



Office of State Budget Director

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Governor's Office for Economic Analysis
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November 26, 2008

Mr. Robert Sherman, Director
Legislative Research Commission
Room 300, State Capitol
Frankfort, Kentucky 40601

Mr. Jason Nemes, Director
Administrative Office of the Courts
100 Millcreek Park
Frankfort, Kentucky 40601

Dear Mr. Sherman and Mr. Nemes:

Pursuant to KRS 48.400(3), this communication serves as immediate notification of an anticipated decrease in total estimated tax receipts for fiscal year 2008-09. The Consensus Forecasting Group was requested to revise the enacted revenue estimates upon which fiscal year 2008-09 General Fund, Road Fund, and Phase I Tobacco Settlement Fund appropriations were made. The official revised revenue estimates for fiscal year 2008-09 determined by the Consensus Forecasting Group at its November 21, 2008 meeting, are as follows:

<u>General Fund</u>	<u>Phase I-Tobacco Fund</u>	<u>Road Fund</u>
\$8,429,900,000	\$118,490,000	\$1,220,100,000

The revised official revenue estimate reflects a decrease of \$456,147,000 in General Fund receipts, and a decrease of \$1,200,000 in Phase I Tobacco Settlement Fund receipts, for a combined decline of \$457,347,000, 5.1% less than the enacted revenue estimate. The decrease of Road Fund receipts is \$104,706,400, 7.9% less than the enacted revenue estimate.

Pursuant to KRS 48.130(4)(a), this communication also serves as notification that there are no surplus General funds and no surplus Road funds sufficient to meet these deficits. The General Fund surplus at the end of fiscal year 2007-08 of \$22,699,443 has been fully disposed: \$11,349,722 to the Budget Reserve Trust Fund pursuant to KRS 48.705 and the remainder has been appropriated for necessary governmental expense items authorized by House Bill 406. The Road Fund surplus at the end of fiscal year 2007-08 of \$27,233,216 has been appropriated to the State Construction Account within the Highways appropriation unit as directed by House Bill 406, Part IX.

The Consensus Forecasting Group is chaired by Dr. Larry Lynch. The other members are: Ms. Maria G. Hampton, Dr. Bruce Johnson, Dr. James McCabe, Dr. Frank O'Connor, Dr. David Wildasin, and Dr. Virginia Wilson. Support was provided by the Governor's Office for Economic Analysis and the Legislative Research Commission.

Mr. Sherman, & Mr. Nemes
November 26, 2008
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Detailed estimates for each account and summary tables for the General Fund and Road Fund are attached.

Sincerely,

John T. Hicks
Acting State Budget Director

Attachments

General Fund Detailed Consensus Revenue Estimate

<u>Source</u>	<u>FY 2008 Actual</u>	<u>FY 2009 Estimate</u>
<u>Selected Sales and Gross Receipts Taxes</u>		
Sales & Use	\$2,877,814,014	\$2,878,300,000
Cigarette Excise Tax	\$169,547,927	\$169,800,000
Distilled Spirits Case Sales	\$104,154	\$100,000
Insurance Tax Foreign Companies	\$39,597,165	\$37,000,000
Insurance Tax Companies Other Than Life	\$85,288,984	\$88,800,000
Insurance Tax Fire Prevention Fund	\$4,410,751	\$4,900,000
Pari-Mutuel	\$5,327,540	\$6,100,000
Race Track Admission	\$219,939	\$200,000
Beer Consumption	\$6,535,066	\$6,500,000
Distilled Spirits Consumption	\$10,378,013	\$10,900,000
Wine Consumption	\$2,353,476	\$2,400,000
Beer Wholesale	\$49,531,545	\$50,700,000
Distilled Spirits Wholesale	\$26,628,403	\$26,500,000
Wine Wholesale	\$11,977,256	\$12,000,000
Other Tobacco Products and Snuff	\$8,894,150	\$4,600,000
Telecommunications Taxes	\$55,972,928	\$58,500,000
TOTAL SEL. SALES AND GROSS RECEIPTS TAXES	\$3,354,581,311	\$3,357,300,000
<u>License and Privilege Taxes</u>		
Coal Severance Tax	\$232,977,827	\$275,300,000
Mineral Severance Tax	\$16,360,844	\$12,700,000
Natural Gas Severance Tax	\$33,794,313	\$42,800,000
Oil Production	\$10,201,113	\$14,000,000
Corporate License	\$2,822,279	\$3,000,000
Cigarette License	\$88,933	\$80,000
Race Track License	\$245,360	\$300,000
Marijuana and Controlled Substance Tax	\$95,689	\$100,000
Bank Franchise Tax	\$71,976,055	\$65,500,000
Corporation Organization	\$259,654	\$200,000
Cir. Ct. Clk. - Driver License Receipts	\$599,370	\$600,000
Sand and Gravel License	\$6,950	\$0
Alcoholic Beverage License Suspension	\$830,310	\$400,000
Limited Liability Entity Tax	\$98,407,313	\$98,000,000
TOTAL LICENSE AND PRIVILEGE TAXES	\$468,666,010	\$512,980,000
<u>Income Taxes</u>		
Corporation Income Tax	\$435,222,566	\$241,600,000
Individual Income Tax	\$3,483,137,317	\$3,365,400,000
TOTAL INCOME TAXES	\$3,918,359,883	\$3,607,000,000

General Fund Detailed Consensus Revenue Estimate

	<u>Source</u>	<u>FY 2008 Actual</u>	<u>FY 2009 Estimate</u>
<u>Property Taxes</u>			
Real Property		\$237,153,330	\$249,100,000
Tangible Personal Property		\$95,749,484	\$105,300,000
Motor Vehicles		\$106,497,221	\$109,500,000
Building and Loan Association Capital Stock		\$2,649,630	\$2,500,000
Delinquent Property		\$4,450,912	\$7,500,000
Omitted Intangible Personal Property		\$926,455	\$0
Omitted Tangible Personal Property		\$12,141,283	\$10,000,000
Apportioned Vehicles		\$3,516,722	\$5,100,000
Public Service Companies		\$36,511,473	\$37,200,000
Other Property		\$1,049,281	\$1,000,000
TOTAL PROPERTY TAXES		\$500,645,791	\$527,200,000
<u>Inheritance Taxes</u>			
Inheritance Tax		\$51,001,299	\$47,200,000
TOTAL INHERITANCE TAXES		\$51,001,299	\$47,200,000
<u>Departmental Fees, Sales and Rentals</u>			
Public Service Commission Assessments-		\$14,306,084	\$13,000,000
Insurance - Retaliatory Taxes & Fees-		\$3,828,151	\$2,100,000
Sec. of State - Process Agents Fees		\$0	\$100,000
Insurance - Miscellaneous Receipts		\$120,375	\$200,000
Circuit Court Clk. - Civil Filing Fee Receipts-		\$13,089,982	\$12,900,000
Circuit Court Clk. - Bond Filing Fee-		\$531,266	\$500,000
Circuit Court Clk. - 10% Bond Fee-		\$747,315	\$690,000
Circuit Court Clk. - Receipts for Services-		\$5,567,716	\$6,000,000
Strip Mining & Reclamation Fees-		\$1,268,560	\$900,000
Strip Mining & Reclamation - Fines Coll.		\$806,950	\$800,000
Miscellaneous - Pub Advoc; Sec State Fee		\$4,421,940	\$4,300,000
TOTAL DEPARTMENT FEES, SALES AND RENTALS		\$44,688,339	\$41,490,000
<u>Investment Receipts</u>			
TOTAL INVESTMENT RECEIPTS		\$23,868,325	\$9,000,000
<u>Miscellaneous Revenue</u>			
Lottery		\$187,461,591	\$198,500,000
Court Costs		\$18,309,064	\$35,030,000
Legal Process - Clk. Supreme Court		\$109,421	\$100,000

General Fund Detailed Consensus Revenue Estimate

<u>Source</u>	FY 2008 Actual	FY 2009 Estimate
Dept. of Rev. Legal Process Taxes - Co. Clk.	\$2,809,347	\$3,000,000
Dept. of Rev. Penalty & Int. of Co. Officials	(\$28,765)	\$0
TVA - In Lieu of Taxes - State Portion	\$12,389,344	\$12,900,000
F.H.A. - In Lieu of Taxes	\$29,185	\$0
R.E.C.C. and R.T.C.C. In Lieu of Taxes	\$310	\$0
Business Development - In Lieu of Taxes	\$0	\$0
Abandoned Property	\$33,908,678	\$31,800,000
Circuit Court Clk. - Fish & Wildlife Fines	\$84,650	\$100,000
Cir. Ct. Clk. - Criminal/Traffic Fines & Costs	\$26,341,396	\$25,300,000
Circuit Court Clk. - Bond Forfeitures	\$1,644,343	\$1,500,000
Fines Dept Insurance	\$704,366	\$820,000
Workplace & Employment Standards, Fees, Fines	\$1,961,413	\$1,800,000
Sale of NOx Credits	\$12,251,950	\$650,000
TOTAL MISCELLANEOUS REVENUE	\$297,976,293	\$311,500,000
MISC. NOT IN REVENUE ESTIMATES	\$4,548,415.0	\$9,000,000.0
REVENUE INITIATIVES	\$0.0	\$2,980,000.0
2008 Legislative Impact	\$0.0	\$4,200,000.0
Adjustment for Rounding		\$50,000.0
TOTAL GENERAL FUND	\$8,664,335,666	\$8,429,900,000

Road Fund Detailed Revenue Estimates

	FY 2008	FY 2009
	<u>Actual</u>	<u>Estimated</u>
<u>Sales and Gross Receipts Taxes</u>		
Motor Fuels Normal and Normal Use	\$608,500,483	\$640,100,000
Motor Vehicle Usage	372,656,226	308,500,000
Motor Vehicle Rental Usage	33,189,885	31,700,000
Truck Trip Permits	278,640	400,000
Sales and Use	-48,897	0
Usage Tax on Buses	0	0
Supplemental Fuel Surtax	0	0
Usage Tax on Historical Vehicles	0	0
TOTAL SALES AND GROSS RECEIPTS TAX	\$1,014,576,337	\$980,700,000
<u>License and Privilege Taxes</u>		
Drive Away Utility Trailer Permits	\$8,202	\$6,500
Amateur Radio Plate	9,668	9,500
Passenger Car License	34,674,609	29,430,000
Truck License - State Share	15,560,418	19,300,000
Motorcycle License	567,883	470,000
Motorcycle License-Program GA19	0	0
Dealers License	263,765	390,000
Transfer License	1,040,530	760,000
Trailer License	1,608,501	1,800,000
County Clerk Penalty	170,155	75,850
Bus License - Except City	34,383	30,000
City and Suburban Bus License	0	0
Bus Certificates and Permits	2,125	4,000
Taxi License	29,704	29,500
Truck Permits	31,090	100,500
Contract Taxicab Permit	15,325	15,000
Motor Vehicle Operator's License	13,484,965	14,210,000
Motor Vehicle Operator's License-Program GA19	0	0
Highway Special Permits	7,310,335	7,000,000
U-Drive-It Permits	24,417	12,000
U-Drive-Licenses	1,339,063	1,810,000
Junk Yard License	2,002	4,500
Historic Vehicle License	277,444	250,000
Operator's License-Driver Education	621,062	680,000
Truck Proportional Registration	30,683,672	34,090,000
Operator's License - Photography Program	1,266,591	1,420,000
Industrial Hauling Permits	1,220	5,000
General Assembly License Plates	2,096	2,000
Pearl Harbor Survivor Plates	16	150
Collegiate Plates	1,675,699	950,000
Personalized License Plates	1,214,960	1,300,000
Army Reserve Plates	549,409	600,000
Purple Heart Plates	35,896	31,000
Judicial License Plates	338	750
Civil Air Patrol Plates	1,131	1,000
National Guard License Plates	-11,913	7,500
Civic Event Plates	450	750
Street Rod Plates	1,692	2,000
Fraternal Order of Police Plates	87,243	280,000
Environmental License Plate	922,531	1,300,000
Dealer Demonstrator Tags	4,681	6,200
Volunteer Fireman License Tags	74,570	68,000
P.O.W. License Plates	88	130
Motor Carrier Identification Cards	3,230,600	5,000,000
Weight Distance Tax	84,353,543	79,600,000
DES License Plates	15,422	8,400
Child Victims License Plates	87,121	170,000
Masonic License Plates	86,997	40,000
Horse Council Plates	553,769	550,000
Law Enforcement	189,422	150,000
Independent College	66,888	46,000
Ducks Unlimited	38,321	39,000
Spay and Neuter Plate	214,172	250,000

Road Fund Detailed Revenue Estimates

Share The Road	100,802	95,000
Ky Colonels	73,546	68,000
Sportsman	203,583	320,000
Breast Cancer	55,558	49,000
Choose Life	290,061	300,000
Zoo Foundation Plate	45,912	23,000
Lincoln Bicentennial	34,154	
Kentucky Dental Association	28,474	
Ryder Cup	41,106	
Autism Awareness	25,748	
Quail Unlimited	25,200	
Temporary Tags	447,651	510,000
Nonreciprocal Permits	204,480	240,000
Overweight Coal Truck Permit	774,379	910,000
Temporary Truck Decal Permits	0	50,000
TOTAL LICENSE AND PRIVILEGE TAX	\$204,772,925	\$204,870,230
<u>Departmental Fees, Sales and Rentals</u>		
Proposal Sales	\$0	
Specification and Blue Print Sales	449,419	430,000
Miscellaneous Rentals	385,887	520,000
MVL Computer Services	0	
Fines and Forfeitures	0	
Traffic Offenders School Fees	1,112,801	1,600,000
Record Copy Sales	522,661	268,000
Highway Sign Logo Rental	621,721	670,000
Driving History Record Fee	7,229,672	7,100,000
Operator's License Reinstatement Fees	1,245,321	1,450,000
Operator's License Name Sales	0	0
Penalty & Interest - Weight and Use Taxes	1,852,026	1,900,000
Medical Alert Stickers	97	175
Motor Vehicle Title Receipts	5,491,160	5,500,000
Proceeds from Asset Disposition	2,444,338	2,600,000
Coal Road Recovery Fines	934	3,000
U-Drive-It Penalty and Interest	48,159	50,000
TOTAL DEPARTMENT FEES, SALES AND RENTALS	\$21,404,196	\$22,091,175
<u>Investment Income</u>		
Investment Income	\$19,460,549	\$10,900,000
TOTAL INVESTMENT INCOME	\$19,460,549	\$10,900,000
<u>Miscellaneous Income</u>		
Property Damage	\$940,522	\$550,000
Cold Check Account	0	0
TOTAL MISCELLANEOUS INCOME	\$940,522	\$550,000
Misc. Not in Revenue Estimates	\$1,644,222	\$990,000
Adjustment for Rounding		-\$1,405
TOTAL ROAD FUND REVENUE	\$1,262,798,751	\$1,220,100,000