



Office of State Budget Director

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Frankfort, Kentucky 40601

Andy Beshear
Governor

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John T. Hicks
State Budget Director

Governor's Office for Policy and Management
Governor's Office for Economic Analysis
Governor's Office for Policy Research

December 16, 2022

The Honorable Andy Beshear
Governor
Suite 100, State Capitol
Frankfort, Kentucky 40601

Mr. Jay Hartz, Director
Legislative Research Commission
Room 300, State Capitol
Frankfort, Kentucky 40601

Ms. Laurie Dudgeon, Director
Administrative Office of the
1001 Vandalay Drive
Frankfort, Kentucky 40601

Dear Governor Beshear, Director Hartz and Director Dudgeon:

Pursuant to Kentucky Revised Statutes 48.115(2), I requested a revision by the Consensus Forecasting Group (CFG) to the fiscal year 2022-2023 and fiscal year 2023-2024 official General Fund revenue estimates in a letter dated November 10, 2022.

The CFG met on December 14, 2022 and revised the General Fund revenue estimates. The revised, official estimates reflect an increase to the enacted estimates of \$1,442,911,600 for fiscal year 2022-2023 and \$1,314,826,700 for fiscal year 2023-2024.

Attached is a letter and associated materials from Dr. Frank O'Connor, Chairman of the CFG, which memorializes the revised revenue estimates.

Sincerely,

A handwritten signature in black ink that reads "John T. Hicks".

John T. Hicks
State Budget Director

Copy with attachments to:

Senator Robert Stivers, Senate President
Representative David Osborne, Speaker of the House
Senator Chris McDaniel, Co-Chair Interim Joint Committee Appropriations & Revenue
Representative Jason Petrie, Co-Chair Interim Joint Committee Appropriations & Revenue

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LEGISLATIVE RESEARCH COMMISSION

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Jay D. Hartz
Director

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Angie Hatton
Minority Whip

December 16, 2022

John T. Hicks
State Budget Director
Office of the State Budget Director
200 Mero Street, 5th Floor
Frankfort, Kentucky 40622

Dear Mr. Hicks:

On November 10, 2022, you requested the Consensus Forecasting Group (CFG) to meet by December 16, 2022, to revise the official General Fund (GF) revenue estimates for FY 2023 and FY 2024. In accordance with KRS 48.115(2), the CFG met on December 14, 2022. The revised estimates adopted by the CFG are listed below.

<u>Fiscal Year</u>	<u>General Fund</u>
2023	\$15,201,900,000
2024	\$15,465,800,000

The revised FY 2023 GF revenue estimate is \$1,442.9 million above the FY 2023 official GF revenue estimate (\$13,759.0 million). The revised FY 2024 GF revenue estimate is \$1,314.8 million more than the FY 2024 official GF revenue estimate (\$14,151.0 million).

Attachment A contains the revised General Fund estimates by major tax type.
Attachment B contains a table of the General Fund estimates by individual tax.

In summary, the General Fund revenue estimates adopted by the Consensus Forecasting Group represent an agreement among the members as to the most likely outcome for revenues for FY 2023 and FY 2024, given the information available on December 14, 2022.

Sincerely,

A handwritten signature in black ink that reads "Frank O'Connor". The signature is written in a cursive style with a large, stylized "F" and "O".

Frank O'Connor
Chairman, Consensus Forecasting Group
Professor Emeritus of Economics
Eastern Kentucky University

ATTACHMENT A
FISCAL YEAR 2023 AND FISCAL YEAR 2024 CFG OFFICIAL GENERAL FUND ESTIMATES
ADOPTED ON DECEMBER 14, 2022
(Millions Of Dollars)

Major Tax Category	FY21		FY22		FY23		FY24	
	Actual Receipts	Actual Receipts	Percent Change	CFG Estimate	Percent Change	CFG Estimate	Percent Change	CFG Estimate
Individual Income	\$5,143.8	\$6,047.5	17.6%	\$5,833.8	-3.5%	\$5,709.8	-2.1%	\$5,709.8
Sales & Use	\$4,561.0	\$5,062.9	11.0%	\$5,689.4	12.4%	\$6,059.3	6.5%	\$6,059.3
Corporate Income & Limited Liability Entity Tax (LLET)	\$882.8	\$1,186.6	34.4%	\$1,279.0	7.8%	\$1,298.3	1.5%	\$1,298.3
Property	\$702.5	\$723.9	3.0%	\$759.4	4.9%	\$784.6	3.3%	\$784.6
Lottery	\$289.1	\$295.0	2.0%	\$337.0	14.2%	\$343.6	2.0%	\$343.6
Cigarettes	\$349.9	\$324.5	-7.3%	\$303.8	-6.4%	\$291.4	-4.1%	\$291.4
Coal Severance	\$56.1	\$70.7	26.0%	\$88.9	25.7%	\$58.2	-34.5%	\$58.2
Other	\$842.2	\$991.4	17.7%	\$910.6	-8.2%	\$920.6	1.1%	\$920.6
Total General Fund	\$12,827.4	\$14,702.5	14.6%	\$15,201.9	3.4%	\$15,465.8	1.7%	\$15,465.8
Year-over-Year General Fund Growth		\$1,875.1		\$499.4		\$263.9		

Official FY 2023 And FY 2024 Estimate Compared to Enacted Estimate

Major Tax Category	FY 2023		FY 2024	
	CFG Estimate	Enacted Estimate	CFG Estimate	Enacted Estimate
Individual Income	\$5,833.8	\$5,342.3	\$5,709.8	\$5,249.3
Sales & Use	\$5,689.4	\$5,283.2	\$6,059.3	\$5,625.4
Corporate Income & Limited Liability Entity Tax (LLET)	\$1,279.0	\$909.8	\$1,298.3	\$963.8
Property	\$759.4	\$674.9	\$784.6	\$735.9
Lottery	\$337.0	\$335.0	\$343.6	\$343.6
Cigarettes	\$303.8	\$318.6	\$291.4	\$305.7
Coal Severance	\$88.9	\$76.6	\$58.2	\$75.2
Other	\$910.6	\$818.6	\$920.6	\$852.1
Total General Fund	\$15,201.9	\$13,759.0	\$15,465.8	\$14,151.0
		\$1,442.9	\$1,314.8	\$1,314.8

ATTACHMENT B

GENERAL FUND DETAILED CONSENSUS REVENUE ESTIMATES (Adopted On December 14, 2022)

SALES AND GROSS RECEIPTS TAXES	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate	FY 2024 Estimate
Sales & Use	\$4,561,017,999	\$5,062,877,350	\$5,689,400,000	\$6,059,300,000
Cigarette	\$349,946,619	\$324,467,835	\$303,800,000	\$291,400,000
Distilled Spirits Case Sales	\$202,034	\$227,893	\$231,000	\$240,000
Insurance Tax Foreign Companies	\$43,464,620	\$47,255,939	\$48,400,000	\$50,700,000
Insurance Tax Companies Other Than Life	\$126,095,973	\$112,589,659	\$132,500,000	\$134,000,000
Insurance Tax Fire Prevention Fund	\$6,976,661	\$7,460,086	\$7,800,000	\$8,000,000
Pari-Mutuel	\$31,229,897	\$47,733,411	\$52,765,414	\$54,500,000
Race Track Admission	\$21,551	\$135,855	\$64,000	\$0
Beer Consumption	\$6,200,831	\$6,278,125	\$6,330,000	\$6,400,000
Distilled Spirits Consumption	\$17,520,621	\$18,524,507	\$18,600,000	\$18,650,000
Wine Consumption	\$3,461,261	\$3,336,159	\$3,330,000	\$3,300,000
Beer Wholesale	\$63,363,832	\$66,130,324	\$69,400,000	\$71,800,000
Distilled Spirits Wholesale	\$62,862,108	\$70,704,041	\$74,100,000	\$78,900,000
Wine Wholesale	\$19,936,744	\$20,558,087	\$21,250,000	\$22,100,000
Nex Excise Tax on Ride-Sharing		\$7,900,000	\$7,900,000	\$19,000,000
Hybrid, Electric Vehicle Annual Fee	\$41,174,942	\$44,383,010	\$800,000	\$1,550,500
Other Tobacco Products and Snuff		\$45,200,000	\$45,200,000	\$45,500,000
Telecommunications Taxes	\$73,910,160	\$76,442,296	\$79,500,000	\$80,750,000
TOTAL SALES AND GROSS RECEIPTS TAXES	\$5,407,385,853	\$5,909,080,340	\$6,561,370,414	\$6,946,090,500
LICENSE AND PRIVILEGE TAXES	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate	FY 2024 Estimate
Coal Severance Tax	\$56,073,988	\$70,653,864	\$88,900,000	\$58,200,000
Mineral Severance Tax	\$20,607,726	\$21,366,603	\$22,800,000	\$20,700,000
Natural Gas Severance Tax	\$3,563,561	\$9,451,241	\$24,000,000	\$11,600,000
Oil Production	\$4,200,401	\$7,547,757	\$8,200,000	\$6,800,000
Corporate License	\$197,340	\$146,936	\$100,000	\$50,000
Cigarette License	\$207,975	\$171,992	\$185,000	\$205,000
Race Track License	\$242,691	\$222,000	\$220,000	\$210,000
Marijuana and Controlled Substance Tax	\$64,324	\$74,580	\$79,500	\$81,000
Bank Franchise Tax	\$116,008,780	\$622,155	\$300,000	\$150,000
Corporation Organization	\$35,791	\$56,907	\$60,000	\$65,000
Cir. Ct. Clk. - Driver License Receipts	\$956,288	\$856,652	\$925,000	\$1,150,000
Alcoholic Beverage License Suspension	\$225,350	\$303,050	\$275,000	\$325,000
Limited Liability Entity Tax	\$274,831,881	\$254,013,185	\$245,000,000	\$240,000,000
TOTAL LICENSE AND PRIVILEGE TAXES	\$477,216,097	\$365,486,922	\$391,044,500	\$339,536,000

ATTACHMENT B
GENERAL FUND DETAILED CONSENSUS REVENUE ESTIMATES (Adopted On December 14, 2022)

INCOME TAXES	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate	FY 2024 Estimate
Corporation Income Tax	\$608,017,501	\$932,591,147	\$1,034,000,000	\$1,058,300,000
Individual Income Tax	\$5,143,769,886	\$6,047,528,269	\$5,833,800,000	\$5,709,800,000
TOTAL INCOME TAXES	\$5,751,787,387	\$6,980,119,417	\$6,867,800,000	\$6,768,100,000
PROPERTY TAXES	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate	FY 2024 Estimate
Real Property	\$317,378,436	\$325,304,164	\$336,700,000	\$348,500,000
Tangible Personal Property	\$118,631,611	\$119,311,369	\$122,100,000	\$124,400,000
Motor Vehicles	\$166,267,116	\$179,189,332	\$197,100,000	\$207,900,000
Omitted and Delinquent	\$17,994,932	\$17,426,030	\$17,600,000	\$17,800,000
Apportioned Vehicles	\$6,590,892	\$5,070,237	\$5,700,000	\$5,500,000
Public Service Companies	\$72,960,107	\$74,646,765	\$77,200,000	\$77,500,000
Other Property	\$2,652,430	\$2,909,032	\$3,000,000	\$3,000,000
TOTAL PROPERTY TAXES	\$702,475,524	\$723,856,930	\$759,400,000	\$784,600,000
DEPARTMENTAL FEES, SALES AND RENTALS	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate	FY 2024 Estimate
Public Service Commission Assessments-	\$16,663,260	\$15,819,870	\$16,770,740	\$16,874,479
Insurance - Retaliatory Taxes & Fees-	\$4,975,889	\$5,469,277	\$5,635,109	\$5,847,101
Circuit Court Clk. - Civil Filing Fee Receipts-	\$135,605			
Circuit Court Clk. - Bond Filing Fee-	\$1,697,524	\$2,409,478	\$1,950,000	\$2,000,000
Circuit Court Clk. - 10% Bond Fee-	\$177,518	\$291,113	\$235,000	\$245,000
Circuit Court Clk. - Receipts for Services-	\$3,207,254	\$3,844,528	\$4,275,000	\$4,325,000
Strip Mining & Reclamation - Fines Coll.	\$511,401	\$757,117	\$500,000	\$525,000
Miscellaneous - Pub Advoc, Sec State Fee	\$803,752	\$1,120,196	\$765,000	\$725,000
TOTAL DEPARTMENT FEES, SALES AND RENTALS	\$28,172,203	\$29,711,580	\$30,130,848	\$30,541,580

ATTACHMENT B
GENERAL FUND DETAILED CONSENSUS REVENUE ESTIMATES (Adopted On December 14, 2022)

MISCELLANEOUS REVENUE	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate	FY 2024 Estimate
Inheritance Tax	\$62,068,793	\$81,264,890	\$81,500,000	\$83,500,000
Lottery	\$289,100,000	\$295,000,000	\$337,000,000	\$343,600,000
Legal Process - Clk. Supreme Court	\$83,394	\$74,993	\$99,000	\$102,500
Dept. of Rev. Legal Process Taxes - Co. Clk.	\$2,959,548	\$2,868,269	\$2,809,042	\$2,851,543
Dept. of Rev. Penalty & Int. of Co. Officials	(\$19,837)	(\$29,521)	(\$23,477)	(\$22,957)
TVA - In Lieu of Taxes - State Portion	\$3,252,452	\$3,208,136	\$3,350,000	\$3,300,000
F.H.A. - In Lieu of Taxes	\$59,534	\$75,390	\$66,500	\$69,600
R.E.C.C. and R.T.C.C. In Lieu of Taxes	\$423	\$300	\$400	\$400
Business Development - In Lieu of Taxes	\$254,099			
Abandoned Property	\$52,359,657	\$43,472,367	\$49,500,000	\$49,995,000
Circuit Court Clk. - Fish & Wildlife Fines	\$67,097	\$78,719	\$66,619	\$67,570
Cir. Ct. Clk. - Criminal/Traffic Fines & Costs	\$9,642,604	\$14,498,645	\$12,650,000	\$13,000,000
Circuit Court Clk. - Bond Forfeitures	\$514,384	\$1,184,664	\$800,000	\$800,000
Fines Dept Insurance	\$181,122	\$42,883	\$200,000	\$200,000
Other Fines & Unhonored Checks	\$13,434,687	\$5,640,755	\$12,750,000	\$13,000,000
Court Costs	\$7,567,439	\$10,482,324	\$9,900,000	\$10,300,000
Transient Room Tax	\$505,423	\$1,023,757	\$750,000	\$760,000
General Depository Investment Income	(\$344,153)	\$585,342	\$67,500,000	\$69,000,000
Miscellaneous (Legal Settlements, etc.)		\$228,855,422	\$5,461,638	
TOTAL MISCELLANEOUS REVENUE	\$441,686,667	\$688,327,334	\$584,379,723	\$590,523,656
MISCELLANEOUS REVENUE NOT IN THE ESTIMATES	\$18,708,597	\$5,877,936	\$7,774,515	\$6,408,264
TOTAL GENERAL FUND	\$12,827,432,328	\$14,702,460,458	\$15,201,900,000	\$15,465,800,000