ (124.0) | \$ (124.0) |
| Total | \$ (19.5) | \$ (218.3) | \$ (251.8) | \$ (162.0) |