

KENTUCKY ROAD FUND

(CONSENSUS FORECASTING GROUP)

GENE ZAPARANICK-BROWN

DECEMBER 17, 2021

Office of State Budget Director

Road Fund Forecasts

Difference From October, Millions \$

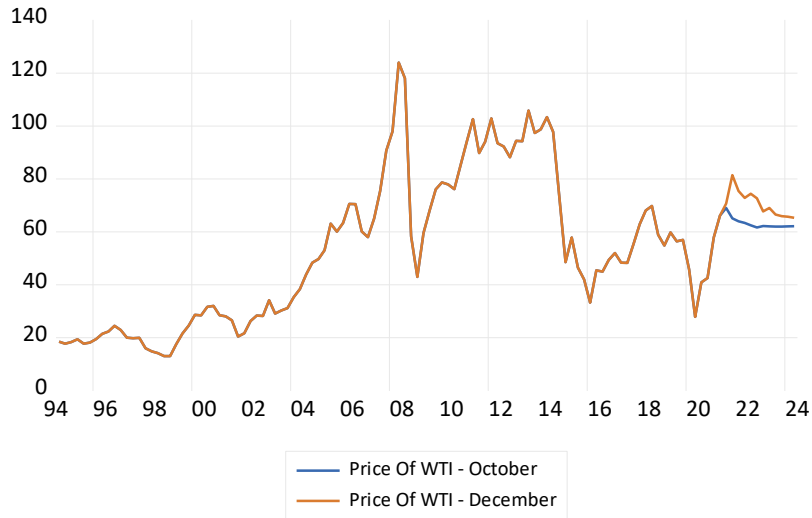
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	Control	Optimistic	Pessimistic
FY22	(25.3)	(29.2)	(34.9)
FY23	33.8	33.6	36.9
FY24	(0.4)	3.7	3.6

Price of WTI

(Dollars per Barrel, Control Scenario)

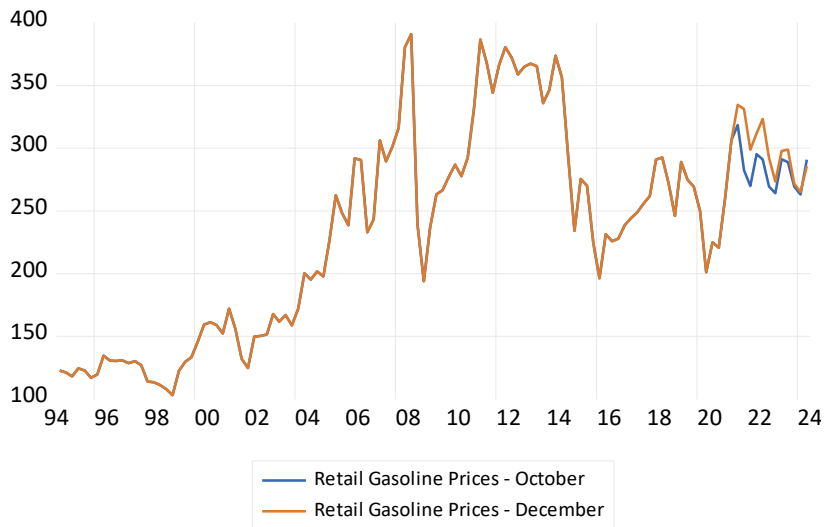
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Retail Price of Gasoline

(Cents per Gallon, Control Scenario)

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Motor Fuels Tax Structure

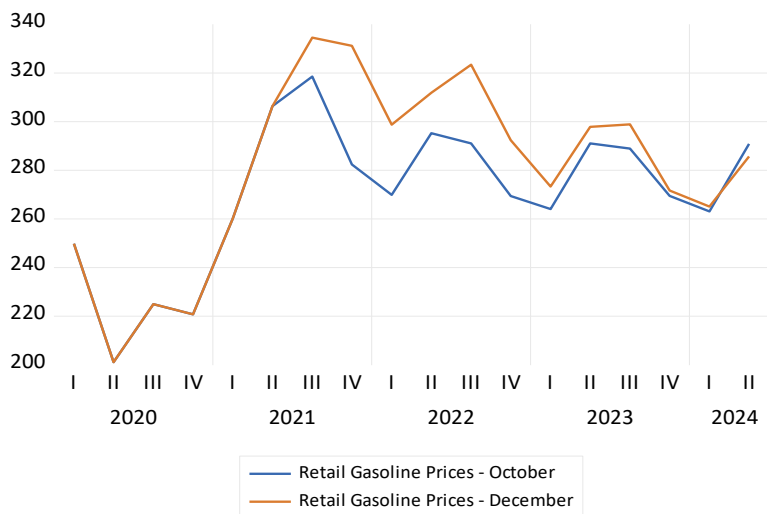
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- Three components of the tax:
 - Two Fixed:
 - ▣ Supplemental User Tax @ 5 cents/gallon for gasoline
 - ▣ 2 cents/gallon for special fuels (diesel and LP)
 - ▣ UST @ 1.4 cents/gallon
 - One Variable:
 - ▣ 9% of the average wholesale price (AWP)

Retail Price of Gasoline

(Cents per Gallon, Control Scenario)

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Average Wholesale Price of Gasoline

Control Scenario

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	AWP	Variable Rate	Rate Change
FY22	\$2.177	\$0.196	\$0.0
FY23	\$2.349	\$0.211	\$0.015
FY24	\$2.246	\$0.202	(\$0.009)

Variable Tax Rate

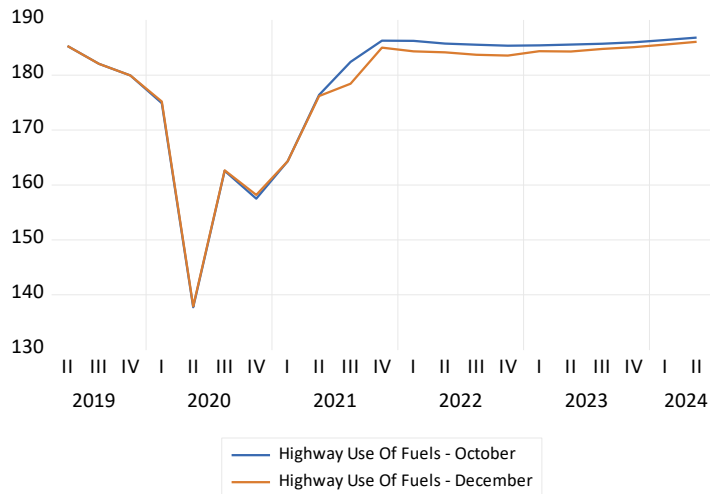
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	Control	Optimistic	Pessimistic
FY22	\$0.196	\$0.196	\$0.196
FY23	\$0.211	\$0.212	\$0.211
FY24	\$0.202	\$0.206	\$0.198

US Motor Fuels Consumption

(Billions of Gallons, IHS Markit, Control Scenario)

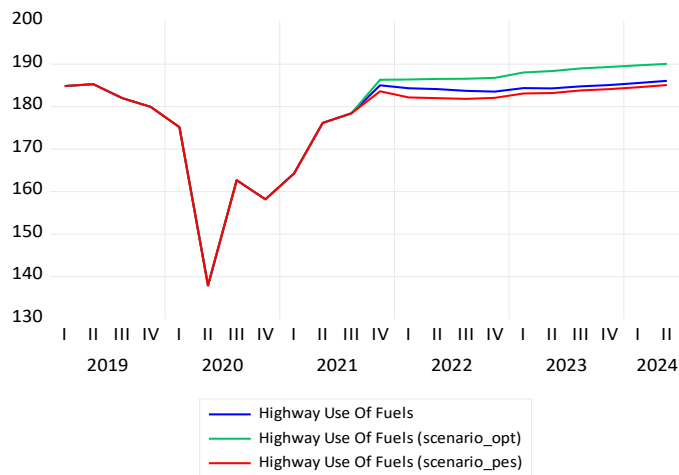
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US Motor Fuels Consumption

(Billions of Gallons, IHS Markit)

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Change in Motor Fuels Estimates

Millions \$

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	Control	Optimistic	Pessimistic
FY22	(7.3)	(7.3)	(16.3)
FY23	24.4	27.0	18.6
FY24	(2.0)	1.2	(9.0)

Motor Fuels Estimates

Millions \$

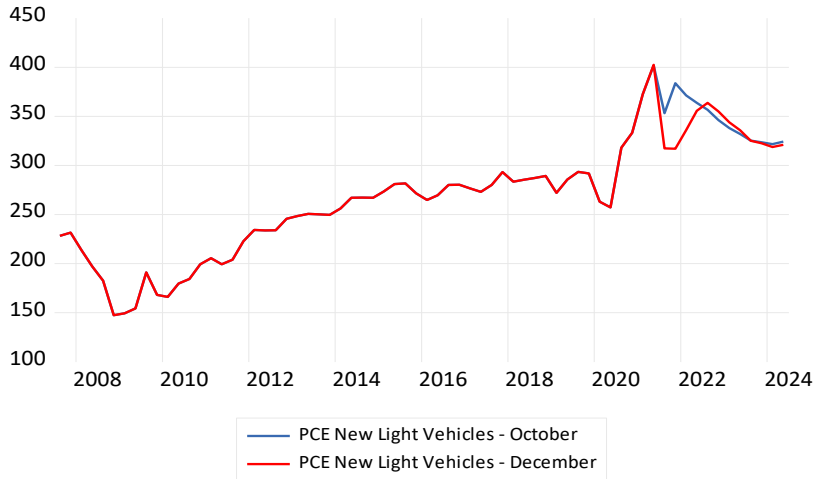
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	Million \$			Growth Rate (%)		
	C	O	P	C	O	P
FY22	779.9	796.6	764.8	4.2	6.4	2.2
FY23	821.3	846.2	807.1	5.3	6.2	5.5
FY24	803.7	830.7	791.2	-2.1	-1.8	-2.0

Consumer Spending on Light Vehicles

(Billions of Dollars, IHS Markit, Control Forecast)

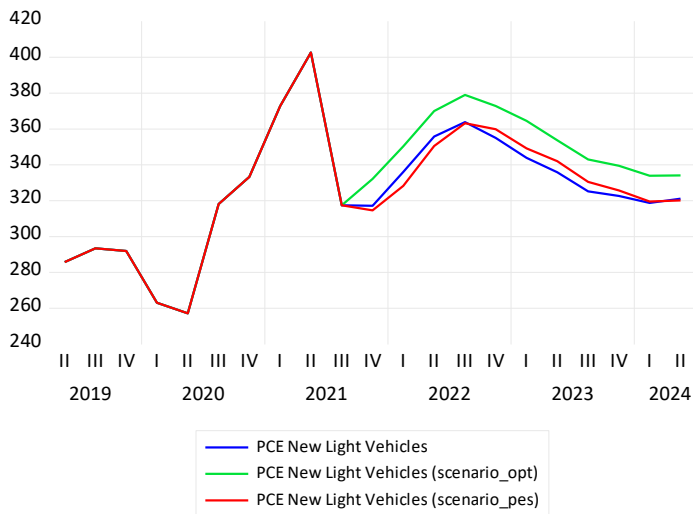
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Consumer Spending on Light Vehicles

(Billions of Dollars, IHS Markit)

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Change in Motor Vehicle Usage Estimates

Millions \$

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	Control	Optimistic	Pessimistic
FY22	(18.6)	(22.2)	(19.0)
FY23	5.5	2.7	15.1
FY24	(1.4)	(1.2)	10.4

Motor Vehicle Usage Tax Estimates

Millions \$

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	Million \$			Growth Rate (%)		
	C	O	P	C	O	P
FY22	612.8	626.5	594.8	-1.3	0.9	-4.2
FY23	591.8	615.6	582.9	-3.4	-1.7	-2.0
FY24	557.0	581.1	553.1	-5.9	-5.6	-5.1

FY22 Motor Vehicle Usage Tax Estimate

A look at the “needs” in the Control Scenario

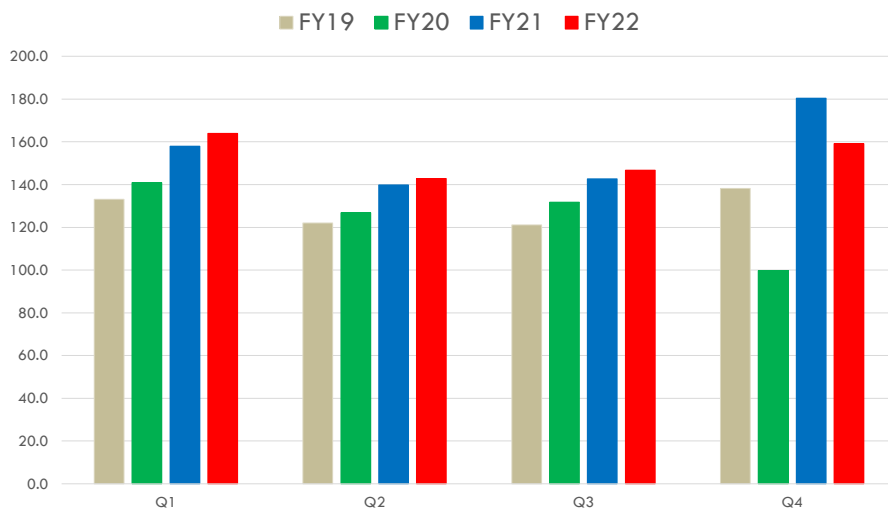
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- Current YTD receipts are 3.1% while the estimate calls for an annual decline of 1.3%.
 - ▣ This means revenues will decline 4.3% over the next seven months if we are to meet the estimate.
 - ▣ However, in the 4th quarter of FY21, collections were \$180.4M.
 - ▣ This is \$22.4M more than ever collected in any quarter and the annual total of \$620.9M exceeded the previous high by \$106.4M
- The growth rates for the four quarters of FY21 and the full year were:
 - ▣ 12.1%, 10.2%, 8.3%, 80.9% and 24.4%

Motor Vehicle Usage Tax, by Quarters

Millions \$

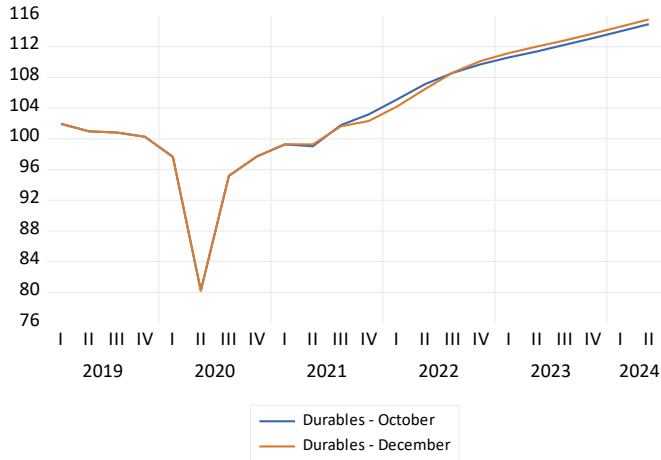
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Industrial Production Index, Durables

2012 = 100, Global Insight

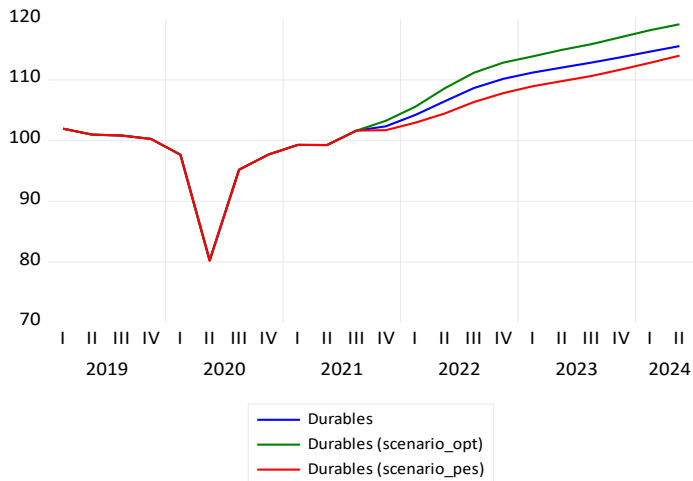
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Industrial Production Index, Durables

2012 = 100, Global Insight

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Change in Weight Distance Estimates

Millions \$

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	Control	Optimistic	Pessimistic
FY22	1.8	1.4	1.9
FY23	3.5	3.6	3.1
FY24	3.1	3.6	2.6

Weight Distance Tax Forecast

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	Million \$			Growth Rate (%)		
	C	O	P	C	O	P
FY22	90.3	90.6	90.0	8.6	8.9	8.2
FY23	94.1	95.1	93.3	4.2	5.0	3.7
FY24	96.0	97.2	95.3	2.0	4.4	2.1

Motor Vehicle Operators Forecast

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	Millions \$	Growth Rate (%)	Change from October
FY22	25.8	16.8	0.7
FY23	27.1	5.0	0.3
FY24	28.3	4.4	0.2

Motor Vehicle License Forecast

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	Million \$			Growth Rate (%)		
	C	O	P	C	O	P
FY22	116.2	116.9	115.3	-7.4	-6.8	-8.1
FY23	118.7	119.4	117.6	2.2	2.1	2.0
FY24	119.9	122.0	119.1	1.0	2.2	1.3

Investment Forecast

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	Millions \$	Change from October
FY22	(1.0)	(1.1)
FY23	0.1	0.0
FY24	2.1	0.1

Other Forecast

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	Millions \$	Growth Rate (%)	Change from October
FY22	40.4	(4.8)	(1.3)
FY23	41.6	3.0	(0.4)
FY24	42.5	2.2	(0.6)

Road Fund Forecasts, All Scenarios

FY22 – FY24

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	Million \$			Growth Rate (%)		
	C	O	P	C	O	P
FY22	1,664.4	1,695.8	1,630.1	1.3	3.3	-0.7
FY23	1,694.7	1,745.1	1,669.7	1.8	2.9	2.4
FY24	1,649.5	1,703.9	1,631.6	-2.7	-2.4	-2.3