OPENING REMARKS

CONSENSUS FORECASTING GROUP

Office of State Budget Director

GREG HARKENRIDER
SEPTEMBER 22, 2026

Introduction and Updates Since December 2025

- Today's mission is twofold:
  - Re-evaluate the national and state economies vis-à-vis December 2025
  - Reach a General Fund (GF) consensus for FY27 and FY28 as required in KRS 48.115 (2)
    - No Road Fund revision requested in the call
    - No update requested for the MSA on tobacco
- What prompted the call for a General Fund revision?
  - The actual fiscal year 2026 GF receipts exceeded the revised official estimate by $476.6 million, a 3 percent difference
  - In the latest Quarterly Economic and Revenue Report, the interim estimate calls for a 6.2 percent GF increase over the next three quarters. That 6.2 percent estimated growth rate for FY27 Q1-Q3 compares to a 2.4 percent full year increase forecasted by the Group in December 2025.
  - In July of FY27, there was an unusually large amount of corporate income tax estimated payments which brought in more than $350 million over last July's payments.

INTRODUCTION TO REVENUE OUTLOOK

CONSENSUS FORECASTING GROUP

Office of State Budget Director

GREG HARKENRIDER

SEPTEMBER 22, 2026

Updates Since the CFG met in December 2025

- General Fund results for FY26 compared to the official estimates
- Three fiscal quarters of revenue data
- Examination of the most recent historical quarter for GF (FY26Q4)
- Statutory changes during the 2026 regular session
- Fiscal impacts of those changes
- Receipts through the first two months of FY27
- Corporate Declarations from July 2026 (FY27)

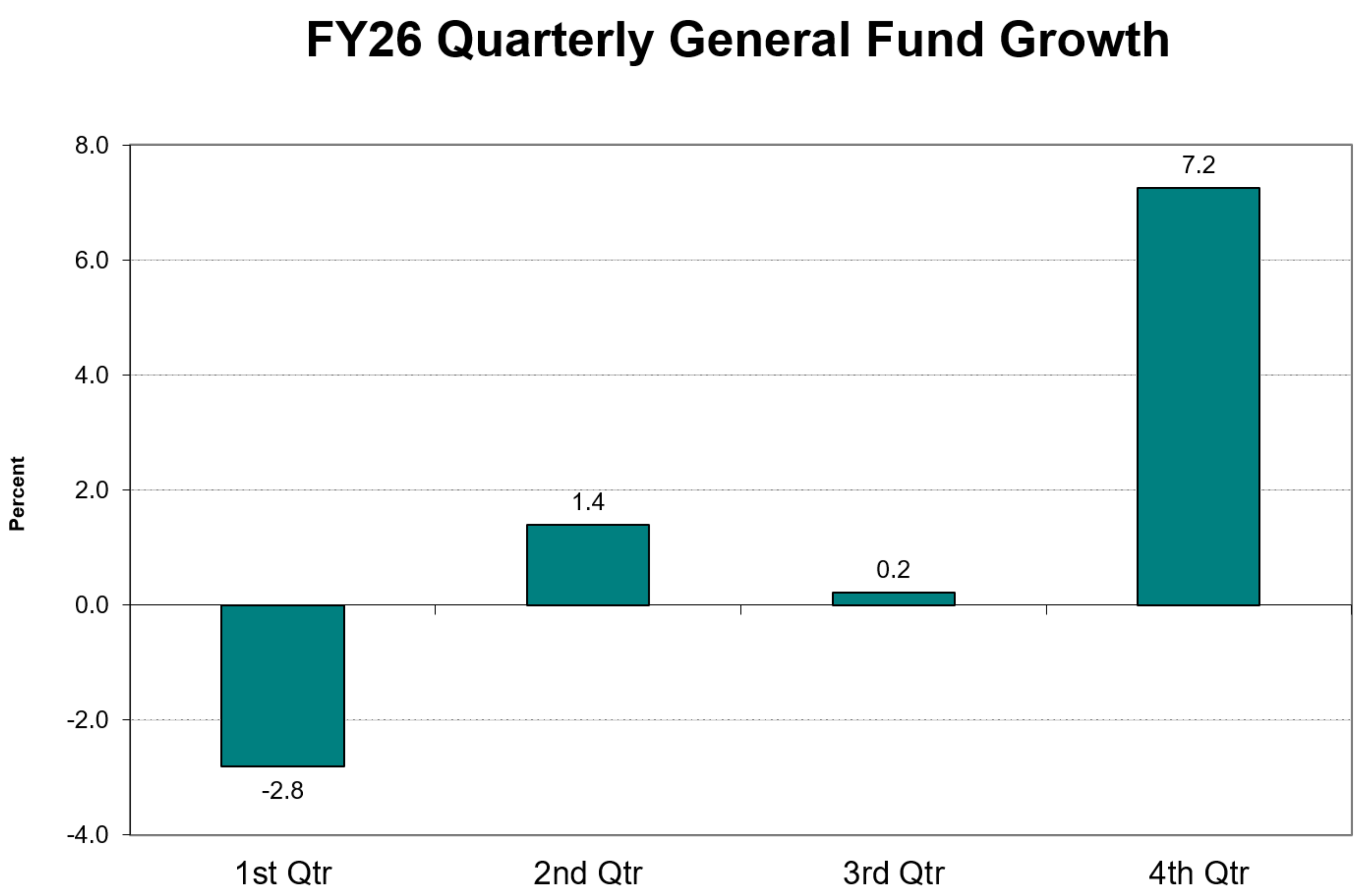
FY26 General Fund vs Official Estimate

FY26 General Fund Actual versus Official

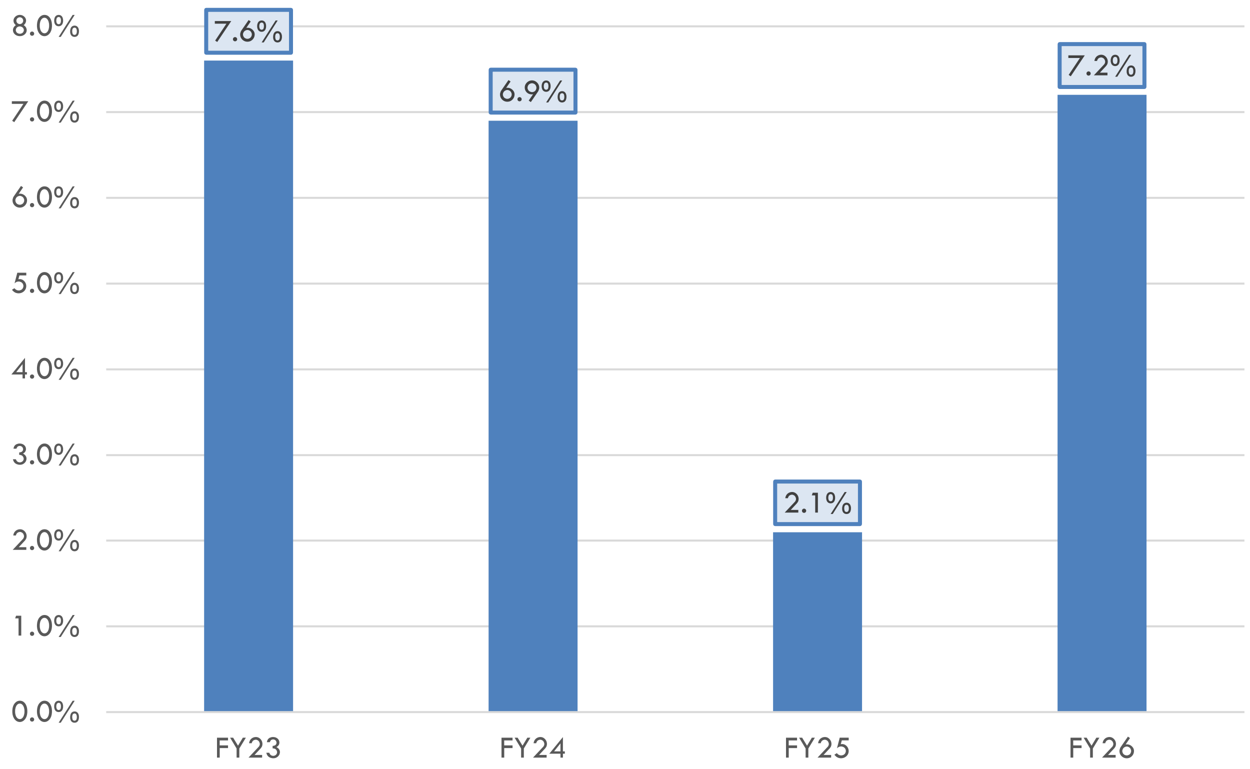
$ millions

	FY26				**FY26**	
	Q4		**Full Year**		**Official**	
	Actual	**% Chg**	**Actual**	**% Chg**	**Estimate**	**$ Diff**
Individual Income	1,693.8	4.0	5,566.4	4.6	5,382.8	183.6
Sales & Use	1,633.6	8.0	6,196.6	6.4	6,047.7	148.9
Corp. Inc. & LLET	762.5	15.4	1,432.7	-21.9	1,347.1	85.6
Property	106.1	6.7	853.0	1.6	864.2	-11.2
Lottery	92.6	13.3	370.0	5.5	370.0	0.0
Cigarettes	62.2	-2.4	246.1	1.1	224.7	21.4
Coal Severance	15.5	94.6	63.0	12.3	55.1	7.9
Other	325.9	0.8	1,247.7	0.7	1,207.3	40.4
General Fund	**4,692.1**	**7.2**	**15,975.5**	**1.7**	**15,498.9**	**476.6**

FY26 Growth was Backloaded



Highest Quarter of Each Fiscal Year



Legislative Changes & Fiscal Impacts

(2026 Regular Session, top-10 in magnitude, HB 757 and HB 869)

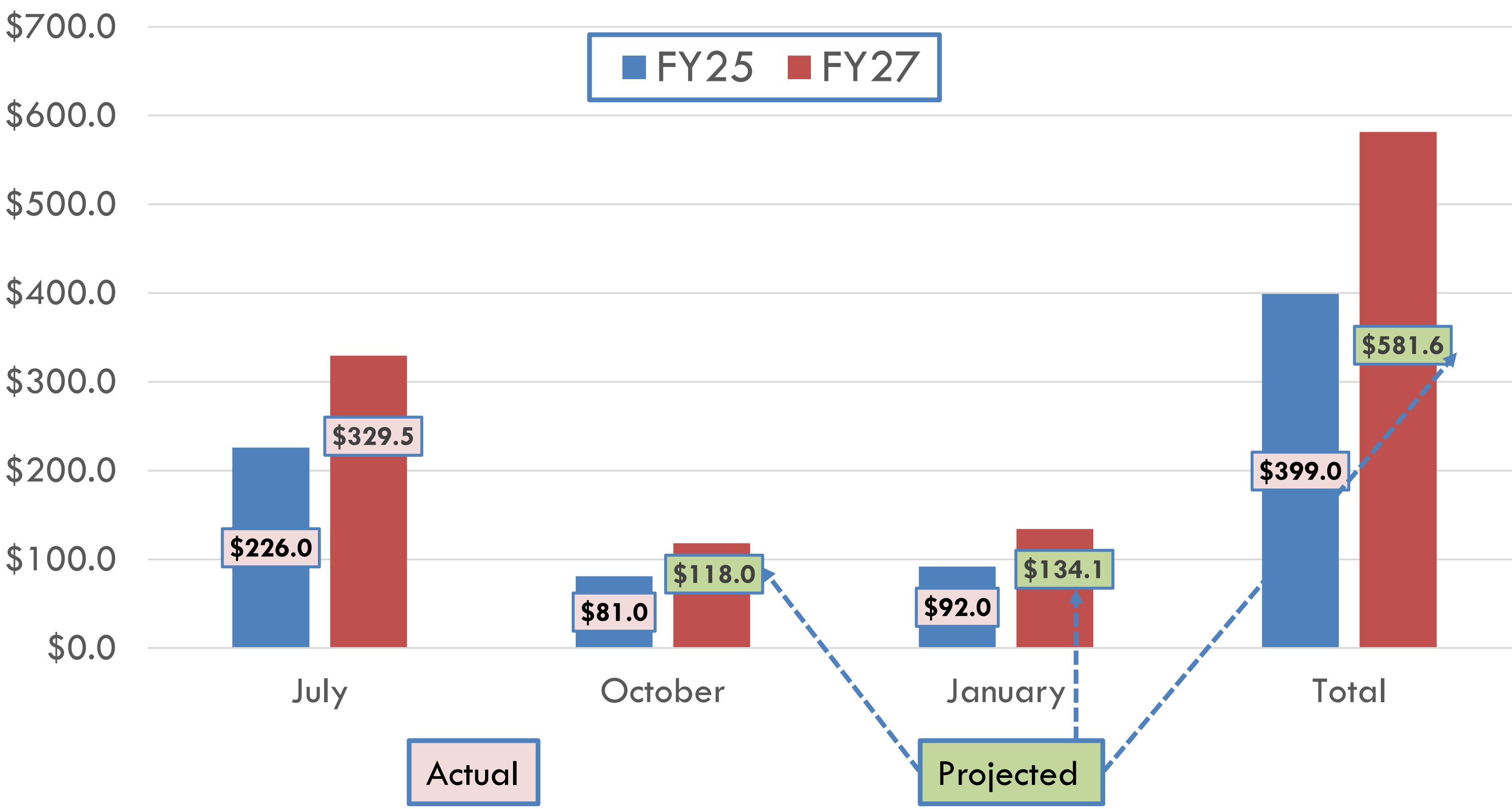
Revenue Type	Revenue Change Description	Effective Date	Fiscal 2027	Fiscal 2028
Corporate Income Tax	Delay the deferred tax deduction from January 1, 2026 until January 1, 2028	1/1/2026	$ 44.80	$ 44.80
Other GF Revenue	Inheritance tax -- changing extended relatives to Class A beneficiaries. No tax on Class A	4/27/2026	$ (34.20)	$ (34.20)
Sales & Use Tax	Add "data brokering services" to the enumerated services subject to the sales tax	7/1/2026	$ 18.30	$ 20.00
Individual Income Tax	Internal Revenue Code Update to tax years beginning after 12/31/2025	1/1/2026	$ (9.80)	$ (9.80)
Other GF Revenue	Change public service commission assessment fee to a flat rate of 0.23% of the earnings of each utility. Previous cap was 0.20% of the earnings.	1/1/2026	$ -	$ 7.47
Personal Income Tax	Allocated $4M annually to provide incentives to induce location of economic development projects in the Commonwealth	1/1/2026	$ (4.00)	$ (4.00)
Sales & Use Tax	Religious organization exemption on sales of tangible personal property, digital property or services	8/1/2026	$ (3.60)	$ (4.30)
Personal Income Tax	Restrict the qualified residence interest deduction to the amount of interest paid on the acquisition indebtedness of the principal residence of the taxpayer and shall not be claimed for more than one qualified residence	1/1/2026	$ 3.10	$ 3.10
Personal Income Tax	Increase cap for Endow Kentucky tax credit	4/27/2026	$ (3.00)	$ (3.00)
Other GF Revenue	Tax rate lowered from 15% to 6% on premium Cigars	7/1/2026	$ (1.90)	$ (2.20)
	Includes all revenue changes from 2026 RS, not just top-10	**Net Change**	**$ 7.50**	**$ 16.17**

General Fund Receipts in FY27 through August

- General Fund increased 29.1% for July FY27
  - Corporate income tax receipts of $331.0 million exceeded July 2025 collections by $339.7 million
  - This was the largest monthly receipts total in the 20 years since the corporate taxes underwent significant change
    - A very small number of taxpayers made over $330 million in corporate declaration payments
    - Similar payments were made in July 2024 (FY25) but were considered non-recurring when formulating the official estimates.
  - Sales tax grew 9.5% with collections of $582.3 million
  - Individual Income tax fell 12.3%; Withholding down 12.9%
- General Fund revenues declined 1.7% in August but up 13.8% YTD
  - Sales tax revenues grew 3.4 percent in August and are up 6.5 percent YTD
  - Individual income tax collections fell 8.1%
    - Withholding dropped 10.1%, Year-to-date down 11.5%
    - The remaining components had very modest increases
  - No unusual activity in Major Business Taxes despite an 8.2% decline

Corporate Declaration Payments

($ Millions)



SALES TAX

CONSENSUS FORECASTING GROUP

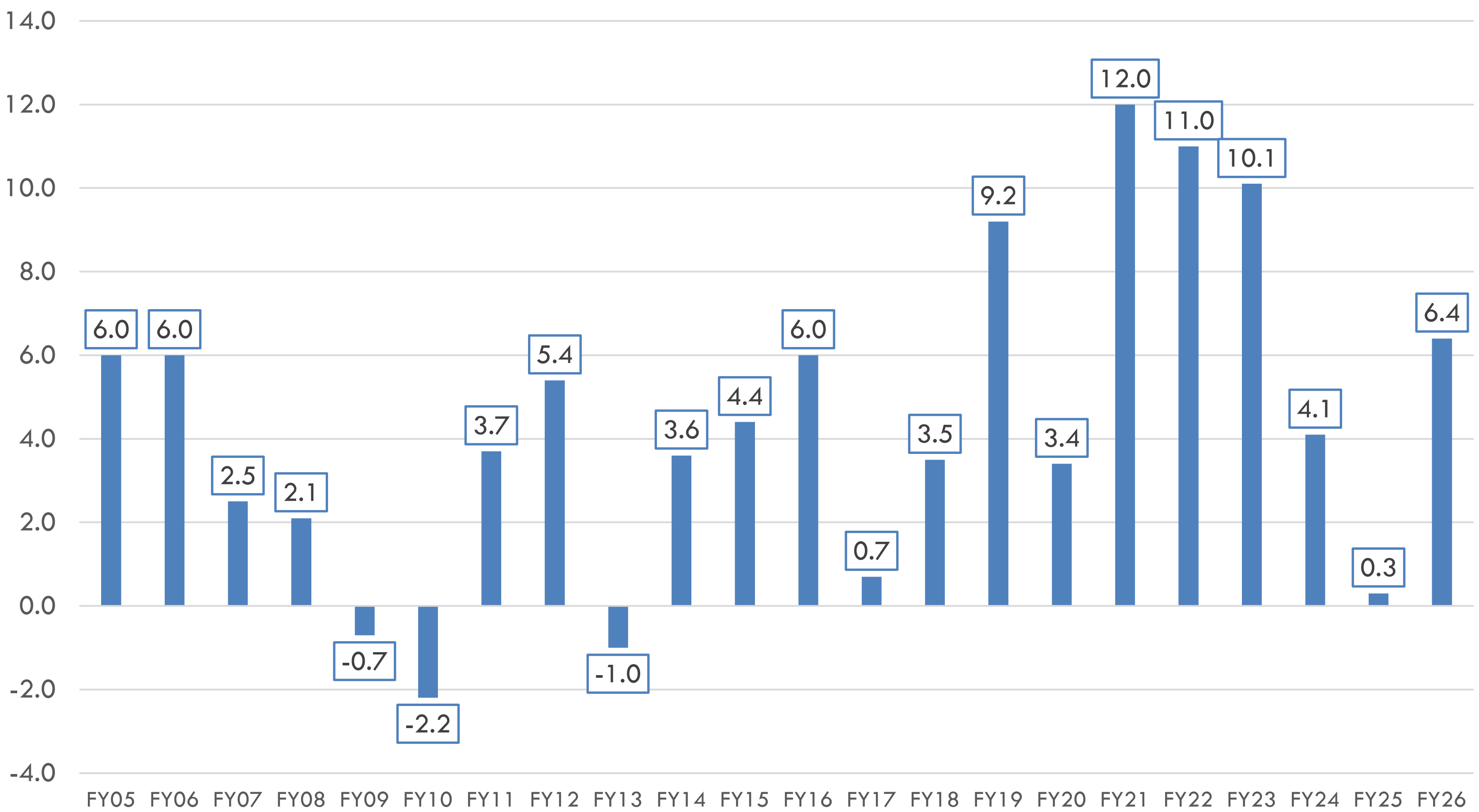
Office of State Budget Director

GREG HARKENRIDER

SEPTEMBER 22, 2026

Sales Tax Growth Rates

(Percentage Change, FY05 through FY25)

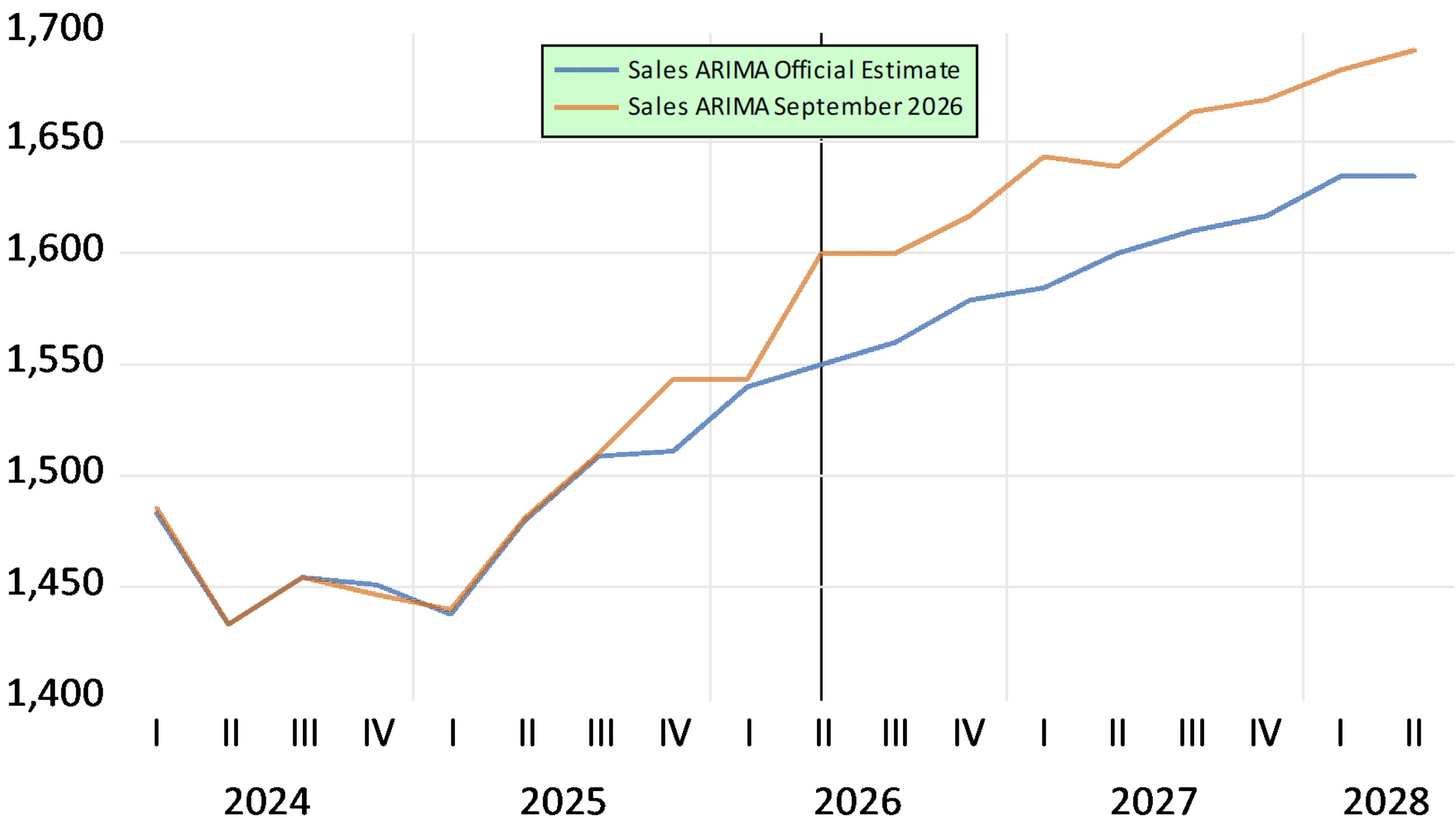


Examining the FY26 Excess Revenue

- In the 4th quarter of FY26, sales and use taxes grew 8.0 percent and 6.4 percent for FY26 in total
- The control sales tax model used in the December 2025 CFG meeting underpredicted FY26Q4 growth by $127.9 million
- The FY26 sales and use tax ended up $148.9 million over the official estimate, so all but $21.0 million of the FY26 excess collections came in the fourth quarter
- None of the three blended models predicted 8.0 percent growth
  - ARIMA models rarely produce near-term growth rates that high
  - VAR included US Retail Sales as predetermined
  - Structural models did not have any variables that S&P expected to bump up in the fourth quarter of FY26

Difference in ARIMA Models

(Comparing models used in official estimates versus current September estimates)

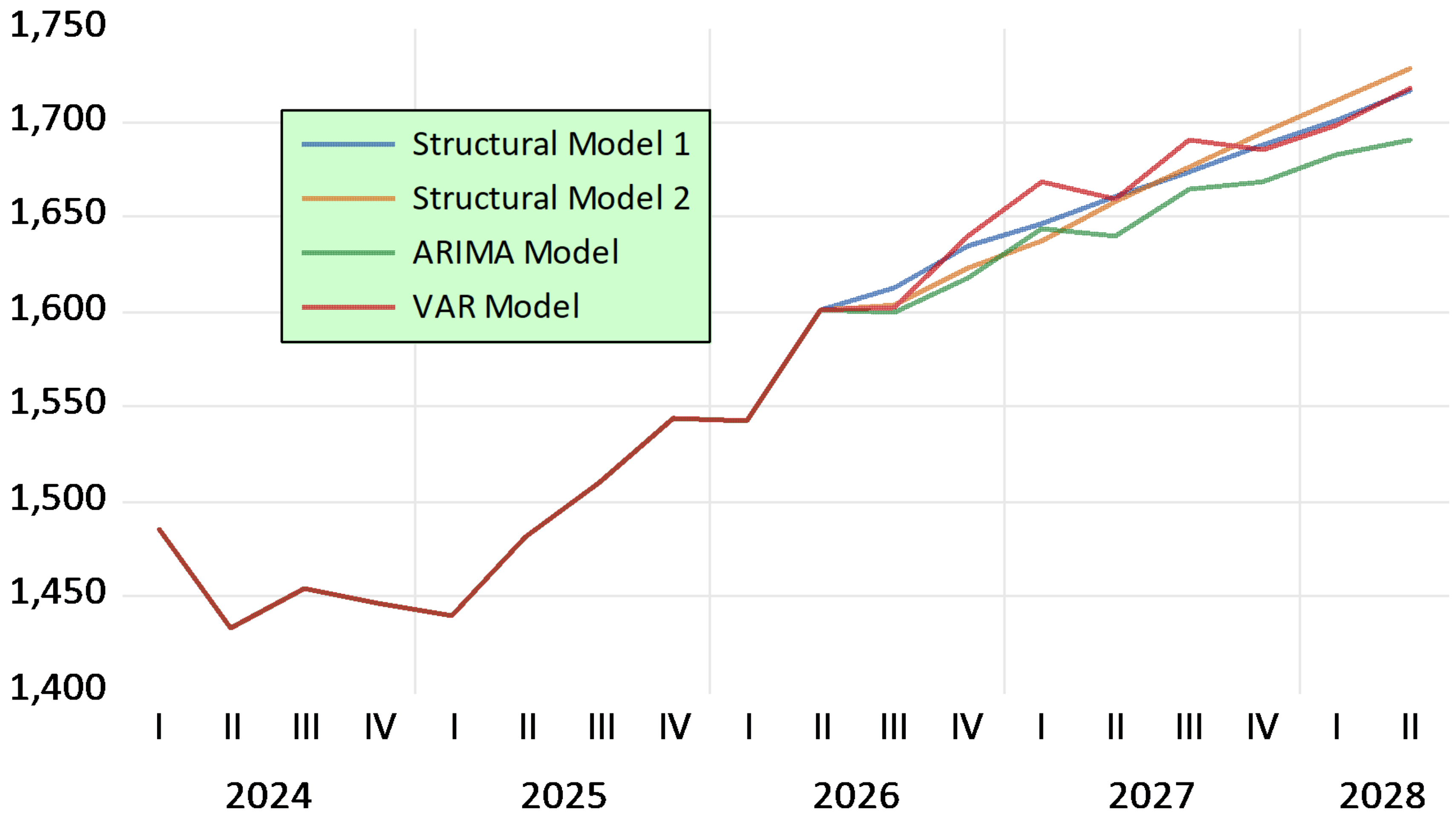


Model Specifications, Sales Tax

- Same model types as were used in December 2025, added three quarters of history on the dependent variable (sales tax receipts)
- Time Series for Estimation: Calendar Quarters 2005q1 to 2026q2
- All models use seasonally-adjusted data
- ARIMA – {AR (1,3); 1st difference; MA (1,16)}
- VAR (Sales and KY Wages & Salaries – Endogenous; Nominal Retail Sales – Exogenous)
- Structural Models – 2 models using these variables in differences
  - SRTAFS (Nominal Retail Sales)
  - CPICE (Consumer Price Index, energy commodities); lagged
  - CPIXFAE (Core consumer prices less food and energy)
  - TXPGSL (US total State and Local personal taxes)
  - KYYP (Kentucky Personal Income); Lagged in one equation

Sales Tax Blending Models September 2026

(Control Scenario, Calendar Quarters, Millions $)



Sales Tax Projections

(Millions $)

Fiscal Year	Control	Optimistic	Pessimistic
FY 2027	$6,535.5 5.5%	$6,565.8 6.0%	$6,506.0 5.0%
FY 2028	$6,771.9 3.6%	$6,813.0 3.8%	$6,723.9 3.4%

Sales Tax Projections

(Millions $)

Fiscal Year	Control	Optimistic	Pessimistic
FY 2026	Official: $6,047.7	Opt: $6,078.6	Pess: $6,000.5
	Actual: $6,196.9	Actual: $6,196.6	Actual: $6,196.6
	Diff: $148.9	Diff: $118.3	Diff: $196.4
FY 2027	Today: $6,535.5	Today: $6,565.8	Today: $6,506.0
	Official: $6,249.8	Official: $6,249.8	Official: $6,249.8
	Diff: $285.7	Diff: $316.0	Diff: $256.2
FY 2028	Today: $6,771.9	Today: $6,813.0	Today: $6,723.9
	Official: $6,429.3	Official: $6,429.3	Official: $6,429.3
	Diff: $342.6	Diff: $383.7	Diff: $294.6

INDIVIDUAL INCOME TAX

(CONSENSUS FORECASTING GROUP)

THOMAS JONES, PH.D.

SEPTEMBER 22, 2026

Individual Income Tax Receipts History

($ millions)

DATE	PTE	NETR	WITH	DECL	FID	IIT	%chg
FY25	510.1	-112.2	4,585.6	342.4	-6.7	5,319.2	-8.4
FY26	511.8	41.4	4,569.5	443.0	0.8	5,566.4	4.6
FY26Q1	83.8	-4.4	1,159.6	90.6	1.2	1,330.8	7.2
FY26Q2	97.0	3.1	1,173.6	68.7	-5.6	1,336.8	10.2
FY26Q3	98.7	-161.2	1,160.0	112.3	-4.7	1,205.1	-2.6
FY26Q4	232.4	203.9	1,076.4	171.3	9.8	1,693.8	4.0
July 2026	8.0	-3.8	330.7	8.0	-1.9	341.0	-12.3

Methodology

WITH

1) Generate policy-neutral WITH series.
2) Withholding = f(KY Wages and Salaries)

   * Seasonally Adjusted, First Diffs, correct AR
3) Forecast policy-neutral series
4) subtract taxmod from WITH_hat

Methodology cont.

PTE

* Estimate based on last two years of actual receipts

Declarations

* Simple MA(3), includes 10% adj for taxmod

Net Returns

* Adjusted for FY26 error.

Fiduciary

* Adjusted for decline in tax rate

Withholding Forecasts

($ millions)

	CON	%chg	PES	%chg	OPT	%chg
FY25	4,585.6	-4.0	4,585.6	-4.0	4,585.6	-4.0
FY26	4,569.5	-0.4	4,569.5	-0.4	4,569.5	-0.4
FY27	4,708.1	3.0	4,708.9	3.1	4,709.4	3.1
FY28	4,900.1	4.1	4,894.2	3.9	4,903.2	4.1

Withholding Growth

($ millions)

	WITH	% chg
FY26	4,569.5	-0.4
Q1	1,159.6	7.5
Q2	1,173.6	4.7
Q3	1,160.0	-3.0
Q4	1,076.4	-9.5
July 2026	330.7	-12.9

Pass-Thru Entity Tax

($ millions)

	PTE	% chg
FY25	510.1	-35.6
FY26	511.8	0.3
FY27	510.0	-0.4
FY28	510.0	0.0

Declarations Forecast

($ millions)

	DECL	% chg
FY25	342.4	-23.6
FY26	443.0	29.4
FY27	376.9	-14.9
FY28	375.4	-0.4

Net Returns Forecast

($ millions)

	NETR	% chg
FY25	-112.2	NA
FY26	41.4	NA
FY27	41.4	NA
FY28	41.4	NA

Fiduciary Forecast

($ millions)

	FID	% chg
FY25	-6.7	NA
FY26	0.8	NA
FY27	0.4	NA
FY28	0.4	NA

IIT Forecasts

($ millions)

	CON	%chg	PES	%chg	OPT	%chg
FY25	5,319.2	-8.4	5,319.2	-8.4	5,319.2	-8.4
FY26	5,566.4	4.6	5,566.4	4.6	5,566.4	4.6
FY27	5,636.7	1.3	5,637.5	1.3	5,637.9	1.3
FY28	5,827.2	3.4	5,821.3	3.3	5,830.3	3.4

CFG Dec 2025 vs Control Sep 2026

($ millions)

	Dec 25	Sep 26	diff
FY25	5,319.2	5,319.2	0.0
FY26	5,382.8	5,566.4	183.6
FY27	5,521.6	5,636.7	115.1
FY28	5,659.9	5,827.2	167.3

MAJOR BUSINESS TAX FORECAST

(CONSENSUS FORECASTING GROUP)

GENE ZAPARANICK-BROWN

SEPTEMBER 22, 2026

Office of State Budget Director

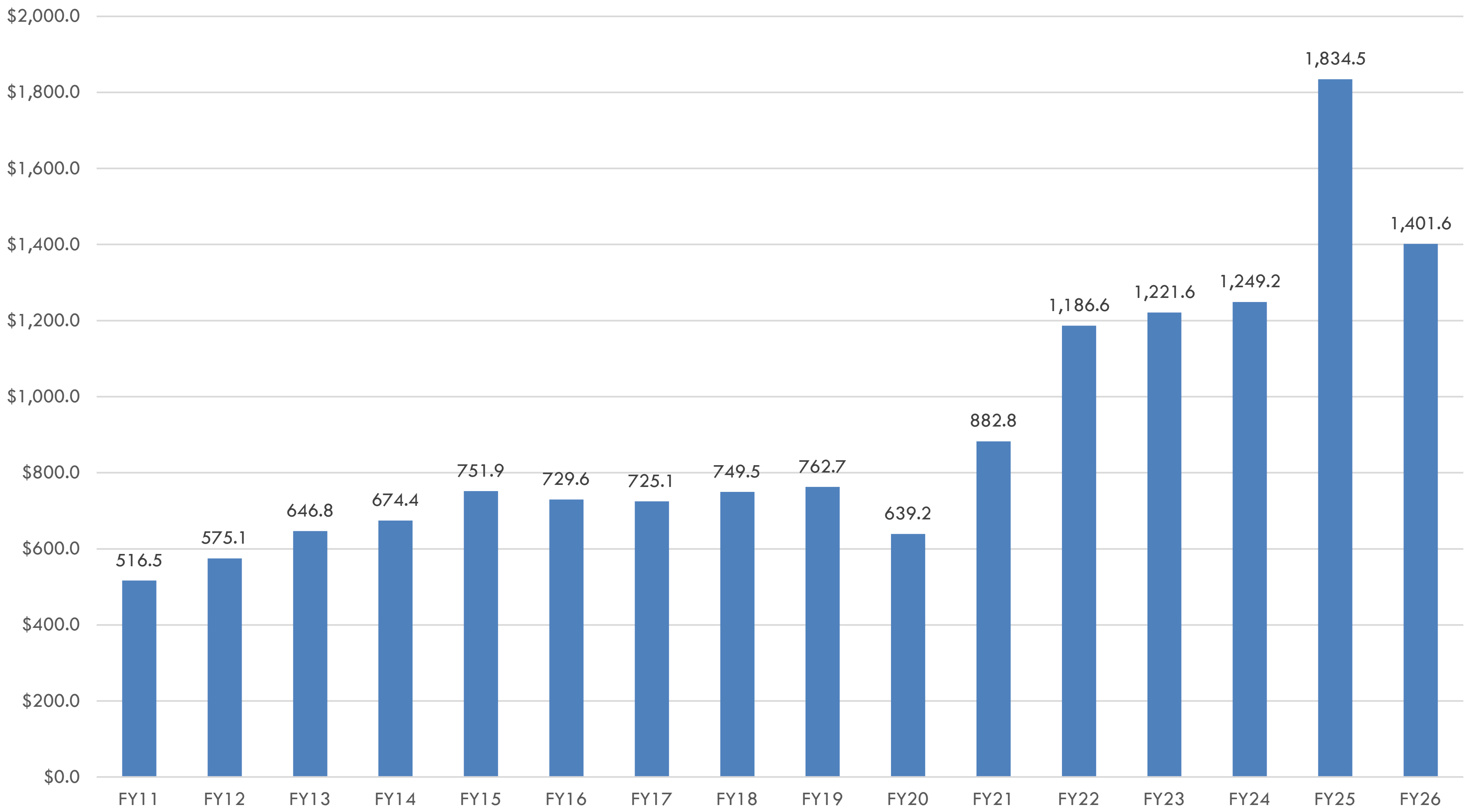
Major Business Taxes– Actual v. Estimate

Millions of Dollars

	Actual	Estimate	Diff ($)	Diff (%)
FY24	$1,249.1	$1,277.4	-$28.3	-2.2%
FY25	$1,834.5	$1,327.8	$506.7	38.2%
FY26	$1,432.8	$1,347.1	$85.7	6.4%

Major Business Tax History

(Millions of Dollars)



Major Business Tax Revisions

- Revisions to the Fiscal Year 2027 estimate range between $500 million and $600 million while Fiscal Year 2028 revisions are much smaller
- Just as in Fiscal Year 2025, large unexpected estimated payments were received in July of this year
- $225 million was collected in July 2024 and $329 million in July 2026
- The corporate profits forecast has changed since December 2025

Methodology for MBT Forecast

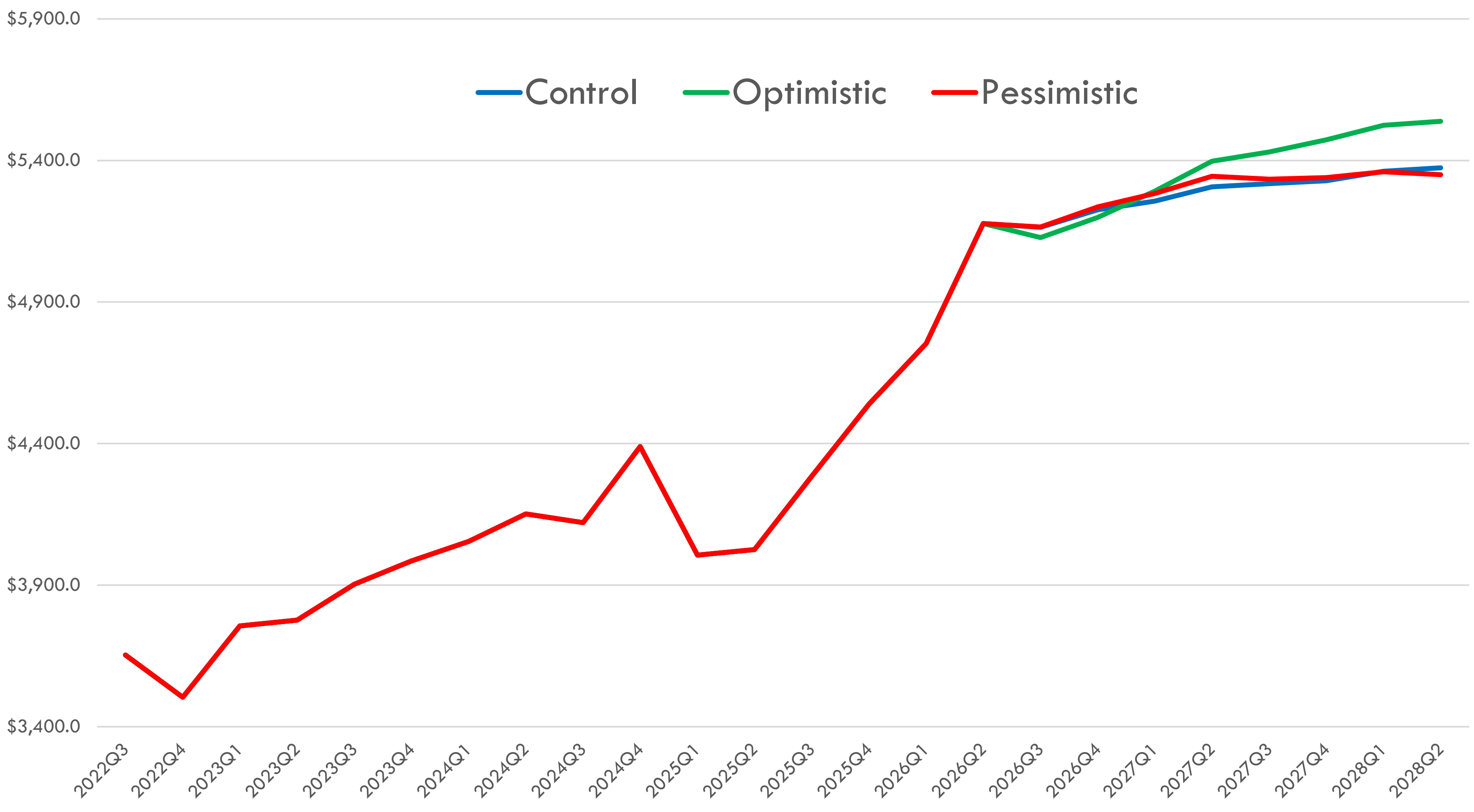
- Create a baseline forecast using revenue data through June 2026 and the August S&P Global corporate profits forecast
- Estimate the total "unexpected" estimated payments where we rely on the collection schedule of FY25
- Apply a percentage of the total to the three scenarios
  - 60 percent to Control
  - 80 percent to Optimistic
  - 40 percent to Pessimistic

Determining the Estimated Payments for FY27

	FY25		FY27			
	Amount	% of Total	Estimated Declarations Based on FY25 Payments	Control Estimate (60%)	Optimistic Estimate (80%)	Pessimistic Estimate (40%)
July	225.6	57%	329.0	329.0	329.0	329.0
October	80.6	20%	117.5	70.5	94.0	47.0
January	91.9	23%	134.1	80.5	107.3	53.6
Total	398.1	100%	580.6	480.0	530.3	429.6

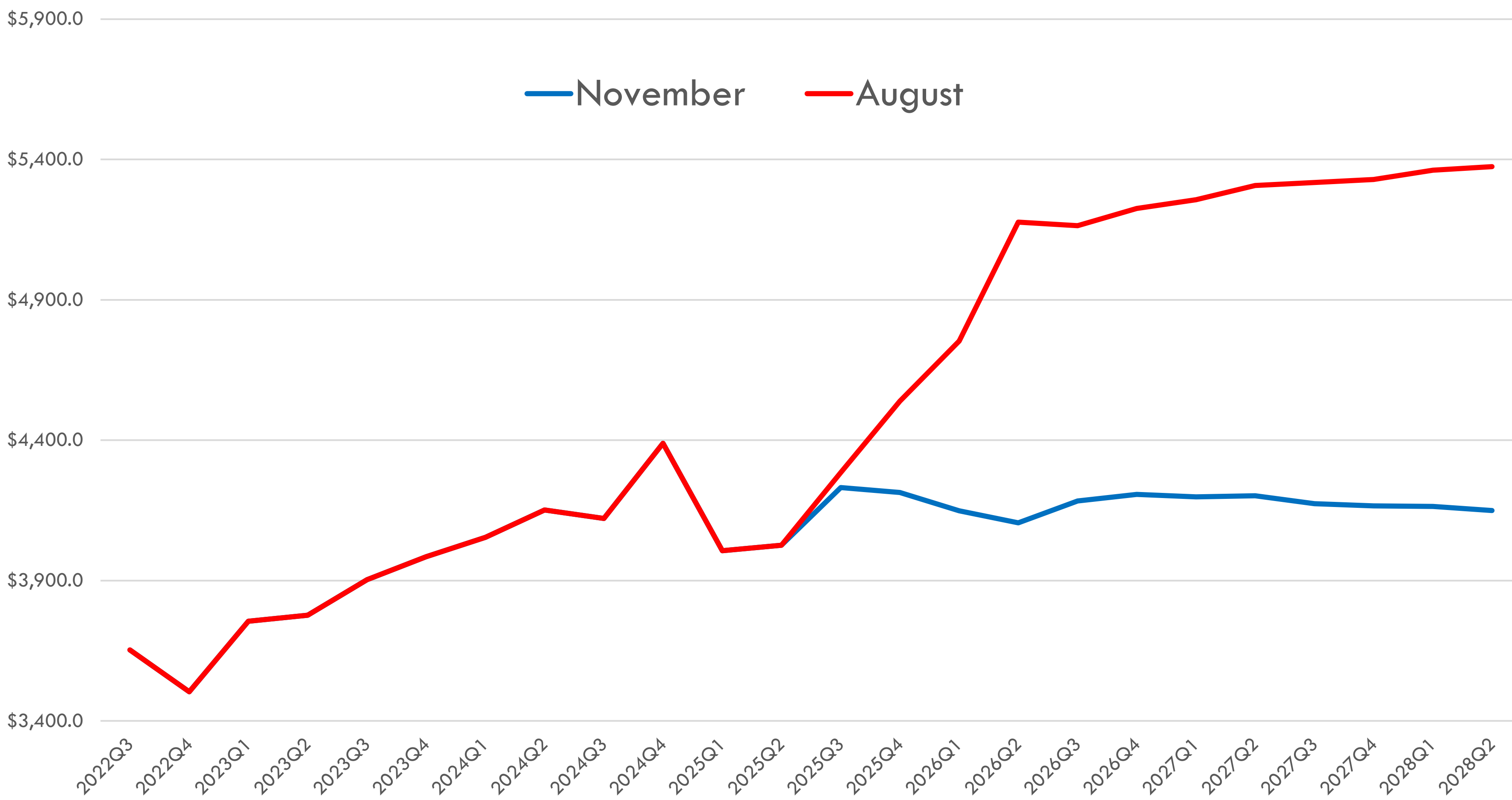
US Corporate Profits, Before Tax

(Billions $, S&P Global August Forecast)



US Corporate Profits, Before Tax

(Billions $, S&P Global November 2025 and August 2026 forecasts)



Major Business Taxes Forecast

(Millions of Dollars)

	FY27		
	Control	Optimistic	Pessimistic
Base Model	1,555.4	1,559.8	1,560.7
Out of Model Adjustment	480.0	530.3	429.6
Total	2,035.4	2,090.1	1,990.3
Official Estimate	1,490.4	1,490.4	1,490.4
Change	**545.0**	**599.7**	**499.9**

What About FY28?

- The FY28 MBT forecast is simply the baseline forecast without an adjustment for "larger than normal" declaration payments
- Because there were no unusual estimated payments in FY26, the decision was made to follow the same pattern and not add additional revenue

Major Business Taxes Forecast

(Millions of Dollars)

	FY28		
	Control	Optimistic	Pessimistic
Base Model	1,597.3	1,638.6	1,597.3
Out of Model Adjustment	-	-	-
Total	1,597.3	1,638.6	1,597.3
Official Estimate	1,500.2	1,500.2	1,500.2
Change	**97.1**	**138.4**	**97.1**

PROPERTY TAX FORECAST

(CONSENSUS FORECASTING GROUP)

GENE ZAPARANICK-BROWN

SEPTEMBER 22, 2026

Office of State Budget Director

Changes to the Property Tax Forecast

FY27-FY28

- There were revisions to seven accounts
- Five of the changes were small, no more than $1.2 million and four were less than $700,000
- However, two of the accounts had larger revisions, up to $15 million:
  - Tangible
  - Motor vehicles
- The revisions were the result of a forecast error (tangible)
- Year-to-date receipts (motor vehicle)

Property Tax– Actual v. Estimate, FY26

(Millions of Dollars)

	Actual	Estimate	Diff ($)	Diff (%)
REAL	384.4	381.4	3.0	0.8%
TANGIBLE	144.6	155.7	-10.6	-7.4%
MOTOR VEHICLE	210.5	214.0	-3.5	-1.7%
DELINQUENT	6.8	8.0	-1.2	-14.9%
OM TANGIBLE	11.5	10.0	1.5	14.8%
PUBLIC SERVICE	90.1	90.5	-0.4	-0.4%
OTHER	5.1	4.6	0.5	9.8%
TOTAL PROPERTY	**853.0**	**864.2**	**-11.3**	**-1.3%**

Property Tax Revisions, FY27 and FY28

(Millions of Dollars)

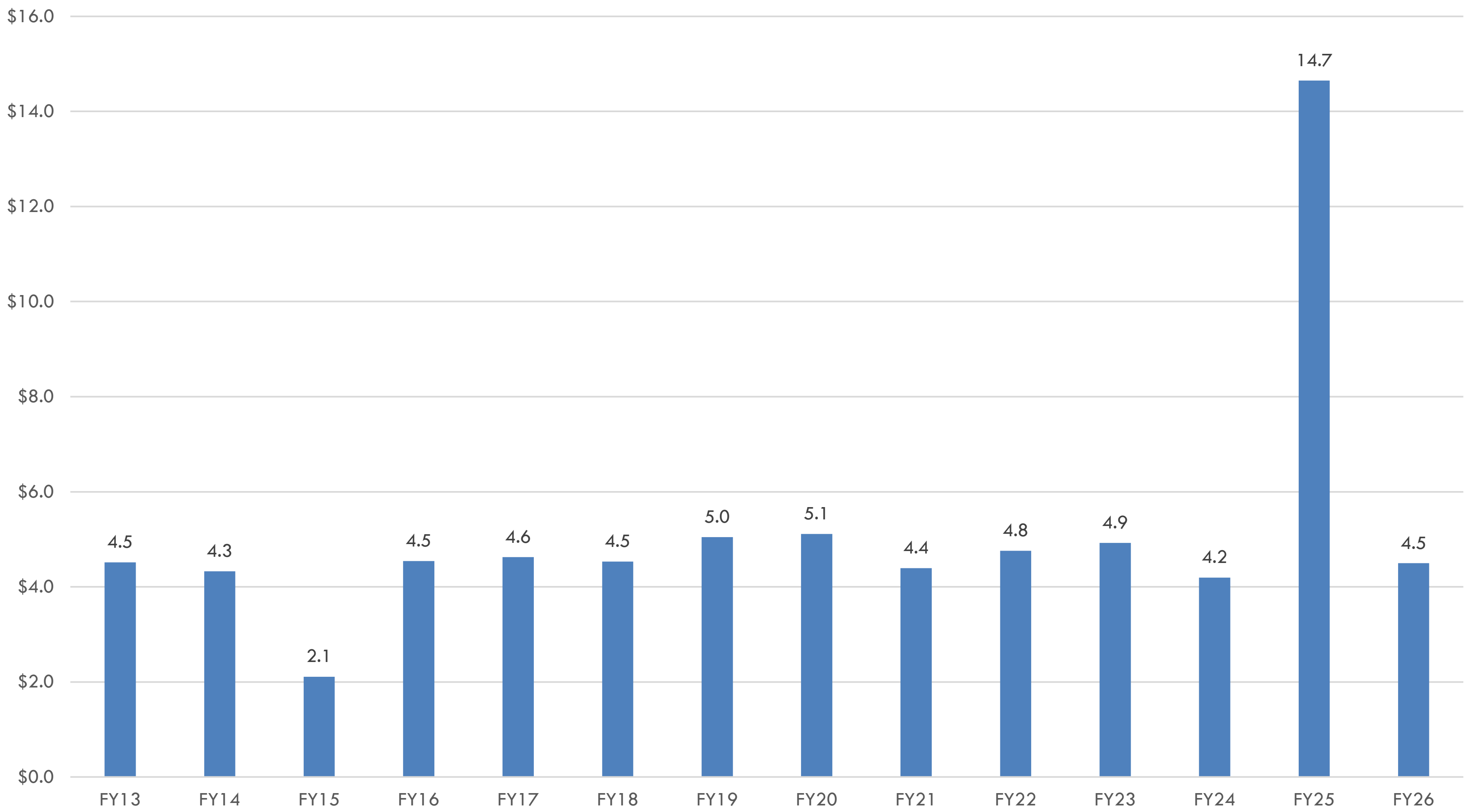
	FY27	FY28
REAL	-0.7	0.1
TANGIBLE	-12.5	-15.2
MOTOR VEHICLE	3.1	2.5
DELINQUENT	-1.2	-1.2
OMITTED TANGIBLE	-0.3	-0.3
PUBLIC SERVICE	-0.4	-0.1
OTHER	0.5	0.6
TOTAL	**-11.5**	**-13.6**

Tangible Property

- Components of the tax:
  - Tangible
    - Business furniture & fixtures, construction equipment, computer equipment, manufacturing machinery, inventory
  - Telecom property
  - Commercial watercraft
  - Apportioned vehicles
- The parts tend to be stable, making forecasting relatively easy.

Watercraft Collections

(Millions of Dollars)

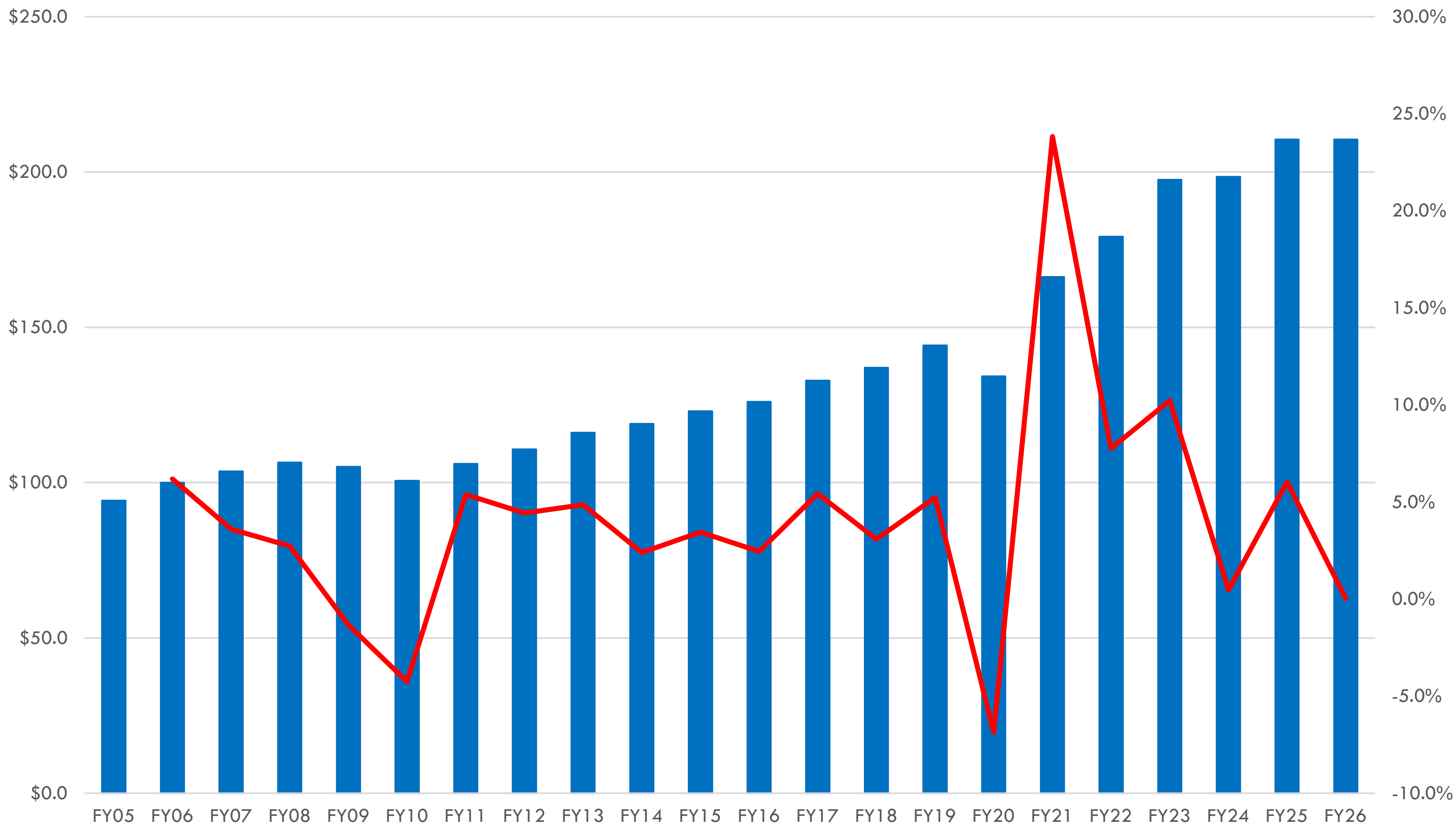


Motor Vehicle Tax

- Receipts grew 6.0 percent in FY25
- The December 2025 consensus forecast called for lower but increasing growth in Fiscal Years 2026 - 2028
  - 1.7 percent in FY26
  - 2.9 percent in FY27
  - 3.2 percent in FY28
- However, FY26 receipts were flat and FY27 year-to-date revenues are up 19.2 percent
  - Unusually high growth but appears that the data are free of timing issues
  - DOR attributes the growth to increases in the number and price of new vehicles

Motor Vehicle Collections

(Millions of Dollars and Percent Change)



Property Tax Forecast

(Millions of Dollars)

	FY25		FY26		FY27		FY28	
	Actual	%Chg	Actual	%Chg	Estimate	%Chg	Estimate	%Chg
REAL	368.5	2.0	384.4	4.3	394.0	2.5	408.6	3.7
TANGIBLE	151.4	10.0	144.6	3.5	147.2	1.8	149.0	1.2
MOTOR VEHICLE	210.4	6.0	210.5	0.0	223.3	6.1	229.7	2.9
DELINQUENT	9.9	40.9	6.8	-30.9	7.3	7.2	7.3	0.0
OMITTED TANGIBLE	6.6	-51.8	11.5	72.7	10.7	-6.8	10.7	0.0
PUBLIC SERVICE	88.0	2.2	90.1	2.5	91.7	2.0	93.7	2.0
OTHER	4.5	10.1	5.1	12.3	5.2	2.9	5.3	1.9
TOTAL	**839.3**	**3.9**	**853.0**	**3.1**	**879.6**	**3.1**	**904.3**	**2.8**

CIGARETTE TAX

CONSENSUS FORECASTING GROUP

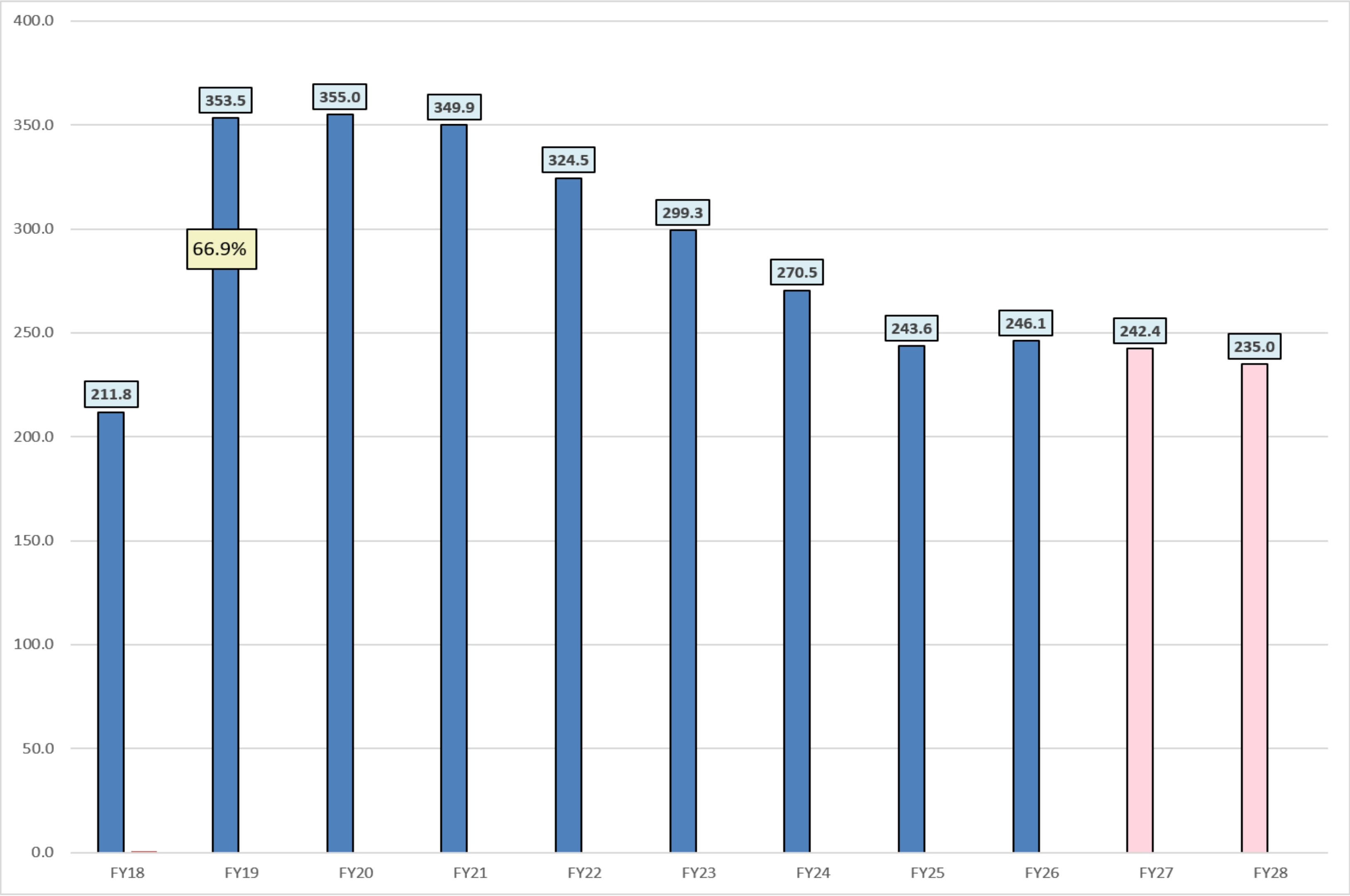
GREG HARKENRIDER

SEPTEMBER 22, 2026

Office of State Budget Director

Cigarette Tax Revenues

($ Millions)



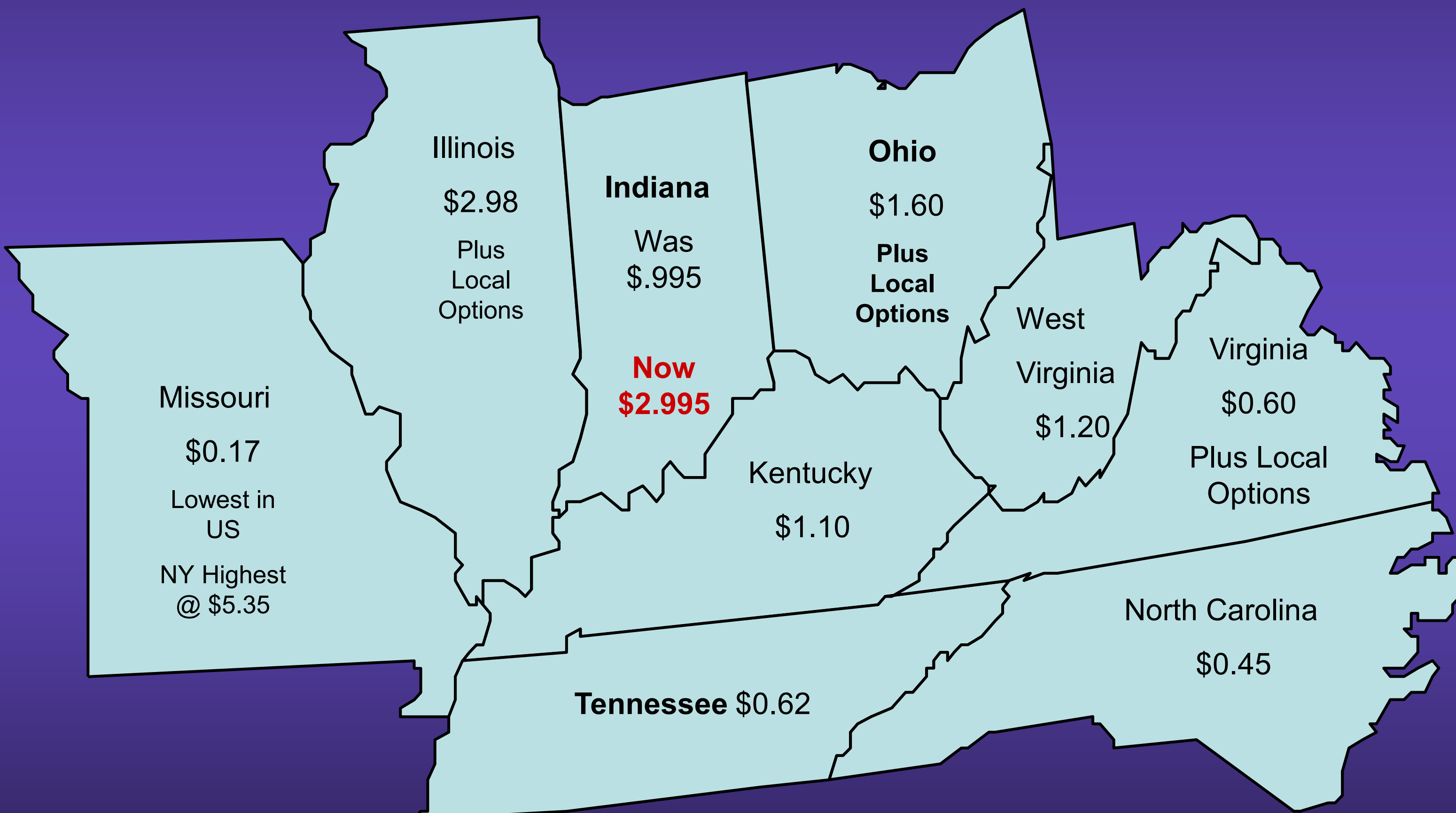
History of Cigarette Tax Rates

(Tax rate is an amount per pack of 20 cigarettes)

- First enacted in 1936 at 10% of sales price, so 1¢
  - 1960 – 2.5¢ per pack
  - 1970 – 3.0¢ per pack
  - 2005 – 30¢ per pack
  - 2009 – 60¢ per pack
  - 2018 – $1.10 per pack
- Cigarette tax revenues are sensitive to tax rates in other states in addition to own price effects
- July 1, 2025, Indiana rose its cigarette excise tax rate from $0.995 per pack to $2.995

Population-Weighted Price Differentials

Updated August 20, 2026



National Average of State Rates -- $2.03

Federal rate – An additional $1.01

Cigarette Tax Forecast

(Millions $)

Fiscal Year	Control
FY27 Today	$242.4
FY27 Official	$205.0
Difference	+$37.4
FY28 Sept	$235.0
FY28 Official	$186.1
Difference	+$48.9

KENTUCKY LOTTERY
CONSENSUS FORECASTING GROUP

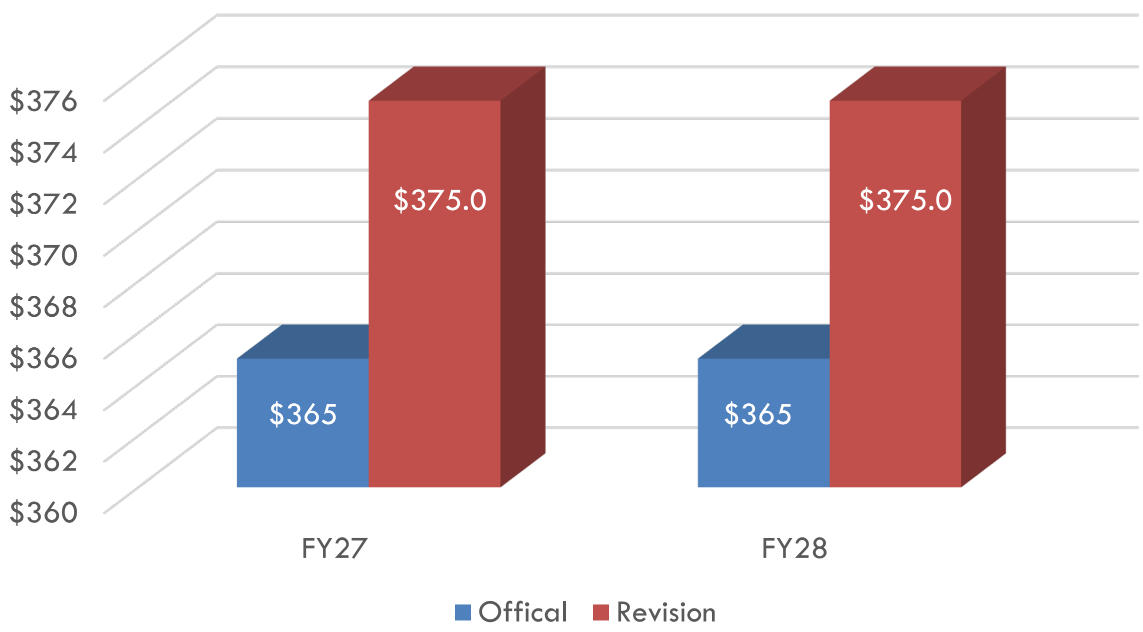
GREG HARKENRIDER

SEPTEMBER 22, 2026

Kentucky General Fund Lottery Forecast

($ millions)

FY2026	FY2027	FY28
$370.0	$375.0	$375.0



What has changed from December 2025?

- The official FY27-FY28 estimates from December 2025 had a bleak short-term outlook for mega jackpot and scratch products
- Since that December meeting, we had
  - The Powerball rolling jackpot exceeded $1.78 billion twice in FY26.
    - Includes a $1.817 Billion jackpot that hit on 12/24/2025
    - These two jackpot runs propelled Powerball sales to $94.7 million in FY26
    - FY26 increase of $40.4 million or 74.4% compared to prior fiscal year
  - A slight slowdown in our decline of scratch sales.
    - Higher jackpots in the large, multistate games led to more foot traffic at KY Lottery locations
    - Helped stem the decline of scratch products
  - An increase in our iLottery sales through focus on new player acquisition.

Recent Lottery Trends

- FY26 sales total sales were $2.38 billion (a new record)
  - Nominal growth of $224.2 million, or 10.4% more than FY25
  - FY26 was a record year for iLottery Instant Play sales, which eclipsed $1 billion
    - iLottery is the fastest growing product line of the KY Lottery, but …
    - iLottery has the lowest gross margins
- A large Powerball jackpot ($1 billion) and Mega Millions jackpot ($803 million) provided a jump start in sales to begin FY2027
- These multi-state jackpots are the highest margin games
- Dividend projections for FY27 and FY28 have been raised to $375 million each year.

MISCELLANEOUS "OTHER" TAXES
(CONSENSUS FORECASTING GROUP)

GREG HARKENRIDER

SEPTEMBER 22, 2026

Other General Fund Revenues

- The "Other" category of revenues contains roughly 60 accounts that are not otherwise classified in the major accounts
- Given the recent declines in the coal severance tax, all of the extraction taxes (mineral severance, natural gas severance, oil production, and the coal severance tax) are presented as extraction taxes in the "other" category of revenues.
- Income on investments, insurance premiums taxes, alcohol taxes, extraction taxes, and telecommunication taxes are the five largest ongoing accounts
- Many of these revenue sources are estimated with annual data instead of quarterly data given the irregular collection cycles

Largest Taxes Classified as "Other"

(Control Forecast)

	FY25	FY26	FY27	FY28
Income on Investments	$322,995,930	$244,145,738	$236,643,638	$240,897,827
Insurance Premiums	$239,227,488	$249,474,587	$263,428,000	$276,550,000
Alcohol Taxes	$178,755,932	$184,102,000	$194,190,000	$202,067,000
Extraction Taxes	$37,542,069	$45,041,651	$46,100,000	$47,200,000
Telecom Taxes	$79,821,646	$83,548,583	$84,900,000	$86,100,000
Inheritance Taxes	$77,705,686	$84,331,959	$49,300,000	$50,300,000
Pari-mutuel	$74,157,769	$84,044,404	$89,500,000	$90,000,000
Abandoned Property	$65,815,339	$81,444,536	$75,600,000	$77,800,000
Subtotal	**$1,076,021,859**	**$1,056,133,459**	**$1,039,661,638**	**$1,070,914,827**
Remaining 51 Accounts	$162,559,249	$191,561,778	$176,105,470	$192,042,750
Other	**$1,238,581,107**	**$1,247,695,237**	**$1,215,767,108**	**$1,262,957,577**

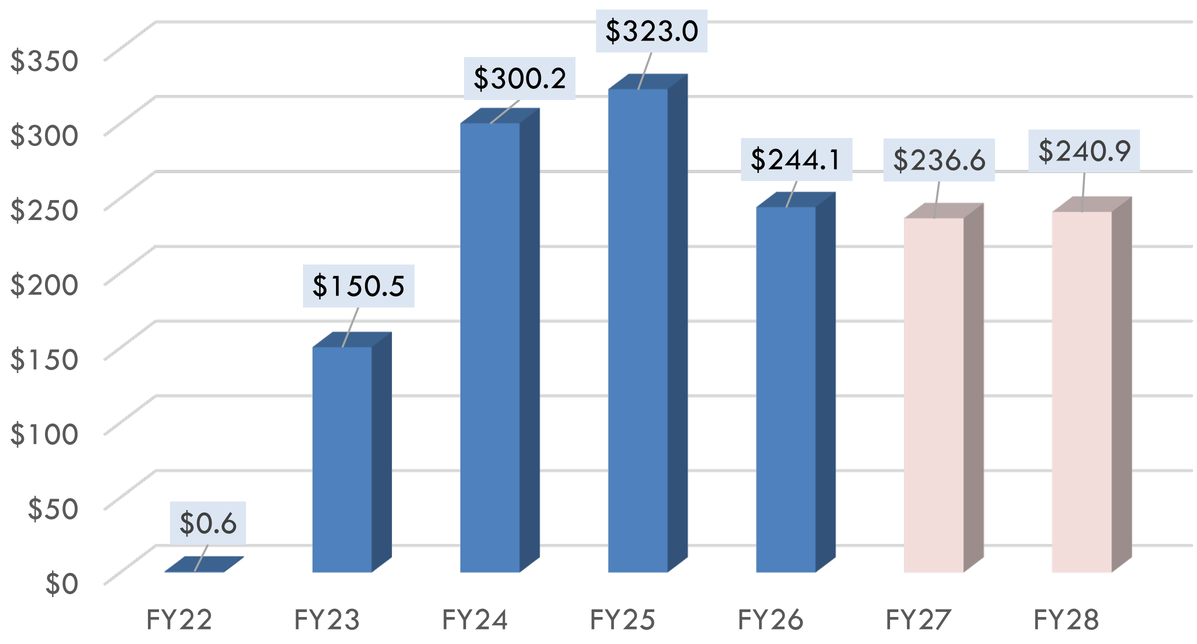
Forecast for Income on Investments

- Income from investments, while not a perennial source of significant income before FY23, recorded receipts of $323.0 million in FY25 and $244.1 million in FY26
- The dramatic increase on the income on investments until FY26 stems from prior year surpluses that were deposited into the State's "Rainy Day Fund"
- That fund is invested in a short-term pool that has benefited from increased interest rate on short-term investment instruments, even more so than the intermediate pool with an inverted yield curve

Income on Investments Forecast

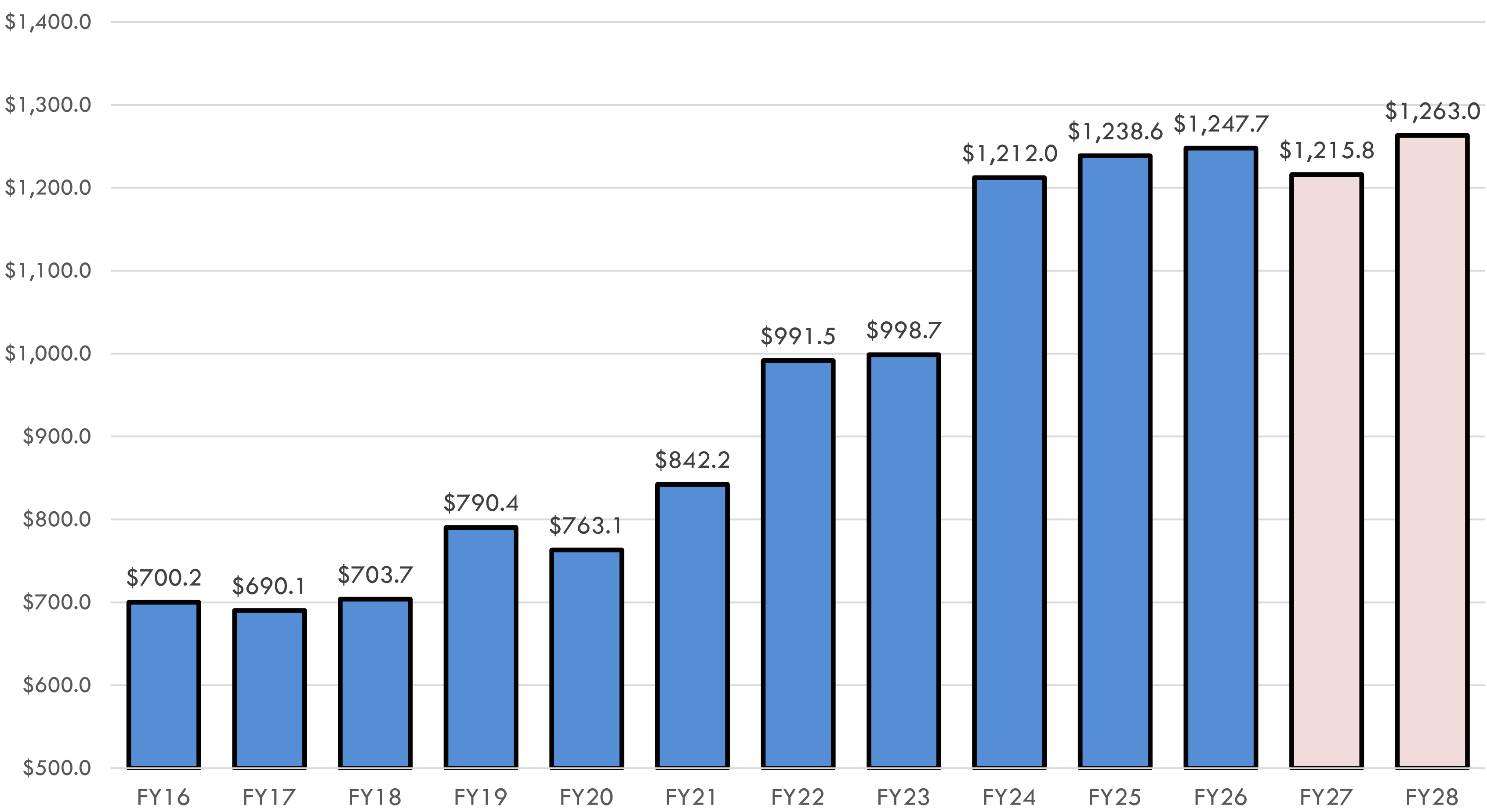
(Control Forecast, $ Millions)

FY27	FY28
$236.6	$240.9

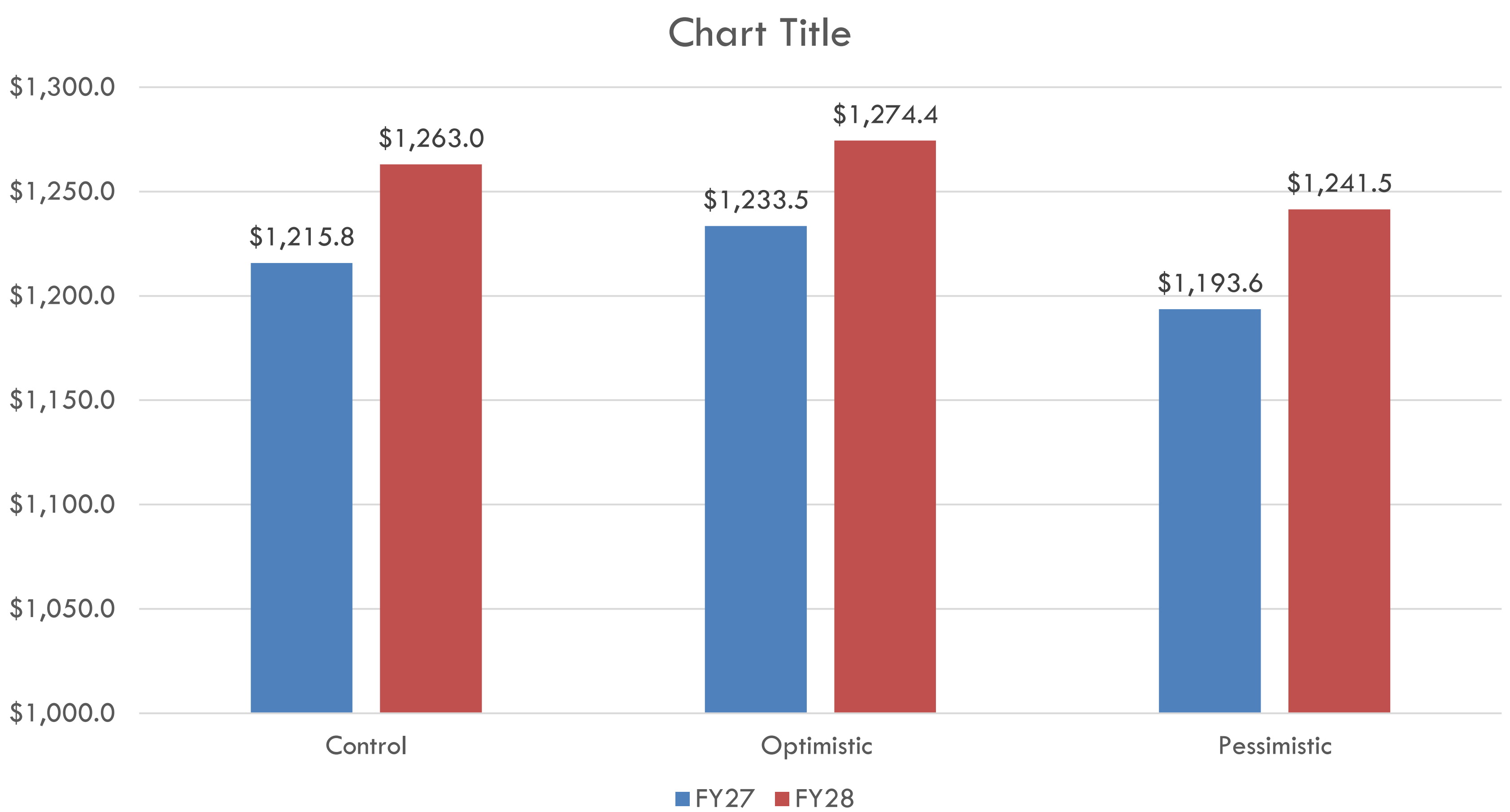


"Other" Receipts Forecast, Control

(Millions $, Fisal Years)



C-O-P "Other" GF Revenues



Revenue Sources with Scenarios

- Based on a model
  - Investment income
  - Mineral extraction
- Constant adjustments
  - Alcohol taxes (wholesale components)
  - Insurance premiums
  - Inheritance taxes

COAL SEVERANCE TAX

(CONSENSUS FORECASTING GROUP)

THOMAS JONES, PH.D.

SEPTEMBER 22, 2026

Office of State Budget Director

Methodology

Coal Receipts = f(PPI Coal, West Texas Intermediate Price of Oil, Henry Hub Price of Natural Gas, US Real GDP)

* Sample: 2000 Q1 to 2026 Q4
* Seasonally-Adjusted Variables
* First Differences

Coal Forecasts

($ millions)

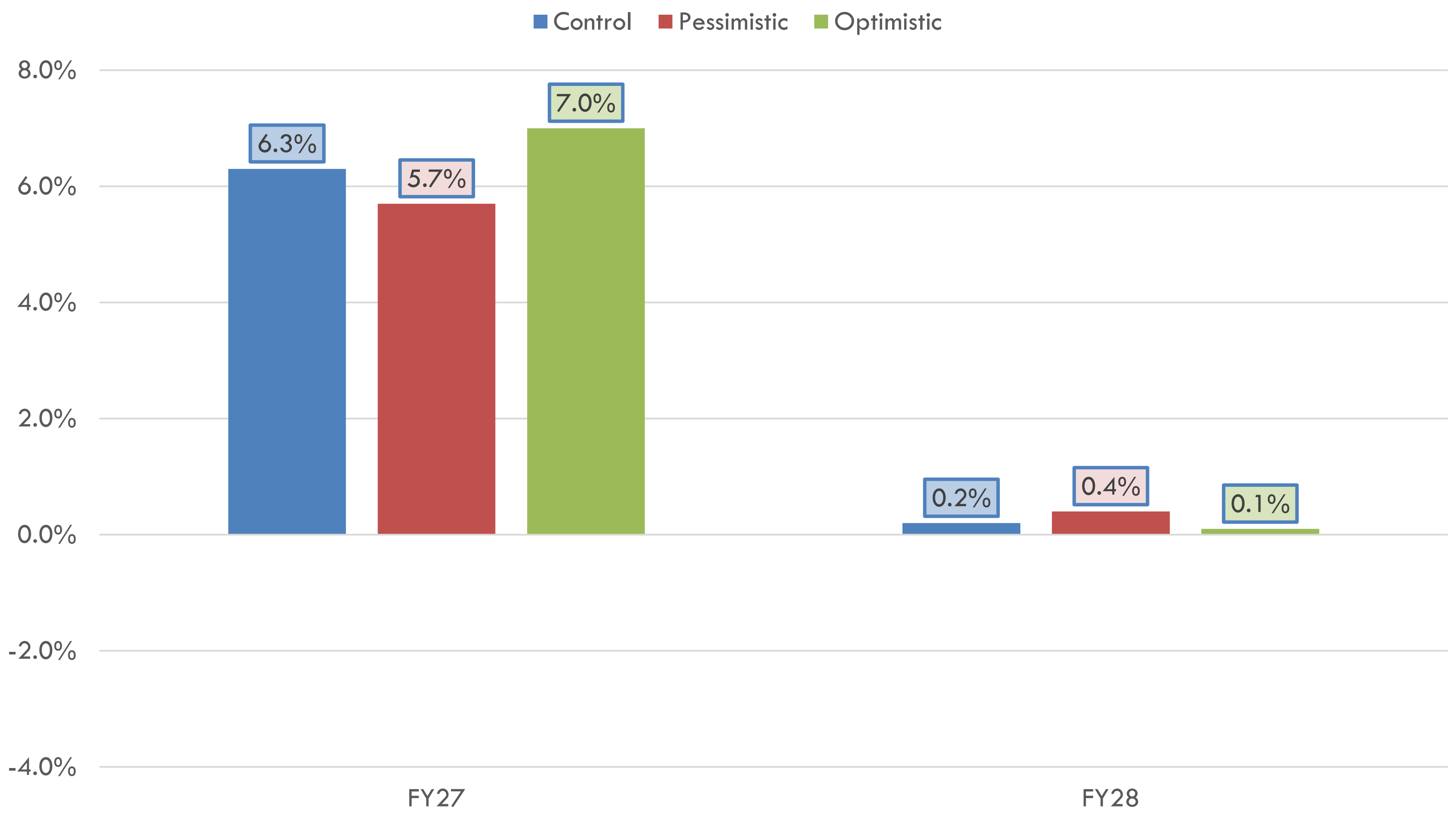
	CON	%chg	PES	%chg	OPT	%chg
FY26	63.0	12.3	63.0	12.3	63.0	12.3
FY27	68.7	9.2	69.6	10.6	66.3	5.2
FY28	47.3	-31.2	56.7	-18.6	43.2	-34.9

GENERAL FUND REMARKS
(CONSENSUS FORECASTING GROUP)

GREG HARKENRIDER

SEPTEMBER 22, 2026

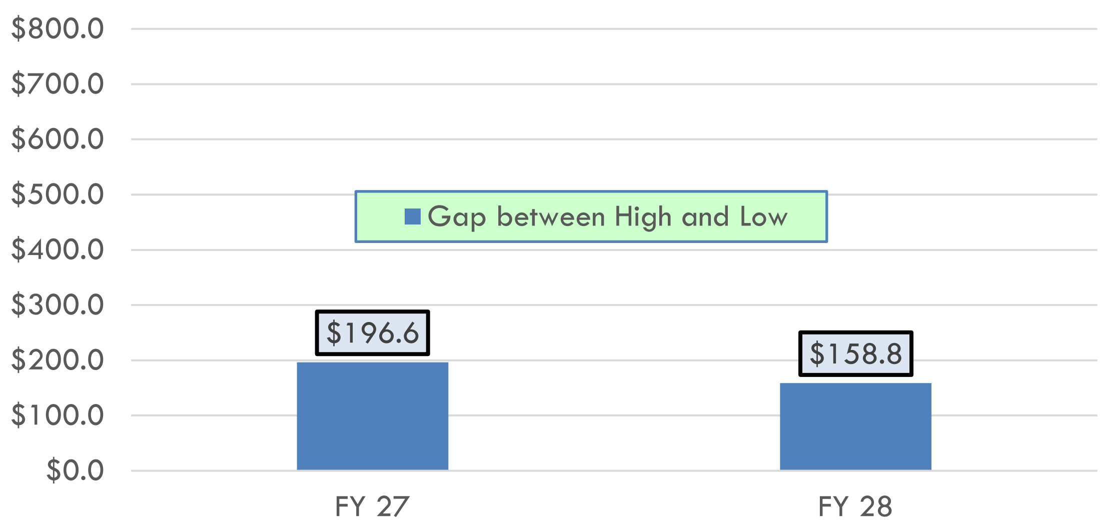
Percentage Growth, All Scenarios



Implied Variation Among Scenarios

($ millions)

	Pessimistic	Control	Optimistic
FY27	$16,894.0	$16,989.1	$17,090.6
FY28	$16,955.0	$17,021.0	$17,113.8



Explanation of the Variation between C-O-P

- Taxes with Alternative Scenarios
  - Individual Income Tax Withholding Component
  - Sales and Use Tax
  - Major Business Taxes
  - "Other" Taxes, including Coal and Mineral Severance
- No Alternative Scenarios for the Remaining Revenue Sources
  - Remaining taxes are not estimated with a structural equation using a forecasted value from either MAK or S&P IHS Global