



Office of State Budget Director
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John E. Chilton
State Budget Director

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

December 21, 2017

Mr. Scott Brinkman
Secretary of the Executive Cabinet
Office of the Governor
Frankfort, Kentucky 40601

Mr. David Byerman
Director
Legislative Research Commission
Room 300, State Capitol
Frankfort, Kentucky 40601

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

Dear Mr. Brinkman, Mr. Byerman and Ms. Dudgeon:

Pursuant to Kentucky Revised Statutes 48.120 (3), on or before the fifteenth legislative day, the Office of State Budget Director (OSBD) shall certify and present to the General Assembly the official revenue estimates made by the consensus forecasting for the General Fund and Road Fund for the current and next two (2) fiscal years. Appropriations made in the branch budget bills enacted for each branch of government shall be based upon the official revenue estimates, as modified by the General Assembly. The enacted estimates shall become the official revenue estimates of the Commonwealth upon the branch budget bills becoming law, and shall remain the official revenue estimates of the Commonwealth until revised by the consensus forecasting group as provided in KRS 48.115. The remainder of this memo presents the following:

- Estimates for the General Fund, Road Fund, Tobacco Fund
- Detailed projections for the current year and next two fiscal years
- Presentation and analysis of the official revenue estimates prepared by the consensus forecasting group.

The General Fund, Road Fund, and MSA Tobacco Fund estimates were prepared in cooperation with the CFG, and represent an agreement by the Group as to the most likely outcome for revenues in the current fiscal year and the upcoming two years. The CFG consists of individuals knowledgeable about the state and national economies and the revenue and financial conditions of the Commonwealth. Appointed jointly by the State Budget Director and the Legislative Research Commission, the members are: Dr. Frank O'Connor (Chair), Dr. Bruce Johnson, Dr. Alan Bartley, Dr. James McCoy, Ms. Janet Harrah, Mr. David Sinclair, and Dr. Christopher Bollinger. Major assistance was provided by the Office of State Budget Director: Gregory Harkenrider, Gene Zaparanick-Brown, Dr. Thomas Jones, Dr. Michael Jones, and Ghada ElDabbagh.

The Consensus Forecasting Group met on December 15, 2017, to render the official estimates. The revenue estimates adopted by the CFG during the October 2017 meeting are listed in the table below.

| <u>Fiscal Year</u> | <u>General Fund</u> | <u>Road Fund</u> | <u>Tobacco Fund</u> |
|--------------------|---------------------|------------------|---------------------|
| 2018 | \$10,718,400,000 | \$1,503,300,000 | \$114,600,000 |
| 2019 | \$11,005,900,000 | \$1,505,300,000 | \$119,500,000 |
| 2020 | \$11,290,000,000 | \$1,508,500,000 | \$118,100,000 |

The official FY 2018 General Fund estimate adopted by the CFG is \$156.0 million lower than the FY18 enacted estimate. The FY18 growth of 2.3 percent for FY18 is required to hit the revised target. Through the month of November, the General Fund has risen 1.1 percent thus far in FY18.

All three scenarios from IHS Markit (Control, Optimistic, and Pessimistic) were used as inputs in the OSBD's MAK model, an analytical model that takes US trends in employment and income as predetermined variables in order to estimate Kentucky-specific forecasts for employment and personal income. Of highest importance is the Kentucky wages and salary forecast, which has a direct impact on the Kentucky individual income tax projections and the sales tax estimates.

After a thorough and productive discussion, the CFG adopted the control (baseline) forecast as the most likely outcome for the US and Kentucky economies for purposes of the General Fund and Road Fund revenue models. The OSBD staff prepared all three scenarios for consideration by the CFG, so the General Fund and Road Fund revenue numbers were reviewed, debated, and the control consensus was reached on both funds.

Despite adopting the control forecast for the General Fund in December as opposed to the pessimistic forecast in October, revenue estimates actually fell in all three fiscal years. The CFG discussed this in detail and attributed the apparent anomaly to two factors. First, second quarter receipts were negatively impacted by October and November General Fund receipts. Second, IHS Markit removed much of the impacts from Federal fiscal policy from the control forecast, thus making the baseline December forecast more similar to the October pessimistic outlook.


Mr. Brinkman, Mr. Byerman, Ms. Dudgeon
December 21, 2017
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Please see the following attachments for more details on the official estimates.

- Attachment 1: Letter from the CFG
- Attachment 2: General Fund estimates as adopted
- Attachment 3: Road Fund estimates as adopted
- Attachment 4: General Fund estimates in detail
- Attachment 5: Road Fund estimates in detail

Please feel free to contact my office if you have any questions regarding the material included in this packet.

Cordially,



John E. Chilton
State Budget Director

Copy with attachments to:

- Senator Robert Stivers, Senate President
- Representative David Osborne, Speaker of the House
- Senator Chris McDaniel, Chair A&R Committee
- Representative Steven Rudy, Chair A&R Committee

ATTACHMENT 1

SENATE MEMBERS

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President, LRC Co-Chair
Jimmy Higdon
President Pro Tem Designate
Damon Thayer
Majority Floor Leader
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Minority Floor Leader
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David A. Byerman
Director

HOUSE MEMBERS

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Majority Whip
Wilson Stone
Minority Whip

December 20, 2017

John E. Chilton
State Budget Director
Office of the State Budget Director
Room 284, Capitol Annex
Frankfort, Kentucky 40601

Dear Mr. Chilton:

In accordance with KRS 48.120 and 48.115, the Consensus Forecasting Group (CFG) assembled on December 15, 2017 to revise the official revenue estimates for FY 2018 and to develop the official revenue estimates for FY 2019 and FY 2020. The estimates adopted by the CFG during the December meeting are listed in the table below.

| <u>Fiscal Year</u> | <u>General Fund</u> | <u>Road Fund</u> |
|--------------------|---------------------|------------------|
| 2018 | \$10,718,400,000 | \$1,503,300,000 |
| 2019 | \$11,005,900,000 | \$1,505,300,000 |
| 2020 | \$11,290,000,000 | \$1,508,500,000 |

The FY 2018 General Fund (GF) estimate adopted by the CFG (\$10,718.4 million) is \$156 million less than the FY 2018 enacted estimate (\$10,874.4 million) but is forecasted to be \$240.6 million above FY 2017 GF actual receipts (\$10,477.8 million).

The FY 2018 Road Fund estimate adopted by the CFG (\$1,503.3 million) is \$25.1 million more than the FY 2018 enacted estimate (\$1,478.2 million) but is forecasted to be \$4.7 million below FY 2017 Road Fund actual receipts (\$1,508.0 million).

A summary of the General Fund and Road Fund estimates by tax category are included in Attachment A and Attachment B. Detailed tables of the revenue estimates by tax category are included in Attachment C and Attachment D.

In addition to providing estimates for the General Fund and the Road Fund, the CFG provides estimates of the receipts the Commonwealth may receive from the Phase I Tobacco Master Settlement Agreement (MSA). The figures below represent the MSA estimates adopted by the CFG at the December 15, 2017 meeting and are not included in the General Fund totals.

| <u>Fiscal Year</u> | <u>MSA Revenue</u> |
|--------------------|--------------------|
| 2018 | \$114,600,000 |
| 2019 | \$119,500,000 |
| 2020 | \$118,100,000 |

The FY 2018 MSA estimate is \$21.8 million more than the \$92.8 million enacted estimate which was adopted by the CFG in December 2015. The enacted estimate recognized the FY 2018 MSA payment could be impacted by the final resolution of the Non-Participating Manufacturers (NPM) adjustment for certain calendar years. In September 2017, the Commonwealth reached a final settlement on the NPM issue through calendar year 2015. This recent settlement reduced the potential NPM adjustment for FY 2018 and for the upcoming biennium. As a result, the MSA estimate for FY 2018 was increased by the Consensus Forecasting Group at the December 2017 meeting, and the MSA estimates for the upcoming biennium are expected to remain at this increased level.

In summary, the General Fund, Road Fund and MSA revenue estimates adopted by the Consensus Forecasting Group represent an agreement among the members as to the most likely outcome for revenues for the current fiscal year and the upcoming biennium, given the information available on December 15, 2017.

Sincerely,



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

**ATTACHMENT 2
General Fund**

December 2017 CFG Official Estimates

Fiscal Years 2018 - 2020

(Millions of Dollars)

| December 2017 CFG Official Estimates | FY17 | | FY18 | | FY19 | | FY20 | |
|--|-------------------|------------|-------------------|------------|-------------------|------------|-------------------|------------|
| | Actual | %Chg | Estimate | %Chg | Estimate | %Chg | Estimate | %Chg |
| Individual Income | \$4,393.9 | 2.6 | \$4,509.0 | 2.6 | \$4,649.5 | 3.1 | \$4,793.2 | 3.1 |
| Sales and Use | 3,485.2 | 0.7 | 3,611.9 | 3.6 | 3,699.4 | 2.4 | 3,791.7 | 2.5 |
| Property | 602.1 | 4.3 | 607.9 | 1.0 | 620.7 | 2.1 | 635.1 | 2.3 |
| Corporation Income | 497.5 | -5.5 | 558.6 | 12.3 | 600.6 | 7.5 | 632.3 | 5.3 |
| LLET | 245.6 | 21.0 | 186.2 | -24.2 | 200.2 | 7.5 | 210.8 | 5.3 |
| Coal Severance | 100.5 | -16.7 | 88.5 | -11.9 | 77.9 | -12.0 | 65.1 | -16.4 |
| Cigarette | 221.4 | -1.3 | 214.3 | -3.2 | 207.9 | -3.0 | 202.0 | -2.8 |
| Lottery | 241.6 | -0.1 | 243.0 | 0.6 | 249.0 | 2.5 | 256.0 | 2.8 |
| Other | 690.1 | -2.6 | 699.0 | 1.3 | 700.7 | 0.2 | 703.8 | 0.4 |
| Total General Fund | \$10,477.8 | 1.7 | \$10,718.4 | 2.3 | \$11,005.9 | 2.7 | \$11,290.0 | 2.6 |
| Estimated Growth in General Fund by Fiscal Year | | | \$240.6 | | \$287.5 | | \$284.1 | |

| FY18 CFG Estimates Compared to Enacted Estimates | FY18 | | Difference |
|--|-------------------|-------------------|-----------------|
| | CFG | Enacted | |
| Individual Income | \$4,509.0 | \$4,588.6 | -\$79.6 |
| Sales and Use | 3,611.9 | 3,638.4 | -26.5 |
| Property | 607.9 | 598.7 | 9.2 |
| Corporation Income | 558.6 | 553.1 | 5.5 |
| LLET | 186.2 | 221.6 | -35.4 |
| Coal Severance | 88.5 | 107.6 | -19.1 |
| Cigarette | 214.3 | 220.5 | -6.2 |
| Lottery | 243.0 | 241.0 | 2.0 |
| Other | 699.0 | 704.9 | -5.9 |
| Total General Fund | \$10,718.4 | \$10,874.4 | -\$156.0 |

| SUMMARY | FY18 | | FY17 | | Difference |
|---|-------------------|-------------------|------------|--------|-----------------|
| | Enacted | CFG | Actual | Actual | |
| FY18 Enacted Estimate Compared to FY17 Actual | \$10,874.4 | | \$10,477.8 | | \$396.6 |
| FY18 CFG Estimate Compared to FY17 Actual | | \$10,718.4 | \$10,477.8 | | \$240.6 |
| Est. FY18 GF Shortfall (CFG Est. Compared to Enacted Est.) | \$10,874.4 | \$10,718.4 | | | -\$156.0 |

ATTACHMENT 3

Road Fund

December 2017 CFG Official Estimates

Fiscal Years 2018 - 2020

(Millions of Dollars)

| December 2017 CFG Official Estimates | FY17 | | FY18 | | FY19 | | FY20 | |
|---|----------------|------------|----------------|-------------|----------------|------------|----------------|------------|
| | Actual | %Chg | Estimate | %Chg | Estimate | %Chg | Estimate | %Chg |
| Motor Fuels | 760.5 | 1.4 | 761.2 | 0.1 | 759.2 | -0.3 | 761.2 | 0.3 |
| Motor Vehicle Usage | 499.8 | 3.2 | 493.9 | -1.2 | 494.0 | 0.0 | 492.6 | -0.3 |
| Motor Vehicle License | 111.9 | -1.0 | 113.4 | 1.3 | 115.2 | 1.6 | 116.3 | 1.0 |
| Motor Vehicle Operators | 16.1 | -1.3 | 16.6 | 3.0 | 16.7 | 0.6 | 16.8 | 0.6 |
| Weight Distance | 82.9 | 1.9 | 81.4 | -1.8 | 82.1 | 0.9 | 83.2 | 1.3 |
| Investment | 1.6 | -35.9 | 2.0 | 26.5 | 3.1 | 55.0 | 3.3 | 6.5 |
| Other | 35.1 | 0.7 | 34.8 | -0.9 | 35.0 | 0.6 | 35.1 | 0.3 |
| Total Road Fund | 1,508.0 | 1.7 | 1,503.3 | -0.3 | 1,505.3 | 0.1 | 1,508.5 | 0.2 |
| Estimated Change in Road Fund by Fiscal Year | | | -\$4.7 | | \$2.0 | | \$3.2 | |

| FY18 CFG Estimates Compared to Enacted Estimates | FY18 | | Difference |
|--|------------------|------------------|---------------|
| | CFG | Enacted | |
| Motor Fuels | \$761.2 | \$749.8 | \$11.4 |
| Motor Vehicle Usage | 493.9 | 485.7 | 8.2 |
| Motor Vehicle License | 113.4 | 105.6 | 7.8 |
| Motor Vehicle Operators | 16.6 | 16.3 | 0.3 |
| Weight Distance | 81.4 | 83.8 | -2.4 |
| Investment | 2.0 | 1.5 | 0.5 |
| Other | 34.8 | 35.5 | -0.7 |
| Total Road Fund | \$1,503.3 | \$1,478.2 | \$25.1 |

| SUMMARY | FY18 | FY18 | FY17 | Difference |
|--|------------------|------------------|-----------|---------------|
| | Enacted | CFG | Actual | |
| FY18 Enacted Estimate Compared to FY17 Actual | \$1,478.2 | | \$1,508.0 | -\$29.8 |
| FY18 CFG Estimate Compared to FY17 Actual | | \$1,503.3 | \$1,508.0 | -\$4.7 |
| Estimated FY18 RF Surplus (CFG Est. Compared to Enacted Est.) | \$1,478.2 | \$1,503.3 | | \$25.1 |

ATTACHMENT 4

General Fund Detailed Consensus Revenue Estimate

| <u>Source</u> | <u>Actual 2016</u> | <u>Actual 2017</u> | <u>Estimated 2018</u> | <u>Estimated 2019</u> | <u>Estimated 2020</u> |
|---|------------------------|------------------------|---------------------------|---------------------------|---------------------------|
| <u>Selected Sales and Gross Receipts Taxes</u> | | | | | |
| Sales & Use | \$3,462,704,116 | \$3,485,215,349 | \$3,611,900,000 | \$3,699,400,000 | \$3,791,700,000 |
| Cigarette | \$224,303,658 | \$221,375,451 | \$214,300,000 | \$ 207,900,000 | \$ 202,000,000 |
| Cigarette Floor Stock Tax | \$8,108 | \$6,040 | \$0 | \$0 | \$0 |
| Distilled Spirits Case Sales | \$136,488 | \$153,781 | \$158,088 | \$166,228 | \$174,369 |
| Insurance Tax Foreign Companies | \$36,470,852 | \$36,370,031 | \$36,188,121 | \$38,738,685 | \$40,238,685 |
| Insurance Tax Companies Other Than Life | \$102,704,941 | \$105,827,125 | \$108,821,504 | \$107,415,882 | \$108,210,261 |
| Insurance Tax Fire Prevention Fund | \$6,074,582 | \$5,991,671 | \$6,274,109 | \$6,444,020 | \$6,613,931 |
| Parl-Mutual | \$4,993,574 | \$6,807,535 | \$6,964,648 | \$6,385,974 | \$6,607,299 |
| Race Track Admission | \$229,416 | \$174,356 | \$205,295 | \$214,760 | \$224,225 |
| Beer Consumption | \$6,557,744 | \$6,205,443 | \$6,370,875 | \$6,413,079 | \$6,455,284 |
| Distilled Spirits Consumption | \$12,823,273 | \$14,237,920 | \$14,666,921 | \$15,387,369 | \$16,105,816 |
| Wine Consumption | \$3,102,163 | \$3,084,190 | \$3,188,928 | \$3,262,117 | \$3,337,305 |
| Beer Wholesale | \$61,161,655 | \$59,525,060 | \$59,088,231 | \$58,088,231 | \$59,328,231 |
| Distilled Spirits Wholesale | \$38,888,865 | \$44,064,952 | \$46,593,784 | \$49,122,616 | \$51,651,448 |
| Wine Wholesale | \$16,583,413 | \$18,289,377 | \$18,231,435 | \$19,349,431 | \$20,173,442 |
| Other Tobacco Products and Snuff | \$21,278,667 | \$21,573,080 | \$21,637,766 | \$21,759,883 | \$21,882,001 |
| Telecommunications Taxes | \$64,681,001 | \$57,540,002 | \$56,676,902 | \$55,826,749 | \$54,989,347 |
| TOTAL SEL. SALES AND GROSS RECEIPTS TAXES | \$4,062,700,516 | \$4,086,441,363 | \$4,209,064,607 | \$4,295,675,024 | \$4,389,691,644 |
| <u>License and Privilege Taxes</u> | | | | | |
| Coal Severance Tax | \$120,610,311 | \$100,455,465 | \$88,500,000 | \$ 77,900,000 | \$ 65,100,000 |
| Mineral Severance Tax | \$17,598,331 | \$16,923,270 | \$17,677,149 | \$16,677,149 | \$17,204,088 |
| Natural Gas Severance Tax | \$6,449,632 | \$7,564,489 | \$8,579,345 | \$9,694,201 | \$9,709,057 |
| Oil Production | \$4,748,862 | \$5,120,700 | \$4,742,538 | \$5,397,709 | \$6,044,547 |
| Corporate License | \$135,698 | \$7,423 | \$0 | \$0 | \$0 |
| Cigarette License | \$115,531 | \$87,926 | \$105,843 | \$93,412 | \$88,569 |
| Race Track License | \$324,375 | \$276,596 | \$298,283 | \$304,108 | \$309,932 |
| Marijuana and Controlled Substance Tax | \$173,662 | \$141,654 | \$157,858 | \$162,010 | \$166,161 |
| Bank Franchise Tax | \$109,049,728 | \$105,129,792 | \$104,325,933 | \$103,322,074 | \$105,101,152 |
| Corporation Organization | \$136,720 | \$982,251 | \$75,928 | \$261,003 | \$395,084 |
| Clr. Ct. Clk. - Driver License Receipts | \$678,609 | \$696,570 | \$715,112 | \$733,509 | \$751,907 |
| Sand and Gravel License | \$0 | \$0 | \$0 | \$0 | \$0 |
| Alcoholic Beverage License Suspension | \$480,675 | \$367,853 | \$436,215 | \$446,399 | \$456,582 |
| Limited Liability Entity Tax | \$202,990,632 | \$245,611,177 | \$186,200,000 | \$ 200,200,000 | \$ 210,800,000 |
| TOTAL LICENSE AND PRIVILEGE TAXES | \$463,490,766 | \$483,365,165 | \$411,814,204 | \$414,391,574 | \$416,127,079 |
| <u>Income Taxes</u> | | | | | |
| Corporation Income Tax | \$526,637,870 | \$497,479,037 | \$558,600,000 | \$600,600,000.00 | \$632,300,000.00 |
| Individual Income Tax | \$4,282,080,975 | \$4,393,862,558 | \$4,509,022,127 | \$4,649,472,533 | \$4,793,174,001 |
| TOTAL INCOME TAXES | \$4,808,718,845 | \$4,891,341,593 | \$5,067,622,127 | \$5,250,072,533 | \$5,425,474,001 |
| <u>Property Taxes</u> | | | | | |
| Real Property | \$268,087,934 | \$273,935,818 | \$281,200,000 | \$290,200,000 | \$300,300,000 |
| Tangible Personal Property | \$107,525,754 | \$107,365,231 | \$107,000,000 | \$107,300,000 | \$107,800,000 |
| Motor Vehicles | \$126,040,658 | \$132,885,719 | \$136,100,000 | \$138,800,000 | \$140,900,000 |
| Bank Deposits | \$632,587 | \$644,459 | | | |
| Distilled Spirits Ad Valorem | \$961,388 | \$1,020,812 | | | |
| Building and Loan Association Capital Stock | \$2,191,706 | \$2,369,893 | \$2,400,000 | \$2,500,000 | \$2,500,000 |
| Omitted and Delinquent | \$11,991,240 | \$15,966,205 | \$17,500,000 | \$17,500,000 | \$17,500,000 |
| Apportioned Vehicles | \$3,898,280 | \$4,218,591 | \$4,000,000 | \$4,100,000 | \$4,200,000 |
| Public Service Companies | \$56,210,797 | \$63,680,782 | \$58,000,000 | \$58,500,000 | \$60,000,000 |
| Other Property | \$7,710 | \$8,087 | \$1,700,000 | \$1,800,000 | \$1,900,000 |
| TOTAL PROPERTY TAXES | \$577,548,052 | \$602,095,597 | \$607,900,000 | \$620,700,000 | \$635,100,000 |
| <u>Inheritance Taxes</u> | | | | | |
| Inheritance Tax | \$51,247,149 | \$44,699,808 | \$50,800,288 | \$51,268,888 | \$45,245,457 |
| TOTAL INHERITANCE TAXES | \$51,247,149 | \$44,699,808 | \$50,800,288 | \$51,268,888 | \$45,245,457 |
| <u>Departmental Fees, Sales and Rentals</u> | | | | | |

ATTACHMENT 4

General Fund Detailed Consensus Revenue Estimate

| <u>Source</u> | <u>Actual 2016</u> | <u>Actual 2017</u> | <u>Estimated 2018</u> | <u>Estimated 2019</u> | <u>Estimated 2020</u> |
|---|-------------------------|-------------------------|---------------------------|---------------------------|---------------------------|
| Public Service Commission Assessments- Insurance - Retaliatory Taxes & Fees- | \$14,367,915 | \$13,784,810 | \$16,582,600 | \$16,618,389 | \$16,654,178 |
| Sec. of State - Process Agents Fees | \$3,956,567 | \$3,939,429 | \$4,422,291 | \$4,505,152 | \$4,688,014 |
| Insurance - Miscellaneous Receipts | | | \$0 | 0 | 0 |
| Circuit Court Clk. - Civil Filing Fee Receipts- | \$7,717,301 | \$7,966,190 | \$8,282,021 | \$8,581,116 | \$8,880,211 |
| Circuit Court Clk. - Bond Filing Fee- | \$2,615,650 | \$2,543,286 | \$2,571,048 | \$2,573,779 | \$2,576,510 |
| Circuit Court Clk. - 10% Bond Fee- | \$360,910 | \$337,846 | \$332,765 | \$323,189 | \$313,613 |
| Circuit Court Clk. - Receipts for Services- | \$5,190,116 | \$5,055,304 | \$4,998,544 | \$4,922,270 | \$4,845,997 |
| Strip Mining & Reclamation Fees- | | \$4,970 | \$0 | \$0 | \$0 |
| Strip Mining & Reclamation - Fines Coll. | \$800,000 | \$770,507 | \$711,014 | \$700,521 | \$682,027 |
| Miscellaneous - Pub Advoc; Sec State Fee | \$1,251,044 | \$1,187,848 | \$912,424 | \$865,068 | \$800,000 |
| TOTAL DEPARTMENT FEES, SALES AND RENTALS | \$36,259,503 | \$35,589,990 | \$38,812,707 | \$39,089,484 | \$39,440,550 |
| <u>Investment Receipts</u> | | | | | |
| General Depository Investment Income ** | \$287,789 | (\$1,129,875) | (\$3,600,000) | (\$5,200,000) | (\$6,800,000) |
| Circuit Court Clk. - Interest Income | | | | | |
| Ky Asset/Liab - TRAN | | | | | |
| TOTAL INVESTMENT RECEIPTS | \$287,789 | (\$1,129,875) | (\$3,600,000) | (\$5,200,000) | (\$6,800,000) |
| <u>Miscellaneous Revenue</u> | | | | | |
| Lottery | \$241,778,429 | \$241,627,129 | \$243,000,000 | \$249,000,000 | \$256,000,000 |
| Legal Process - Clk. Supreme Court | \$92,519 | \$88,221 | \$85,332 | \$80,501 | \$75,669 |
| Legal Process - Clk. Court of Appeals | | | \$0 | \$0 | \$0 |
| Dept. of Rev. Legal Process Taxes - Co. Clk. | \$2,646,150 | \$2,687,150 | \$2,745,054 | \$2,813,868 | \$2,882,682 |
| Dept. of Rev. Penalty & Int. of Co. Officials | (\$23,834) | (\$20,855) | (\$21,010) | (\$19,827) | (\$18,644) |
| TVA - In Lieu of Taxes - State Portion | \$10,119,811 | \$11,350,177 | \$12,580,543 | \$12,810,908 | \$13,041,274 |
| F.H.A. - In Lieu of Taxes | \$37,695 | \$92,180 | \$84,784 | \$97,195 | \$109,607 |
| R.E.C.C. and R.T.C.C. In Lieu of Taxes | \$310 | \$310 | \$310 | \$310 | \$310 |
| Business Development - In Lieu of Taxes | | | 0 | \$0 | \$0 |
| Abandoned Property | \$38,694,831 | \$34,075,777 | \$32,883,226 | \$37,163,793 | \$36,431,840 |
| Circuit Court Clk. - Fish & Wildlife Fines | \$60,404 | \$61,562 | \$62,721 | \$63,879 | \$65,038 |
| Clr. Ct. Clk. - Criminal/Traffic Fines & Costs | \$17,093,966 | \$15,605,885 | \$14,509,867 | \$13,260,775 | \$12,011,884 |
| Circuit Court Clk. - Bond Forfeitures | \$1,190,456 | \$1,049,369 | \$1,062,267 | \$1,006,018 | \$995,867 |
| Fines Dept Insurance | | | \$0 | \$0 | \$0 |
| Workplace & Employment Standards, Fees, Fines | | | \$0 | \$0 | \$0 |
| Sale of NOx Credits | \$0 | | \$0 | \$0 | \$0 |
| Other Fines & Unhonored Checks | \$8,654,164 | \$8,281,950 | \$10,603,219 | \$9,952,961 | \$10,571,465 |
| Court Costs | \$12,567,350 | \$11,200,841 | \$10,130,955 | \$8,986,914 | \$7,842,872 |
| TOTAL MISCELLANEOUS REVENUE | \$332,912,251 | \$326,099,696 | \$327,727,268 | \$335,217,295 | \$340,009,664 |
| MISC. NOT IN REVENUE ESTIMATES | \$5,720,022 | \$9,345,533 | \$8,258,799 | \$4,485,202 | \$5,711,605 |
| REVENUE INITIATIVES | | | | | |
| 2018 Legislative Impact | | | | | |
| TOTAL GENERAL FUND | \$10,338,884,993 | \$10,477,848,870 | \$10,718,400,000 | \$11,005,900,000 | \$11,290,000,000 |

ATTACHMENT 5
Road Fund Detailed Revenue Estimates

| | FY2016 <u>Actual</u> | FY 2017 <u>Actual</u> | FY 2018 <u>Estimate</u> | FY 2019 <u>Estimate</u> | FY 2020 <u>Estimate</u> |
|--|-------------------------|--------------------------|----------------------------|----------------------------|----------------------------|
| <u>Sales and Gross Receipts Taxes</u> | | | | | |
| Motor Fuels Normal and Normal Use | \$749,102,159 | \$759,572,447 | \$780,250,000 | \$758,250,000 | \$780,250,000 |
| Motor Vehicle Usage | 442,172,008 | 454,442,501 | 447,800,000 | 447,400,000 | 445,500,000 |
| Motor Vehicle Rental Usage | 42,898,212 | 45,284,258 | 48,000,000 | 48,500,000 | 47,000,000 |
| Truck Trip Permits | 932,681 | 942,520 | 950,000 | 950,000 | 950,000 |
| Sales and Use | -472,906 | 107,134 | 100,000 | 100,000 | 100,000 |
| TOTAL SALES AND GROSS RECEIPTS TAX | \$1,234,432,154 | \$1,260,348,858 | \$1,286,100,000 | \$1,253,200,000 | \$1,253,800,000 |
| <u>License and Privilege Taxes</u> | | | | | |
| Drive Away Utility Trailer Permits | \$29,595 | \$28,909 | \$25,000 | \$25,000 | \$25,000 |
| Amateur Radio Plate | 8,757 | 8,815 | 8,900 | 8,900 | 8,900 |
| Passenger Car License | 29,878,225 | 29,408,306 | 30,000,000 | 31,000,000 | 32,000,000 |
| Truck License - State Share | 14,868,647 | 15,424,208 | 15,700,000 | 15,800,000 | 15,800,000 |
| Motorcycle License | 604,067 | 601,019 | 600,000 | 600,000 | 600,000 |
| Dealers License | 245,850 | 247,084 | 247,500 | 250,000 | 247,500 |
| Transfer License | 857,773 | 840,655 | 840,000 | 840,000 | 830,000 |
| Trailer License | 1,935,837 | 1,984,445 | 2,100,000 | 2,200,000 | 2,300,000 |
| County Clerk Penalty | 25,582 | 7,251 | 8,000 | 8,000 | 8,000 |
| Bus License - Except City | 2,413 | 3,722 | 4,000 | 4,000 | 4,000 |
| Bus Certificates and Permits | 2,650 | 3,750 | 4,000 | 4,000 | 4,000 |
| Tax License | 109,399 | 140,182 | 150,000 | 150,000 | 150,000 |
| Truck Permits | 39,975 | 41,182 | 42,000 | 43,000 | 42,000 |
| Contract Taxicab Permit | 55,775 | 59,800 | 60,000 | 61,000 | 60,000 |
| Motor Vehicle Operator's License | 14,290,703 | 14,116,875 | 14,555,000 | 14,570,000 | 14,550,000 |
| Highway Special Permits | 7,081,520 | 7,037,033 | 7,200,000 | 7,300,000 | 7,400,000 |
| U-Drive-It Permits | 88,825 | 87,250 | 85,000 | 85,000 | 85,000 |
| U-Drive-Licenses | 1,889,092 | 1,894,444 | 2,000,000 | 2,100,000 | 2,100,000 |
| Junk Yard License | 1,185 | 3,387 | 2,000 | 2,000 | 2,000 |
| Historic Vehicle License | 375,723 | 378,767 | 380,000 | 390,000 | 380,000 |
| Operator's License-Driver Education | 676,379 | 643,898 | 620,000 | 630,000 | 650,000 |
| Truck Proportional Registration | 49,446,888 | 48,393,718 | 48,423,575 | 48,649,075 | 48,783,575 |
| Operator's License - Photography Program | 1,384,414 | 1,359,554 | 1,425,000 | 1,500,000 | 1,600,000 |
| Industrial Hauling Permits | 240 | 2,040 | 2,000 | 2,000 | 2,000 |
| General Assembly License Plates | 1,882 | 2,140 | 2,200 | 2,200 | 2,200 |
| Pearl Harbor Survivor Plates | 0 | 0 | 0 | 0 | 0 |
| Collegiate Plates | 1,126,353 | 1,800,040 | 1,900,000 | 2,000,000 | 1,900,000 |
| Personalized License Plates | 1,372,772 | 1,357,684 | 1,370,000 | 1,400,000 | 1,370,000 |
| Army Reserve Plates | 636,645 | 678,114 | 690,000 | 690,000 | 690,000 |
| Purple Heart Plates | 15,884 | 3,844 | 5,000 | 5,000 | 5,000 |
| Judicial License Plates | 168 | 37 | 100 | 100 | 100 |
| Civil Air Patrol Plates | 1,039 | 1,081 | 1,000 | 1,000 | 1,000 |
| National Guard License Plates | 3,416 | 3,443 | 3,400 | 3,400 | 3,400 |
| Civio Event Plates | 582 | 475 | 500 | 500 | 500 |
| Street Rod Plates | 1,836 | 1,857 | 2,000 | 2,000 | 2,000 |
| Fraternal Order of Police Plates | 86,093 | 84,842 | 82,000 | 82,000 | 82,000 |
| Environmental License Plate | 453,643 | 446,765 | 450,000 | 450,000 | 450,000 |
| Dealer Demonstrator Tags | 5,408 | 10,954 | 8,000 | 8,000 | 8,000 |
| Volunteer Fireman License Tags | 80,586 | 79,251 | 79,000 | 79,000 | 79,000 |
| P.O.W. License Plates | 34 | 144 | 25 | 25 | 25 |
| Motor Carrier Identification Cards | 5,589,293 | 5,482,228 | 5,600,000 | 5,700,000 | 5,700,000 |
| Weight Distance Tax | 81,375,029 | 82,888,950 | 81,400,000 | 82,100,000 | 83,200,000 |
| DES License Plates | 13,559 | 14,342 | 15,000 | 15,000 | 15,000 |
| Chld Victims License Plates | 46,258 | 44,282 | 45,000 | 45,000 | 45,000 |
| Masonic License Plates | 53,670 | 92,592 | 70,000 | 70,000 | 70,000 |
| Horse Council Plates | 325,657 | 328,567 | 330,000 | 340,000 | 350,000 |
| Law Enforcement | 192,564 | 217,677 | 220,000 | 220,000 | 220,000 |
| Independent College | 92,600 | 77,537 | 80,000 | 80,000 | 80,000 |
| Ducks Unlimited | 31,229 | 31,494 | 31,500 | 31,500 | 31,500 |
| Spay and Neuter Plate | 162,604 | 180,813 | 159,000 | 159,000 | 159,000 |
| Share The Road | 123,541 | 123,684 | 124,000 | 124,000 | 124,000 |
| Ky Colonels | 78,292 | 81,189 | 80,000 | 80,000 | 80,000 |
| Sportsman | 189,812 | 181,515 | 183,500 | 183,500 | 183,500 |
| Breast Cancer | 345,942 | 333,658 | 330,000 | 340,000 | 350,000 |
| Choose Life | 57,473 | 57,117 | 57,000 | 57,000 | 57,000 |
| Zoo Foundation Plate | 31,342 | 30,703 | 29,000 | 29,000 | 29,000 |
| Lincoln Bicentennial | 0 | 0 | 0 | 0 | 0 |
| Kentucky Dental Association | 5,950 | 5,560 | 5,300 | 5,300 | 5,300 |
| Ryder Cup | 18,870 | 17,405 | 18,000 | 18,000 | 18,000 |
| Autism Awareness | 84,880 | 85,398 | 100,000 | 100,000 | 100,000 |
| Quail Unlimited | 58,652 | 58,350 | 58,500 | 58,500 | 58,500 |
| Temporary Tags | 469,029 | 486,906 | 475,000 | 475,000 | 475,000 |
| Nonreciprocal Permits | 173,925 | 150,965 | 125,000 | 125,000 | 125,000 |
| Overweight Coal Truck Permit | 283,942 | 289,874 | 295,000 | 295,000 | 295,000 |
| Friends of Coal | 848,602 | 898,463 | 910,000 | 910,000 | 910,000 |
| Temporary Truck Decal Permits | 0 | 0 | 0 | 0 | 0 |
| Kentucky Lineman | 37,080 | 39,735 | 41,000 | 41,000 | 41,000 |
| Silver Star | 2,149 | 2,244 | 2,000 | 2,000 | 2,000 |
| Bronze Star Valor | 375 | 380 | 400 | 400 | 400 |
| Keeneland Association | 37,266 | 42,924 | 45,000 | 45,000 | 45,000 |
| In God We Trust | 5,225,601 | 5,880,790 | 6,100,000 | 6,200,000 | 6,200,000 |

ATTACHMENT 5
Road Fund Detailed Revenue Estimates

| | <u>FY2016</u> <u>Actual</u> | <u>FY 2017</u> <u>Actual</u> | <u>FY 2018</u> <u>Estimate</u> | <u>FY 2019</u> <u>Estimate</u> | <u>FY 2020</u> <u>Estimate</u> |
|--|--------------------------------|---------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Gold Star Sibling | 147 | 184 | 200 | 200 | 200 |
| Temporary Motorcycle Tags | 7,892 | 7,280 | 7,300 | 7,300 | 7,300 |
| Kosair Charities | 19,718 | 19,892 | 20,000 | 20,000 | 20,000 |
| Chiropractor Plates | 1,922 | 2,093 | 2,100 | 2,100 | 2,100 |
| Kentucky Library Association | 24,878 | 28,124 | 30,000 | 30,000 | 30,000 |
| I Support Veterans | 127,599 | 154,293 | 180,000 | 180,000 | 180,000 |
| Juvenile Diabetes | 13,860 | 15,118 | 18,000 | 18,000 | 18,000 |
| Trust for Life | 22,392 | 28,427 | 25,000 | 25,000 | 25,000 |
| Smallmouth Bass | 56,390 | 73,002 | 75,000 | 75,000 | 75,000 |
| Rock - In God We Trust | 14,951 | 15,034 | 18,000 | 18,000 | 18,000 |
| Delta Sigma Theta Sorority | 22,800 | 4,357 | 5,000 | 5,000 | 5,000 |
| National Wild Turkey | 22,700 | 17,355 | 14,000 | 14,000 | 14,000 |
| WHAS Crusade | 22,503 | 2,332 | 1,000 | 1,000 | 1,000 |
| Cure KY Kids | | 25,510 | 25,000 | 25,000 | 25,000 |
| Keep Foundation | | 29,554 | 30,000 | 30,000 | 30,000 |
| Alzheimer's Association | | 23,875 | 25,000 | 25,000 | 25,000 |
| TOTAL LICENSE AND PRIVILEGE TAX | \$223,960,517 | \$223,880,083 | \$224,824,000 | \$227,424,000 | \$229,824,000 |
| <u>Departmental Fees, Sales and Rentals</u> | | | | | |
| Proposal Sales | \$0 | \$0 | \$0 | \$0 | \$0 |
| Specification and Blue Print Sales | 329,545 | 444,282 | 450,000 | 450,000 | 450,000 |
| Miscellaneous Rentals | 313,315 | 280,740 | 275,000 | 275,000 | 275,000 |
| Fines and Forfeitures | 0 | 0 | 0 | 0 | 0 |
| Traffic Offenders School Fees | 427,254 | 378,757 | 375,000 | 375,000 | 375,000 |
| Record Copy Sales | 581,180 | 829,115 | 800,000 | 800,000 | 800,000 |
| Highway Sign Logo Rental | 708,460 | 732,830 | 740,000 | 740,000 | 740,000 |
| Driving History Record Fee | 8,008,130 | 7,411,893 | 7,200,000 | 7,100,000 | 7,100,000 |
| Operator's License Reinstatement Fees | 1,221,595 | 1,193,379 | 1,000,000 | 1,000,000 | 1,000,000 |
| Penalty & Interest - Weight and Use Taxes | 1,300,794 | 1,504,281 | 1,500,000 | 1,600,000 | 1,500,000 |
| Medical Alert Stickers | 41 | 51 | 50 | 50 | 50 |
| Motor Vehicle Title Receipts | 5,717,377 | 5,894,981 | 5,900,000 | 6,000,000 | 6,000,000 |
| Proceeds from Asset Disposition | 1,043,284 | 1,272,804 | 1,300,000 | 1,300,000 | 1,400,000 |
| Coal Road Recovery Fines | 30,809 | 24,124 | 25,000 | 25,000 | 25,000 |
| U-Drive-It Penalty and Interest | 56,120 | 85,549 | 85,000 | 85,000 | 85,000 |
| TOTAL DEPARTMENT FEES, SALES AND RENTALS | \$19,735,704 | \$19,852,586 | \$19,450,050 | \$19,550,050 | \$19,550,050 |
| <u>Investment Income</u> | | | | | |
| Investment Income | \$2,468,820 | \$1,581,851 | \$2,000,000 | \$3,100,000 | \$3,300,000 |
| TOTAL INVESTMENT INCOME | \$2,468,820 | \$1,581,851 | \$2,000,000 | \$3,100,000 | \$3,300,000 |
| <u>Miscellaneous Income</u> | | | | | |
| Property Damage | \$837,612 | \$1,504,559 | \$1,300,000 | \$1,300,000 | \$1,300,000 |
| Cold Check Account | | 0 | 0 | 0 | 0 |
| TOTAL MISCELLANEOUS INCOME | \$837,612 | \$1,504,559 | \$1,300,000 | \$1,300,000 | \$1,300,000 |
| Misc. Not in Revenue Estimates | \$1,117,371 | \$835,520 | \$825,950 | \$725,950 | \$725,950 |
| TOTAL ROAD FUND REVENUE | \$1,482,541,978 | \$1,508,003,437 | \$1,503,300,000 | \$1,505,300,000 | \$1,508,500,000 |

