

Commonwealth of Kentucky

Quarterly Economic & Revenue Report

Annual Report Fiscal Year 2025



Governor's Office For Economic Analysis
Office of State Budget Director

Celebrating 100 Years of Kentucky State Parks





Office of State Budget Director

200 Mero Street, 5th Floor
Frankfort, Kentucky 40622

Andy Beshear
Governor

(502) 564-7300
Internet: osbd.ky.gov

John Hicks
State Budget Director

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

July 30, 2025

The Honorable Andy Beshear
Governor
Commonwealth of Kentucky
State Capitol Building
Frankfort, Kentucky 40601

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

Mr. Zach Ramsey, Director
Administrative Office of the Courts
1001 Vandalay Drive
Frankfort, Kentucky 40601

Dear Honorable Governor Beshear, Mr. Hartz and Mr. Ramsey:

In accordance with KRS 48.400(2), the Office of State Budget Director (OSBD) is directed to report the actual revenue receipts from the just-concluded quarter, as well as the projected revenue receipts for the next three (3) fiscal quarters. In furtherance of this directive, OSBD submits this *Quarterly Economic and Revenue Report* for the fourth quarter of Fiscal Year 2025 (FY25) to the three branches of government.

This report includes the actual revenue receipts for the fourth quarter, the annual review of FY25, and an unofficial forecast for the first three quarters of FY26 (the forecast horizon). The report also provides an unofficial forecast for the national and Kentucky economic landscapes for the forecasting horizon.

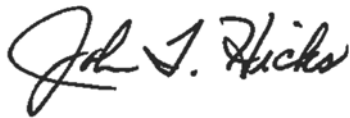


General Fund receipts for the year were \$15,703.2 million, 0.8 percent above FY24 totals. The official forecast for FY25 was for zero growth, so the actual growth of 0.8 percent resulted in a General Fund revenue surplus of \$131.3 million. Road Fund receipts were \$1,863.5 million, a decrease of 0.6 percent compared to FY24. Compared to the official estimate, Road Fund collections for FY25 were \$38.5 million more than the forecast.

General Fund receipts are expected to fall 2.8 percent during the three-quarter forecasting horizon. A large projected decline in the individual income tax is expected to be offset by positive growth in the sales tax and property taxes. Six of the eight major tax accounts are forecasted to post declines when compared to FY25. Road Fund revenues are forecasted to decline over the first three quarters of FY26. Motor fuels taxes will account for most of the drop due primarily to a decline in the tax rate. Five of the seven major Road Fund accounts are expected to experience revenues less than the corresponding time period in FY25.

This office will continue to closely monitor Kentucky's economic and revenue conditions and will provide updates at the appropriate times.

Sincerely,

A handwritten signature in black ink, reading "John T. Hicks". The signature is written in a cursive, flowing style with a large initial "J".

John T. Hicks
State Budget Director

TABLE OF CONTENTS

Executive Summary	1
Revenue & Economic Outlook	
General Fund	4
Road Fund	7
National Outlook	9
Kentucky Outlook	11
Revenue Receipts	
Fourth Quarter, FY25	
General Fund	13
Road Fund	15
Annual Totals, FY25	
General Fund	16
Road Fund	21
The Economy	
Fourth Quarter, FY25	
National Economy	25
Kentucky Economy	27
Appendix A	
Kentucky State Government General Fund & Road Fund Revenues Fourth Quarter, FY25	31-33
Appendix B	
Summary Statistics for General Fund FY16-FY25	34-36
Summary Statistics for General Fund Growth Rates FY16-FY25	37-39
Appendix C	
Summary Statistics for Road Fund FY16-FY25	40-41
Summary Statistics for Road Fund Growth Rates FY16-FY25	42-43
Glossary	44-45

EXECUTIVE SUMMARY

In accordance with KRS 48.400(2), the Office of State Budget Director (OSBD) is directed to report on the actual revenue receipts from the just-concluded quarter as well as preparing projected revenue receipts for the next three (3) fiscal quarters. In fulfillment of this mandate, OSBD submits this *Quarterly Economic and Revenue Report* for the fourth quarter of Fiscal Year 2025 (FY25). This report includes the actual revenue receipts for the fourth quarter, an annual review of FY25, and an unofficial forecast for the first three quarters of FY26 (the forecast horizon). The report also provides updates on the national and Kentucky economic landscapes for the most recently completed quarter and an economic outlook for the forecasting horizon. Appendices at the end of the report show General Fund and Road Fund receipts for the last 10 years.

A final compilation of the General Fund receipts shows that total revenues finished FY25 with a \$131.3 million revenue surplus compared to the official estimate. Table 1 depicts the FY25 actual revenue performance in comparison to the latest official estimates. The official estimate was determined by the Consensus Forecasting Group (CFG) at the December 2023 meeting, as adjusted by the legislative actions of the 2024 and 2025 Regular Sessions of the General Assembly. The aggregate General Fund estimate was basically on-target with the FY25 actual revenues. The sales tax and individual income tax combined to contribute \$11,140.5 million in receipts in FY25, making up 70.9 percent of total General Fund revenues. Compared to the combined official estimate of \$11,626.4 million for the two taxes, actual revenues fell short of the estimate by \$485.9 million. The shortfall from the largest two taxes was more than offset by the third largest set of accounts, major business taxes, which was 46.9 percent higher than the previous year's record amount and exceeded the official estimate by \$506.7 million.

Projected General Fund Growth for the First Three Quarters of FY26

General Fund receipts are expected to fall 2.8 percent during the three-quarter forecasting horizon. A large projected decline in the individual income tax, due primarily to the reduction of the tax rate from 4.0 percent to 3.5 percent in tax year 2026, is expected to be offset by positive growth in the sales tax and property taxes. Six of the eight major tax accounts are forecasted to post declines when compared to FY25, ranging from 1.3 percent in the "other" set of accounts up to a 31.4 percent projected drop in the coal severance tax.

Table 1 displays the interim General Fund outlook. When the pass-through entity tax (PTET) was created in 2023, the new account was placed under the individual income tax due to the refundable credit that flows between the two taxes and its policy intent to create a new mechanism for paying individual income taxes for owners of pass-

through entities. A 3.4 percent, or \$117.7 million, decline in the individual income tax is expected over the three quarters of FY26. The refundable PTET credit is forecasted to contribute to the drop in the individual income tax. Unlike FY25, however, the major business taxes are not projected to offset the declines in the individual income tax set of accounts. The major business taxes are projected to decline \$271.8 million from last year's record high during the forecasting horizon.

Projected Road Fund Growth for the First Three Quarters of FY26

Road Fund collections were \$1,863.5 million, a \$38.5 million revenue surplus compared to the official estimate. That amount was \$11.1 million less than what was received in FY24. Motor fuels tax revenue had the greatest difference between the two years, as collections were \$69.0 million less than in the prior year due primarily to a 7.6 percent reduction in the tax rate. Much of that decline was offset by an increase in motor vehicle usage tax receipts which brought in \$48.5 million more in FY25. Of the remaining major accounts, annual changes were relatively small and, taken together, were \$9.4 million more than what was received in the prior year.

Looking ahead, Road Fund revenues are forecasted to decline over the first three quarters of FY26. Motor fuels taxes are projected to account for most of the drop due primarily to another decline in the tax rate. In addition to the fuels taxes, motor vehicle usage, the weight distance tax, income on investments and "Other" receipts are also forecasted to decline. The remaining accounts are expected to increase only moderately, with growth rates for the two remaining accounts to be in the two to five percent range. More specifically, motor fuels tax receipts are forecasted to decline 5.8 percent in the first nine months of FY26 due to a 1.4 cent per gallon drop in the tax rate. Motor vehicle usage tax revenues are forecasted to fall 2.7 percent over the first three quarters of FY26 after increasing 7.2 percent in FY25. Collections in this account have been very strong for the last several years with collections reaching all-time highs in each of the last five years.

Summary of General Fund Receipts for the Fourth Quarter of FY25

General Fund receipts increased for the 15th consecutive year, although the percentage increase was the smallest during this stretch. Collections for the year were \$15,703.2 million, 0.8 percent above FY24 totals. Revenues grew in three of the four quarters; however, the rates of growth were somewhat tepid as revenues increased between 1.3 percent and 2.1 percent. General Fund growth rates for the four quarters were 1.3, 2.1, -2.3, and 1.8 percent, respectively. Fourth quarter revenues were the highest of any quarter in FY25. In terms of percentage change, it had the second highest rate of growth, just behind the second quarter. Noteworthy was the \$57.7 million increase in the major business taxes which was, by far, the largest quarterly change among the major accounts. Fourth quarter revenues totaled \$4,378.4 million, which was \$81.6 million more than FY24 fourth quarter revenues.

Summary of Road Fund Receipts for the Fourth Quarter of FY25

Fourth quarter Road Fund receipts were \$506.8 million, the highest quarterly total for the year but were \$3.3 million less than the prior year. Motor vehicle usage tax collections accounted for most of the quarterly increase and nearly offset a \$19.3 million decline in motor fuels revenue. The remaining five accounts, taken together, declined by \$1.5 million. Road Fund revenues grew year-over-year in the first quarter but declined in each of the three remaining quarters. Annual Road Fund receipts were \$1,863.5 million, a decrease of 0.6 percent compared to FY24. Compared to the official estimate, Road Fund collections for FY25 were \$38.5 million above the official forecast. Among the accounts, two accounts were below the estimated amount while five accounts exceeded the official estimate. The differences ranged in magnitude from -\$30.4 million to \$69.4 million. Motor vehicle usage tax was \$69.4 million over the estimate while motor fuels revenues were \$30.4 million under the estimate. All other accounts, taken together, were \$0.5 million below forecasted levels.

Summary of the Economy for the Fourth Quarter of FY25

Real GDP rose by 1.6 percent in the fourth quarter of FY25. Real consumption is the biggest contributor to real GDP growth in the fourth quarter with growth of 2.8 percent year over year. US and Kentucky non-farm employment rose 1.1 percent in the fourth quarter of FY25, led by education services employment with 3.5 percent growth in the US and 2.9 percent in Kentucky. Seven US supersectors gained jobs in the fourth quarter, while four supersectors lost jobs in the fourth quarter. Eight Kentucky supersectors gained jobs in the fourth quarter, while three supersectors lost jobs. US personal income grew by 5.3 percent and Kentucky personal income grew by 5.2 percent in the fourth quarter of FY25. US and Kentucky wages and salaries grew 4.9 percent

Summary of Projected Major Economic Factors

The US national outlook presented in Tables 3 and 4 was prepared using the S&P Global June 2025 control economic forecast. Real GDP is expected to rise 1.2 percent during the first three quarters of FY26. Real consumption is expected to be the leading driver of that growth with 1.6 percent growth projected for the first three quarters of FY26. Non-farm employment is expected to grow 0.7 percent for the US and 0.9 percent for Kentucky in the first three quarters of FY26. Educational services employment is expected to be fastest-growing supersector with 3.2 percent projected growth for the US and 3.4 percent for Kentucky over the forecast horizon. US personal income is anticipated to grow 5.2 percent and 4.9 percent for Kentucky during the first three quarters of FY26. Wage and salary receipts, the largest personal income account, is projected to increase 5.0 percent for both the US and Kentucky during the forecasting horizon.

REVENUE & ECONOMIC OUTLOOK

GENERAL FUND

The Interim Outlook presents unofficial estimates prepared pursuant to KRS 48.400(2). Forecasted revenues presented in Table 1 were projected using the June 2025 “control scenario” economic forecast from both S&P Global and the Kentucky MAK model as the primary inputs. S&P Global has placed a 50 percent likelihood on their “control scenario” as being the most likely economic outcome, relative to the pessimistic (25 percent) and optimistic (25 percent) scenarios. All estimates in this outlook extend from the first quarter of FY26 through the third quarter of FY26 (the forecasting horizon).

The latest official estimates listed in Table 1 are from the December 2023 meeting of the state CFG, as revised by actions from the 2024 and 2025 Regular Sessions of the General Assembly. With FY25 General Fund actual revenues now compiled, receipts came in \$131.3 million, or 0.8 percent, greater than the official estimate.

General Fund receipts are expected to fall 2.8 percent during the three-quarter forecasting horizon. A large projected decline in the individual income tax, due primarily to the reduction of the tax rate from 4.0 percent to 3.5 percent in tax year 2026, is expected to be offset by positive growth in the sales tax and property taxes. Six of the eight major tax accounts are forecasted to post declines when compared to FY25, ranging from a 1.3 percent reduction in the “other” set of accounts up to a 31.4 percent projected drop in the coal severance tax.

Individual income tax receipts fell 8.4 percent in FY25. This annual decline in FY25 was the direct result of reducing the individual income tax from 4.5 percent to 4.0 percent, an 11.1 percent rate reduction, effective on January 1, 2024. The tax rate reduction effectively lowered the withholding and declaration payment components of the individual income tax in the first half of FY25 between July and December. Despite the double-digit drop in the rate, withholding fell only 4.0 percent. Higher wage and salary income subject to withholding helped buffer the decline in the tax rate. Perhaps a more direct reason for the 8.4 percent decline in FY25 was a \$281.8 million drop in receipts from the pass-through entity tax (PTET) and an increase in the amount of PTET credits taken during FY25.

Table 1 displays the outlook for the individual income tax and the remaining General Fund revenues. A further decline of 3.4 percent is expected over the three quarters of FY26 forecast horizon. The projected falloff in the individual income tax is linked to two factors: a rate reduction from 4.0 percent to 3.5 percent that becomes effective on January 1, 2026; and a repeat of the pattern of lower PTET collections with higher utilization of PTET credits. The sharp fall in individual income tax receipts is expected to hit all the major accounts within the tax, including withholding, net returns, estimated payments, and the pass-through entity tax.

Table 1
General Fund Interim Outlook
\$ millions

	FY25				FY25		FY26	
	Q4		Full Year		Official		Q1-Q3	
	Actual	% Chg	Estimate	% Chg	Estimate	\$ Diff	Estimate	% Chg
Individual Income	1,628.6	0.1	5,319.2	-8.4	5,546.3	-227.1	3,572.9	-3.2
Sales & Use	1,512.8	3.1	5,821.3	0.3	6,080.1	-258.8	4,388.0	1.8
Corp. Inc. & LLET	660.8	9.6	1,834.5	46.9	1,327.8	506.7	901.9	-23.2
Property	99.4	22.5	839.3	3.9	837.2	2.1	791.0	6.9
Lottery	81.7	-2.8	350.7	2.1	350.7	0.0	265.0	-1.5
Cigarettes	63.8	-8.0	243.6	-9.9	249.5	-5.9	164.7	-8.4
Coal Severance	8.0	-58.1	56.1	-28.0	65.4	-9.3	33.0	-31.4
Other	323.4	-6.6	1,238.6	2.2	1,114.9	123.7	903.5	-1.3
General Fund	4,378.4	1.9	15,703.2	0.8	15,571.9	131.3	11,019.9	-2.7

Following three consecutive years in which sales tax receipts posted double-digit growth, collections rose 4.1 percent in FY24 followed by a 0.3 percent increase in FY25. The remarkable run for the sales tax in FY21 through FY24 was unprecedented in Kentucky revenue history. Broadening the sales tax base to include additional services in 2019 and 2023 helped to stimulate receipts. With base broadening and taxing online vendors as remote sellers or marketplace facilitators fully implemented, growth since FY24 has been more elusive. Collections are expected to grow during the forecasting horizon, albeit at a slower rate than recent years but a higher rate of growth than was realized in FY25. This interim forecast calls for a 1.8 percent improvement during the first three quarters of FY26 compared to FY25. Strong growth in Kentucky wages and salaries will provide consumers with the income needed to exceed FY25 levels of consumption despite persistent inflation, especially as it pertains to nontaxed consumption items like groceries, prescription medicines, and many professional services.

Combined corporation income tax and limited liability entity tax (LLET) continue to set new records by recording annual receipts of \$1,834.5 million. FY25 collections grew at a pace of 46.9 percent, shattering the previous annual record set in FY24 of \$1,249.1 million. The level of collections in major business taxes has exceeded expectations with growth of 38.1, 34.4, 3.0, 2.3 and 46.9 percent, respectively in FY21 through FY25. This period of swift growth has lifted the combined business taxes from \$639.2 million in FY20 to \$1,834.5 million in FY25,

nearly a tripling of collections. The corporation income tax and LLET are combined and estimated together due to a credit that flows from the LLET back to the corporate income tax. Despite the recent run of growth, a correction is anticipated in the first three quarters of FY26. Major business taxes are expected to decline by 23.2 percent in the forecasting horizon. The correction in major business taxes is not a reflection of weaker expected corporate profits as the forecast calls for increased profitability. Rather, the decline is a direct consequence of a portion of the declaration payments made in the first three quarters of FY25 that are not currently expected to be recurring. Finally, it should be noted that major business taxes do not come in uniformly across the four fiscal quarters. Since fourth quarter receipts of \$660.8 million made up 36.0 percent of total FY25 collections, it should not be assumed that the forecast for full year FY26 will also decline by the 23.2 percent rate projected for the first three quarters. The fourth quarter lies beyond the forecasting horizon, and it is expected to be a disproportionately large share of annual receipts in FY26.

Property tax receipts displayed sustained strength in FY25, increasing 3.9 percent following 4.4 percent growth in FY24. Real property, the largest account within the property taxes, cooled slightly in FY25 with growth of 2.0 percent after increasing 6.6 percent in FY24. The general tangible property and motor vehicles property tax accounts picked up the slack, growing 10.7 and 6.0 percent, respectively. The interim forecast calls for property tax growth to be 6.9 percent during the upcoming forecasting horizon, well above the 10-year average rate of growth. Unlike combined business taxes that are heavily weighted to the fourth quarter, the property tax set of accounts receives approximately 10 percent of annual receipts in the fourth quarter. Therefore, the forecasting horizon of three quarters covers most of the receipts that will be collected in property taxes in FY26.

General Fund dividend payments from the **Kentucky Lottery** have continued to grow despite the maturity of the state lottery and the growing number of alternative sources of recreational gaming. General Fund payments totaled \$350.7 million in FY25, up from the \$343.6 million received in the General Fund for FY24. Including the dividend payments that were required to be diverted into a separate account at the direction of the budget bill, total lottery dividend payments were \$370.3 million in FY23, \$392.5 million in FY24, and \$371.0 million in FY25. This interim forecast calls for a 1.5 percent decline in General Fund lottery payments during the forecasting horizon.

Receipts from **cigarette taxes** continued to fall in FY25, plunging an additional 9.9 percent after declining 9.6 percent in FY24. Cigarette taxes revenues grew 0.4 percent in FY20 immediately following the tax increase from 60 cents per pack to \$1.10 which was fully implemented in FY19. Since then, cigarette tax collections have fallen each year, with the rate of decline increasing to 1.4, 7.3, 7.8, 9.6, and 9.9 percent, respectively from FY21 through FY25. The interim outlook forecasts a further decline in cigarette tax receipts with an 8.4 percent expected decrease during the forecasting horizon.

Before FY24, **coal severance tax** revenues experienced a mini resurgence. Receipts grew from \$56.1 million in FY21 to \$96.6 million in FY23, increasing by 26.0 percent and 36.7 percent in each year, respectively. Spot prices for coal had risen sharply during that time as the price of substitute sources of energy, like oil and natural gas, have also fluctuated to the upside. Coal severance receipts fell sharply in FY24, dropping from the \$96.6 million in FY23 down to \$77.8 million in FY24. FY25 witnessed a deeper drop, falling 28.0 percent with collections of \$56.1 million. While severed tons have fallen between FY23 and FY25, the coal severance tax losses were largely a price phenomenon. Further declines are expected over the forecasting horizon with a 31.4 percent projected decrease in coal severance receipts.

The “**Other**” category contains 60 smaller accounts which make up the remainder of the General Fund. Income on investments, insurance premiums, miscellaneous other, and inheritance are the four largest ongoing accounts in the “Other” category forecast. Income on investments has now become a perennial source of significant income that has emerged since FY23 as a legitimate contributor of General Fund revenue. Receipts of \$150.5 million in FY23 were followed by investment income earnings of \$300.2 million in FY24 and \$323.0 million in FY25. The dramatic increase in income on investments 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 rates on short-term investment instruments.

The “Other” accounts totaled \$1,238.6 million in FY25 to record growth of 2.2 percent. This collection of accounts was over the official estimate for FY25 by \$123.7 million. Nearly all of the excess over the official estimate came from income on investments. The official FY25 estimate was \$219.0 million, so the \$323.0 million received in FY25 exceeded the official estimate by \$104.0 million. Looking forward to the forecasting horizon, “Other” receipts are projected to decline by 1.3 percent. Growth in the perennial sources of revenue is expected, but the torrid growth in income on investments is expected to mitigate.

ROAD FUND

Road Fund receipts declined at the same rate in the fourth quarter as they did for the full year. The 0.6 percent drop followed growth rates of 3.6 percent, -3.3 percent and -2.2 percent in the preceding quarters. For the year, total collections were \$1,863.5 million, a decrease of \$11.1 million compared to FY24 totals. Motor fuels tax revenue registered the largest difference between the two years, as collections were \$69.0 million less than in the prior year. Some of that decline was made up by an increase in motor vehicle usage tax receipts which brought in \$48.5 million more in FY25. Of the remaining major accounts, annual changes were relatively small and, taken together, were \$9.4 million more than what was received in the prior year. Year-end revenues were \$38.5 million over the official estimate.

Looking ahead, Road Fund revenues are forecasted to decline over the first three quarters of FY26. Motor fuels taxes will account for the majority of the drop due to a decline in the tax rate on motor fuels. In addition to the fuels taxes, motor vehicle usage, the weight distance tax, income on investments and “Other” receipts are also forecasted to decline. The remaining accounts are expected to increase only moderately, with growth rates for the two remaining accounts to be in the two to five percent range.

Motor fuels tax receipts are forecasted to decline 5.8 percent in the first nine months of FY26 due to a 1.4 cent per gallon drop in the tax rate. The decrease is due to a decline in the average wholesale price (AWP) of gasoline. The gasoline excise tax is calculated annually as 9 percent of the AWP and will decrease from 21.4 cents per gallon down to 20.0 cents per gallon, which will drop total state taxes and fees on gasoline at the pump from 27.8 to 26.4 cents per gallon.

Motor vehicle usage tax revenues are forecasted to decrease 2.7 percent over the first three quarters of FY26 after increasing 7.2 percent in FY25. Collections in this account have been very strong for the last several years with collections reaching all-time highs in each of the last five years.

To estimate growth of the other components of the Road Fund, the Governor’s Office for Economic Analysis consulted with officials in the Transportation Cabinet and the Department of Revenue to assess recent growth patterns as well as administrative factors in developing an updated estimate. Growth in motor vehicle license fees is expected to be 5.1 percent in the first three quarters of FY26 after falling 1.9 percent in FY25. Weight distance taxes are forecasted to continue their slow decline. Collections in FY25 fell 0.6 percent and receipts through the first nine months of FY26 are expected to decline 1.2 percent. Motor vehicle operators’ license (driver’s license) taxes are forecasted to rise 2.7 percent and investment income collections are projected to be \$3.6 million. The “Other” category is expected to decrease 20.3 percent.

Table 2
Road Fund Interim Outlook
\$ millions

	FY25				FY25		FY26	
	Q4		Full Year		Official		Q1-Q3	
	Actual	% Chg	Actual	% Chg	Estimate	\$ Diff	Estimate	% Chg
Motor Fuels	216.0	-8.2	836.4	-7.6	866.8	-30.4	584.3	-5.8
Motor Vehicle Usage	195.1	9.8	719.5	7.2	650.1	69.4	510.2	-2.7
Motor Vehicle License	47.2	-2.9	117.3	-1.9	128.1	-10.8	73.6	5.1
Motor Vehicle Operators	9.4	10.3	33.7	3.1	32.0	1.7	25.0	2.7
Weight Distance	20.8	-3.2	86.3	-0.6	89.7	-3.4	64.7	-1.2
Income on Investments	5.3	-0.9	19.0	29.7	9.5	9.5	3.6	-73.6
Other	13.0	-1.5	51.4	15.3	48.8	2.6	30.6	-20.3
Road Fund	506.8	-0.6	1,863.5	-0.6	1,825.0	38.5	1,292.0	-4.8

NATIONAL OUTLOOK

Real gross domestic product (real GDP) is expected to rise 1.2 percent in the first three quarters of FY26 compared to the first three quarters of FY25. This is notably slower growth than the most recently completed quarter which had year over year growth of 1.6 percent. If the 1.2 percent projected growth comes to pass, it will be the lowest real GDP growth (year over year) since the end of the 2020 recession. Four of the five components of real GDP are expected to contract over the three-quarter forecast horizon. See Table 3.

Real consumption is the only component of real GDP that is expected to grow during the first three quarters of FY26. Real consumption is expected to rise 1.6 percent in the first three quarters of FY26. This is notably slower than the 2.8 percent year over year growth for the fourth quarter of FY25. Real investment is expected to decline 1.4 percent during the first three quarters of FY26. On an adjacent-quarter basis, real investment fell 1.4 percent in the second quarter of FY25, rose 5.6 percent in the third quarter of FY25 and then fell 6.3 percent in the fourth quarter of FY25. So, on net, real investment declined in the last three quarters. However, on an adjacent-quarter basis, real investment is expected to grow 1.3, 0.8, and 0.2 percent, respectively over the next three quarters of FY26.

Real government expenditures are expected to fall 0.3 percent over the first three quarters of FY26. On an adjacent-quarter basis, real government expenditures are expected to decline 0.1 percent, decline 0.2 percent, and then rise 0.01 percent, respectively, over the next three quarters of FY26. This continues the declines from the last two quarters. Adjacent-quarter growth in the third quarter of FY25 is -0.2 percent and growth in the fourth quarter of FY25 is also -0.2 percent.

Real exports are expected to fall 1.4 percent during the first three quarters of FY26 compared to the first three quarters of FY25. Real imports are expected to decrease 4.2 percent during the first three quarters of FY26 compared to the first three quarters of FY25. Real imports is a deduction from real GDP. As a result, when real imports decline relative to real exports, then it adds to real GDP. The expected decrease in real imports is due to two factors: decrease in demand for imported goods and expected rise in tariffs which causes increased prices which also puts downward pressure on import sales.

Inflation, defined as the change in the consumer price index for all goods, is expected to remain steady at 2.7 percent in the first three quarters of FY26 compared to the first three quarters of FY25. Energy prices are expected to decline 3.5 percent in the first three quarters of FY26. This is offset by food prices, which are expected to increase by 3.5 percent over the first three quarters of FY26.

US non-farm employment is expected to grow 0.7 percent in the first three quarters of FY26 compared to the first three quarters of FY25. Eight supersectors are expected to gain jobs in the first three quarters of FY26 and three supersectors are expected to lose jobs during three-quarter forecast horizon: manufacturing, business services, and government employment. Manufacturing employment is expected to decline 1.3 percent, or 200,000 jobs over the three-quarter forecast horizon. The goods-producing sectors are expected to decline a net 0.3 percent, or 100,000 jobs over the three-quarter forecast horizon. See Table 4. The service-providing sectors are expected to rise 1.1 percent over the three-quarter forecast horizon. Educational services employment is expected to be the fastest-growing sector over the three quarter forecast horizon with 3.2 percent annual rate growth.

US personal income is anticipated to grow 5.2 percent during the first three quarters of FY26 over the first three quarters of FY25. All six components of personal income are expected to rise during the forecast horizon. Transfer receipts income are expected to rise 7.0 percent during the forecast horizon. This is slightly slower growth than transfer receipts growth in the fourth quarter of FY25 which rose by 8.9 percent compared to the fourth quarter of FY24.

Table 3
US Economic Outlook
Interim Forecast

	Q1, Q2, & Q3			
	FY26	FY25	\$ Chg	% Chg
Real GDP (\$ billions, AR)	23,778.1	23,490.2	287.9	1.2
Real Consumption	16,497.8	16,235.8	262.0	1.6
Real Investment	4,353.8	4,416.5	-62.7	-1.4
Real Govt. Expenditures	3,972.0	3,983.9	-11.9	-0.3
Real Exports	2,606.3	2,642.7	-36.4	-1.4
Real Imports	3,649.5	3,809.7	-160.2	-4.2
CPI all goods (% chg)	2.7	2.7	NA	NA
CPI Food (% chg)	3.5	2.4	NA	NA
CPI Energy (% chg)	-3.5	-2.4	NA	NA
CPI Core (% chg)	3.2	3.2	NA	NA
Industrial Production Index (% chg)	0.0	0.3	NA	NA
Unemployment Rate (%)	4.5	4.1	NA	NA
Housing Starts (millions, NSA)	1.4	1.4	0.0	0.9

Table 4
US Labor and Income Outlook
Interim Forecast

	Q1, Q2, & Q3			
	FY26	FY25	Chg	% Chg
Non-farm Employment (millions, NSA)	159.8	158.6	1.2	0.7
Goods-producing	21.6	21.7	-0.1	-0.3
Construction	8.4	8.3	0.1	1.1
Mining	0.6	0.6	0.0	0.1
Manufacturing	12.6	12.8	-0.2	-1.3
Service-providing	114.7	113.5	1.3	1.1
Trade, Transportation & Utilities	29.1	29.0	0.1	0.4
Information	3.0	2.9	0.0	1.5
Finance	9.3	9.2	0.1	1.2
Business Services	22.3	22.6	-0.3	-1.2
Educational Services	27.7	26.8	0.9	3.2
Leisure and Hospitality Services	17.3	16.9	0.3	2.1
Other Services	6.1	6.0	0.1	1.5
Government	23.5	23.5	0.0	-0.1
Personal Income (\$ billions, AR)	26,373.7	25,074.3	1,299.5	5.2
Wages and Salaries	13,221.7	12,592.4	629.3	5.0
Transfer Receipts	4,985.2	4,660.8	324.5	7.0
Dividends, Interest, and Rents	5,209.6	5,042.8	166.7	3.3
Supplements to Wages and Salaries	2,813.6	2,669.7	143.9	5.4
Proprietors' Income	2,147.5	2,034.4	113.1	5.6
Social Insurance	2,003.9	1,925.9	78.0	4.1
Residence Adjustment	0.0	0.0	0.0	-39.0

KENTUCKY OUTLOOK

Kentucky non-farm employment is expected to grow 0.9 percent in the first three quarters of FY26 compared to the first three quarters of FY25. See Table 5. Seven supersectors are expected to grow over the three-quarter forecast horizon. The fastest growing sector is expected to be leisure and hospitality services, which is expected to grow 3.4 percent during the next three quarters. The largest supersector; trade, transportation, and utilities services; is expected to grow 0.2 percent over the first three quarters of FY26 compared to FY25. Four supersectors are expected to lose jobs during the first three quarters of FY26: mining, manufacturing, information services, and business services employment. Information services employment is expected to fall the most, losing 1.4 percent in the first three quarters of FY26 compared to the first three quarters of FY25.

Kentucky personal income is expected to rise 4.9 percent in the first three quarters of FY26 compared to the same three quarters of FY25. This is down just slightly from the 5.2 percent growth experienced in the fourth quarter of FY25. All six components of Kentucky personal income are expected to rise during the first three quarters of FY26. The fastest-growing component of personal income is expected to be transfer receipts income with 6.3 percent growth over the first three quarters of FY26. The

largest income component in Kentucky is wages and salaries income. Kentucky wages and salaries income is expected to grow by 5.0 percent during the forecast horizon. This is slightly better than year over year growth in the fourth quarter of FY25, which grew by 4.9 percent. Wages and salaries income makes up 47.9 percent of total Kentucky personal income, while transfer receipts income makes up 27.0 percent of total Kentucky personal income.

Table 5
KY Labor and Income Outlook
Interim Forecast

	Q1, Q2, & Q3			
	FY26	FY25	\$ Chg	% Chg
Non-farm Employment (thousands, NSA)	2,061.8	2,042.7	19.1	0.9
Goods-producing	359.0	360.8	-1.8	-0.5
Construction	95.2	95.1	0.1	0.1
Mining	7.9	8.0	-0.1	-1.3
Manufacturing	255.9	257.7	-1.8	-0.7
Service-providing	1,385.3	1,365.7	19.6	1.4
Trade, Transportation & Utilities	429.3	428.4	0.9	0.2
Information	20.4	20.7	-0.3	-1.4
Finance	96.5	94.9	1.6	1.6
Business Services	224.7	225.3	-0.6	-0.3
Educational Services	326.2	316.6	9.6	3.0
Leisure and Hospitality Services	212.4	205.5	7.0	3.4
Other Services	75.6	74.2	1.4	1.9
Government	317.6	316.3	1.3	0.4
Personal Income (\$ billions, AR)	281.1	267.8	13.2	4.9
Wages and Salaries	135.1	128.7	6.4	5.0
Transfer Receipts	75.6	71.1	4.5	6.3
Dividends, Interest, and Rents	45.0	44.3	0.7	1.7
Supplements to Wages and Salaries	32.5	30.8	1.8	5.8
Proprietors' Income	19.6	18.5	1.1	6.0
Social Insurance	21.8	20.9	0.9	4.4
Residence Adjustment	-4.9	-4.6	-0.4	8.1

REVENUE RECEIPTS

GENERAL FUND

Fourth Quarter, FY25

General Fund revenues collected in in the fourth quarter were the highest of any quarter in FY25. In terms of percentage change, it had the second highest rate of growth, just behind the second quarter. Noteworthy was the \$57.7 million increase in the major business taxes which was, by far, the largest quarterly change among the major accounts. Fourth quarter revenues totaled \$4,378.4 million, which was \$81.6 million more than for the same time period last year. Detailed information on these and other accounts is available in Appendix A.

Individual income tax receipts were flat in the final quarter with revenues of \$1,628.6 million, which is \$2.0 million more than what was collected in FY24. Withholding receipts and net payments with returns grew while the remaining components; estimated payments, fiduciary and pass-through entity tax receipts had declines.

Sales and use taxes brought in \$1,512.8 million in the quarter, an increase of \$45.2 million. Collections in the last three months of the year were the highest of any of the four quarters.

Combined corporation income and limited liability entity tax (LLET) collections increased 9.6 percent in the fourth quarter. Receipts totaled \$660.8 million and were \$57.7 million more than collected a year earlier.

Property tax collections grew \$18.3 million, or 22.5 percent, in the fourth quarter as general tangible, motor vehicle, and omitted and delinquent revenues all had increases. Receipts in the quarter were \$99.4 million compared to \$81.1 million in FY24.

General Fund lottery receipts fell 2.8 percent, or \$2.3 million, to \$81.7 million in the fourth quarter of the year.

Cigarette tax revenue fell 8.0 percent in the final quarter of the FY25. Receipts of \$63.8 million were \$5.5 million less than collected in the fourth quarter of FY27.

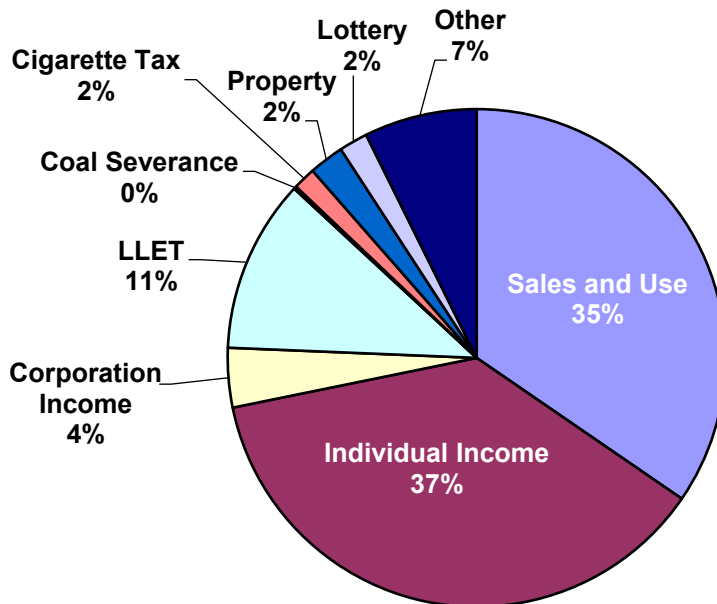
Coal severance tax collections fell 58.1 percent in the fourth quarter to \$8.0 million. This represents an \$11.1 million drop over prior year receipts.

The “Other” category encompasses the remaining General Fund taxes and fees. Collections in this account decreased 6.6 percent, or \$22.8 million, over FY24 levels. Fourth quarter receipts were \$323.4 million and compare to \$346.2 million collected in the prior year.

Table 6 Summary General Fund Receipts \$ millions				
	FY25 Q4	FY24 Q4	Diff \$	Diff %
Individual Income	1,628.6	1,626.5	2.0	0.1
Sales & Use	1,512.8	1,467.5	45.2	3.1
Corp. Inc. & LLET	660.8	603.0	57.7	9.6
Property	99.4	81.1	18.3	22.5
Lottery	81.7	84.0	-2.3	-2.8
Cigarettes	63.8	69.3	-5.5	-8.0
Coal Severance	8.0	19.0	-11.1	-58.1
Other	323.4	346.2	22.8	-6.6
Total	4,378.4	4,296.8	81.6	1.9

Figure A details the composition of fourth quarter General Fund receipts by tax type. Seventy-two percent of General Fund revenues were in the areas of the individual income tax and the sales tax. The next-largest source of revenue was the corporation and LLET taxes at 15 percent followed by the “Other” account at seven percent. Cigarette and property taxes, as well as lottery collections each accounted for two percent, while coal accounted for less than one percent.

Figure A
Composition of Fourth Quarter FY25
General Fund Revenues



ROAD FUND

Fourth Quarter, FY25

Fourth quarter Road Fund receipts were \$506.8 million, the highest quarterly total in FY25. Revenues were 0.6 percent, or \$3.3 million, less than in the same quarter last year. Motor vehicle usage tax collections were \$17.5 million more than in FY24 which nearly offset a \$19.3 million decline in motor fuels revenue. The remaining accounts were all within \$1.5 million of FY24 levels. Taken together, these accounts declined by \$1.5 million. Summary data are contained in Table 7 and detailed data are shown in Appendix A.

Motor fuels tax receipts fell 8.2 percent, or \$19.3 million, during the fourth quarter due primarily to a 7.6 percent decrease in the tax rate. Receipts were \$216.0 million and compare to \$235.3 million collected during the fourth quarter last fiscal year.

Motor vehicle usage tax receipts totaled \$195.1 million for the quarter. Collections were 9.8 percent, or \$17.5 million, more than the same period last year and were the highest quarterly total for the year.

Motor vehicle license tax collections declined 2.9 percent during the final three months of the year. Receipts of \$47.2 million compared to \$48.6 million received during the fourth quarter of FY24.

Motor vehicle operator's fees totaled \$9.4 million in the just completed quarter, a 10.3 percent increase compared to the level observed a year ago.

Weight distance tax receipts fell 3.2 percent, or \$0.7 million, with collections of \$20.8 million.

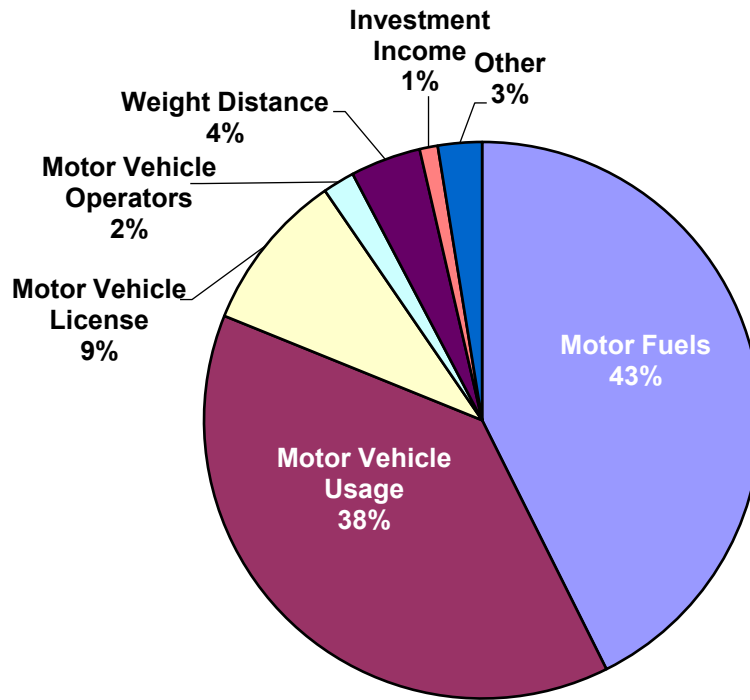
Table 7 Summary Road Fund Receipts \$ millions				
	FY25	FY24	Diff	Diff
	Q4	Q4	\$	%
Motor Fuels	216.0	235.3	-19.3	-8.2
Motor Vehicle Usage	195.1	177.6	17.5	9.8
Motor Vehicle License	47.2	48.6	-1.4	-2.9
Motor Vehicle Operators	9.4	8.5	0.9	10.3
Weight Distance	20.8	21.5	-0.7	-3.2
Income on Investments	5.3	5.4	-0.1	-1.0
Other	13.0	13.2	-0.2	-1.5
Total	506.8	510.1	-3.3	-0.6

The remaining two accounts in the Road Fund, income on investment and "Other" receipts combined for a total \$18.3 million, a decrease of 1.3 percent over FY24 levels.

Figure B details the composition of Road Fund revenues by tax type in the fourth quarter of FY25. Motor fuels taxes and motor vehicle usage taxes comprised 81 percent of Road Fund revenues in the fourth quarter. The next-largest source of

revenue was the motor vehicle license tax with nine percent, followed by weight distance taxes with four percent. The "Other" category accounted for three percent while motor vehicle operators accounted for two percent of the total Road Fund receipts. Income on investments accounted for one percent.

Figure B
Composition of Fourth Quarter FY25
Road Fund Revenues



ANNUAL TOTALS FY25

General Fund

General Fund receipts posted a 15th consecutive year of growth, although the annual percentage increase was the smallest during this stretch. Collections for the year were \$15,703.2 million, or 0.8 percent above FY24 totals. Revenues grew in three of the four quarters; however, the rates of growth were somewhat tepid as revenues only increased between 1.3 percent and 2.1 percent. Offsetting the positive quarterly growth was a third quarter in which revenues fell by 2.3 percent, leaving the fund with receipts only \$131.9 million over FY24 collections. Individual income and sales tax revenues brought down collections in the third quarter. Together, those accounts fell by just over \$150 million. General Fund growth rates for the four quarters were 1.3, 2.1, -2.3, and 1.9 percent, respectively.

Individual income tax receipts experienced a sharp decline due to a drop in the tax rate as well as timing issues associated with the PTET. Income tax collections for the year were \$488.3 million less than FY24 collections. The PTET created timing issues related to multiple year payments in FY24 that created credits in FY24 and beyond. The result is that substantial PTET credits from prior tax years were taken in FY25 and caused a significant reduction to individual income tax receipts for the fiscal year. Additionally, the tax rate for the individual income tax declined from 4.5 percent to 4.0 percent effective on January 1, 2024. This rate reduction led to lower

collections in the first half of FY25 from July through December. Among the accounts, withholding collections fell by 4.0 percent, declarations were down 23.6 percent and PTET revenue fell by 35.6 percent. The \$5.3 billion in individual income tax receipts compares to \$6.0 billion in FY22 when the tax rate was 5.0 percent.

Sales and use tax receipts were essentially unchanged from FY24 levels with growth of 0.3 percent. Growth rates were modest in all four quarters with positive growth in the first and fourth quarters and declines in the two middle periods. Growth rates for the quarters were 1.3 percent, -0.3 percent, -2.9 percent and 3.1 percent, respectively.

Combined corporation income tax and the LLET collections grew 46.9 percent, or \$585.4 million, compared to last year. The \$1.8 billion in receipts from these two accounts shattered the previous fiscal year record of \$1.25 billion set in FY24. The strong growth in FY25 can be attributed to estimated payments. Quarterly growth rates for the combined business taxes were 73.5 percent, 79.3 percent, 124.4 percent and 9.6 percent, respectively.

Property tax receipts rose 3.9 percent in FY25 on the strength of motor vehicles and tangible property which combined to grow by \$26.7 million. Growth was strongest in the first and fourth quarters of the year for property receipts. Growth rates for the four quarters were 11.1 percent, 0.8 percent, 0.6 percent and 22.5 percent, respectively.

Revenues from the cigarette tax declined for the fifth consecutive year in FY25, falling \$26.9 million, or 9.9 percent. Cigarette tax revenues declined in all four quarters. The rates were -6.8 percent, -10.9 percent, -15.0 percent and -8.0 percent, respectively.

After temporarily rebounding in FY23, coal severance tax revenues returned to their long-term trend declining 19.4 percent in FY24 and 28.0 percent in FY25. Receipts for the year were \$56.1 million, \$21.8 million less than what was collected last year. Quarterly growth rates for this account were -27.5 percent, 66.4 percent, -47.2 percent and -58.1 percent, respectively.

Collections from the Kentucky Lottery Corporation that are deposited into the General Fund rose \$7.1 million, or 2.1 percent for the year just ended. The “Other” category – which includes multiple taxes, fees, and nontax revenues – grew 2.2 percent in FY25. Accounts such as investment income, inheritance taxes, and insurance premium taxes are included in this category of General Fund Revenues. Investment income exceeded \$300 million for the second straight year, driven by historically high reserve balances. Quarterly growth rates for the “Other” account were 23.0 percent, -0.9 percent, -1.9 percent and -6.6 percent, respectively.

Figure C details the composition of FY25 General Fund receipts by tax type. Seventy-one percent of General Fund revenues were in the areas of the individual income tax and the sales tax. The next-largest sources of revenue was the combined corporate and LLET taxes at 12 percent and the “Other” which accounted for eight percent. Property tax collections were five percent, cigarette taxes and lottery dividends each were two percent. Finally, coal severance taxes accounted for less than one percent.

Figure C
Composition of FY25 General Fund Revenues

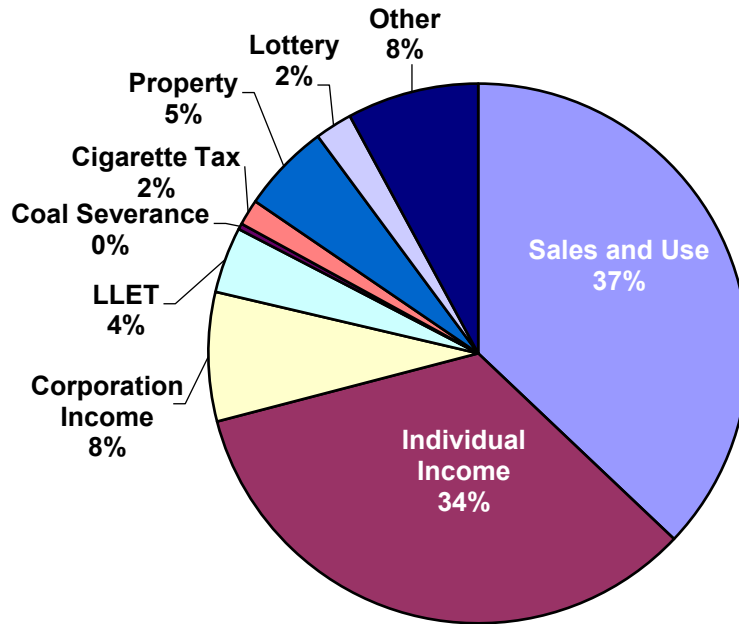


Figure D
FY25 Quarterly General Fund Growth Rate
Percent

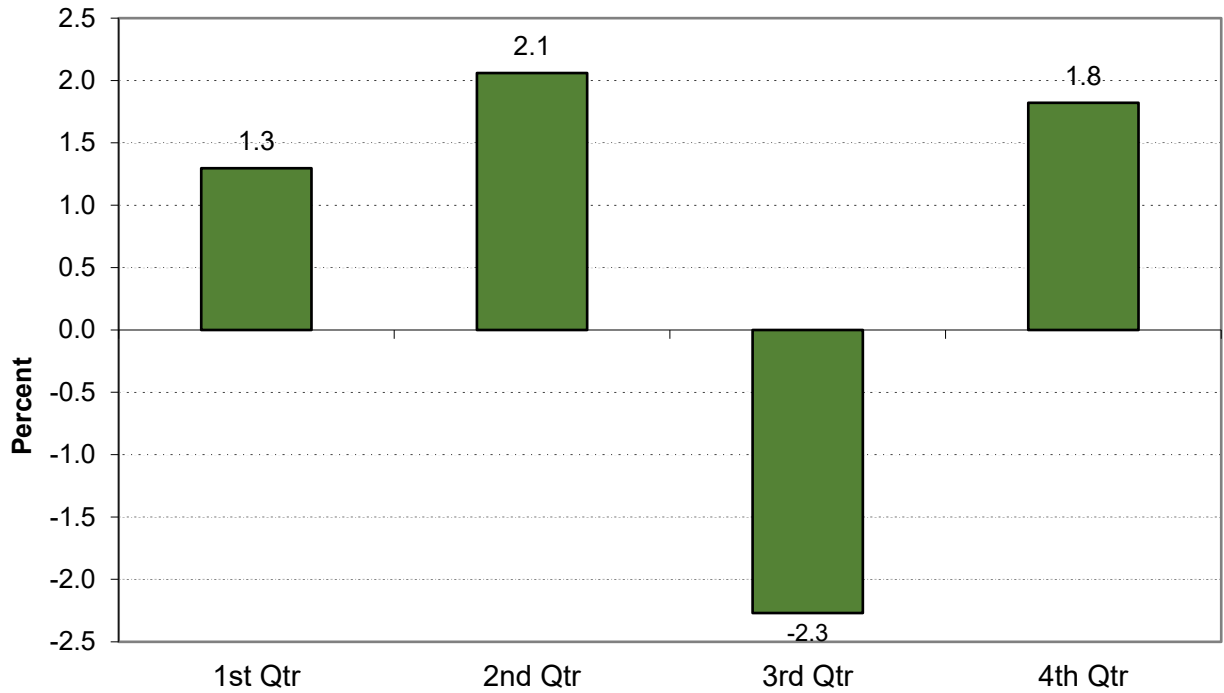


Table 8
General Fund Quarterly Growth Rates
percents

	FY25				
	Q1	Q2	Q3	Q4	Full Year
Individual Income	-17.5	-8.8	-8.1	0.1	-8.4
Sales & Use	1.3	-0.3	-2.9	3.1	0.3
Corp. Inc. & LLET	73.5	79.3	124.4	9.6	46.9
Property	11.1	0.8	0.6	22.5	3.9
Lottery	3.8	3.6	3.5	-2.8	2.1
Cigarettes	-6.8	-10.9	-15.0	-8.0	-9.9
Coal Severance	-27.5	66.4	-47.2	-58.1	-28.0
Other	23.0	-0.9	-1.9	-7.5	1.9
Total	1.3	2.1	-2.3	1.8	0.8

Table 9
General Fund Revenues Compared to Previous Years
\$ millions

	Full Year			Growth Rates (%)		
	FY25	FY24	FY23	FY25	FY24	FY23
Individual Income	5,319.2	5,807.5	5,843.9	-8.4	-0.6	-3.4
Sales & Use	5,821.3	5,802.6	5,576.3	0.3	4.1	10.1
Corp. Inc. & LLET	1,834.5	1,249.1	1,221.6	46.9	2.3	3.0
Property	839.3	808.2	774.4	3.9	4.4	7.0
Lottery	350.7	343.6	337.0	2.1	2.0	14.2
Cigarettes	243.6	270.5	299.3	-9.9	-9.6	-7.8
Coal Severance	56.1	77.8	96.6	-28.0	-19.4	36.7
Other	1,238.6	1,212.0	998.7	2.2	21.4	0.7
Total	15,703.2	15,571.3	15,147.7	0.8	2.8	3.0

Table 10
FY25 General Fund Receipts Compared to Official Estimate
\$ millions

	FY25		Difference	
	Actual	Estimate	\$	%
Individual Income	5,319.2	5,546.3	-227.1	-4.1
Sales & Use	5,821.3	6,080.1	-258.8	-4.3
Corp. Inc. & LLET	1,834.5	1,327.8	506.7	38.2
Property	839.3	837.2	2.1	0.3
Lottery	350.7	350.7	0.0	0.0
Cigarettes	243.6	249.5	-5.9	-2.4
Coal Severance	56.1	65.4	-9.3	-14.3
Other	1,238.6	1,114.9	123.7	11.1
Total	15,703.2	15,571.9	131.3	0.8

Table 11
General Fund Quarterly Revenue Receipts
\$ millions

	FY25				Full Year
	Q1	Q2	Q3	Q4	
Individual Income	1,241.0	1,213.0	1,236.6	1,628.6	5,319.2
Sales & Use	1,492.3	1,446.1	1,370.2	1,512.8	5,821.3
Corp. Inc. & LLET	559.4	445.3	169.0	660.8	1,834.5
Property	78.6	454.7	206.6	99.4	839.3
Lottery	81.0	98.5	89.5	81.7	350.7
Cigarettes	70.1	57.3	52.3	63.8	243.6
Coal Severance	16.4	18.4	13.2	8.0	56.1
Other	310.8	291.2	313.2	323.4	1,238.6
Total	3,849.6	4,024.5	3,450.7	4,378.4	15,703.2

ANNUAL TOTALS FY25

Road Fund

Road Fund revenues grew in the first quarter of the year but were negative in each of the three remaining quarters. However, even though collections were below last year's totals in quarters two through four; revenues were becoming less negative in each of those periods. Receipts for the year were \$1,863.5 million, a decrease of 0.6 percent compared to FY24. Road Fund collections were within \$38.5 million of the official estimate, an error of 2.1 percent. Growth rates for the four quarters were 3.6 percent, -3.3 percent, -2.2 percent, and -0.6 percent, respectively. Road Fund collections are detailed in Table 7.

Motor fuels tax receipts declined in all four quarters of the year due to a drop in the tax rate. The best quarter was the first when revenues fell only 2.1 percent. Declines in the remaining quarters were between 8.1 percent and 12.4 percent. First quarter receipts were boosted by the lag between activity and the collection of the tax. This is significant in the first month following a rate change. In this case, July collections reflected the higher FY24 tax rate while the remaining eleven months corresponded to the lower FY25 tax rate. Total collections for the year were \$836.4 million, a decrease of 7.6 percent. Quarterly growth rates for motor fuels taxes were -2.1 percent, -8.1 percent, -12.4 percent and -8.2 percent, respectively.

Motor vehicle usage tax revenues set an all-time high for the fifth consecutive year with revenues of \$719.5 million. Collections in this account were steady throughout the year with growth rates ranging from 3.1 percent to 9.8 percent. Revenues for the year stronger than anticipated and exceeded the official forecast by \$69.4 million. Growth rates for the four quarters were 9.4 percent, 3.1 percent, 6.1 percent and 9.8 percent, respectively.

Motor vehicle license tax receipts fell 1.9 percent for the year to \$117.3 million as collections fell in three of the four quarters. Receipts were \$10.8 million below the official estimate. Quarterly growth rates were -4.4 percent, -13.2 percent, 8.4 percent and -2.9 percent, respectively.

Motor vehicle operators' receipts rose 3.1 percent with collections of \$33.7 million. The growth rates for this account were 4.0 percent, 1.1 percent, -3.8 percent and 10.3 percent. Investment income receipts were \$19.0 million for the year, 29.7 percent more than the \$14.6 million collected in FY24. "Other" income rose 15.3 percent to \$51.4 million.

Weight distance tax collections rose over the first six months of the year before falling in the second half. Revenues in this account were \$86.3 million, 0.6 percent below FY24 receipts and were \$3.4 million less than projected. Growth rates for the four quarters were 1.2 percent, 2.1 percent, -2.4 percent and -3.2 percent, respectively.

Road Fund collections for FY25 were \$38.5 million more than the official consensus forecast. Three accounts were below the estimated amount while four accounts exceeded the official estimate. The errors ranged in magnitude from -\$30.4 million to \$69.4 million. Among the accounts, motor vehicle usage tax was \$69.4 million over the estimate while motor fuels revenues were \$30.4 million under the estimate. All other accounts, taken together, were \$0.5 million below forecasted levels.

Figure E details the composition of FY25 Road Fund receipts by tax type. Eighty-three percent of the Road Fund came from motor vehicle usage and motor fuels taxes in the just completed year. Following these, the motor vehicle license tax accounted for six percent and the weight distance tax accounted for five percent. “Other” taxes accounted for three percent while motor vehicle operators accounted for two percent and investment was one percent.

Figure E
Composition of FY25 Road Fund Revenues

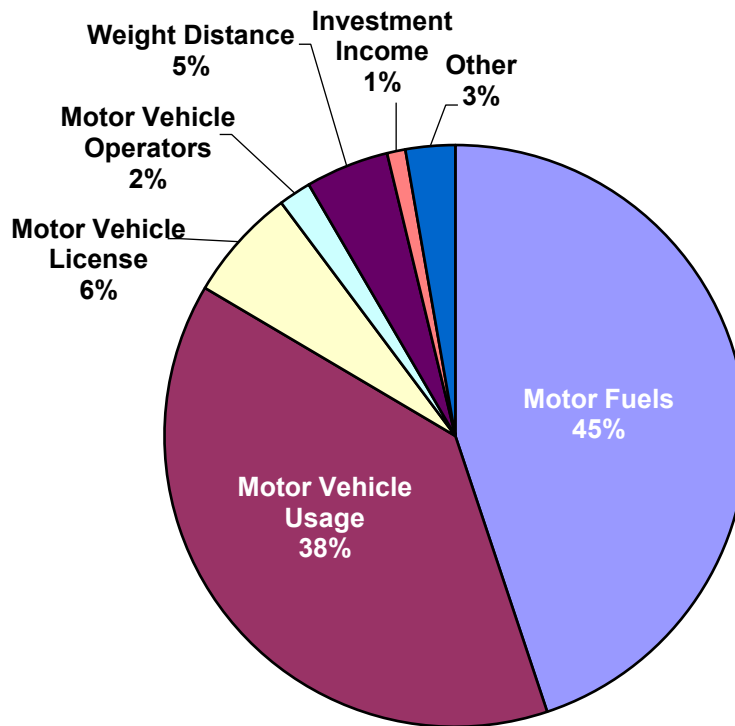


Figure F
FY25 Quarterly Road Fund Growth Rate
Percent

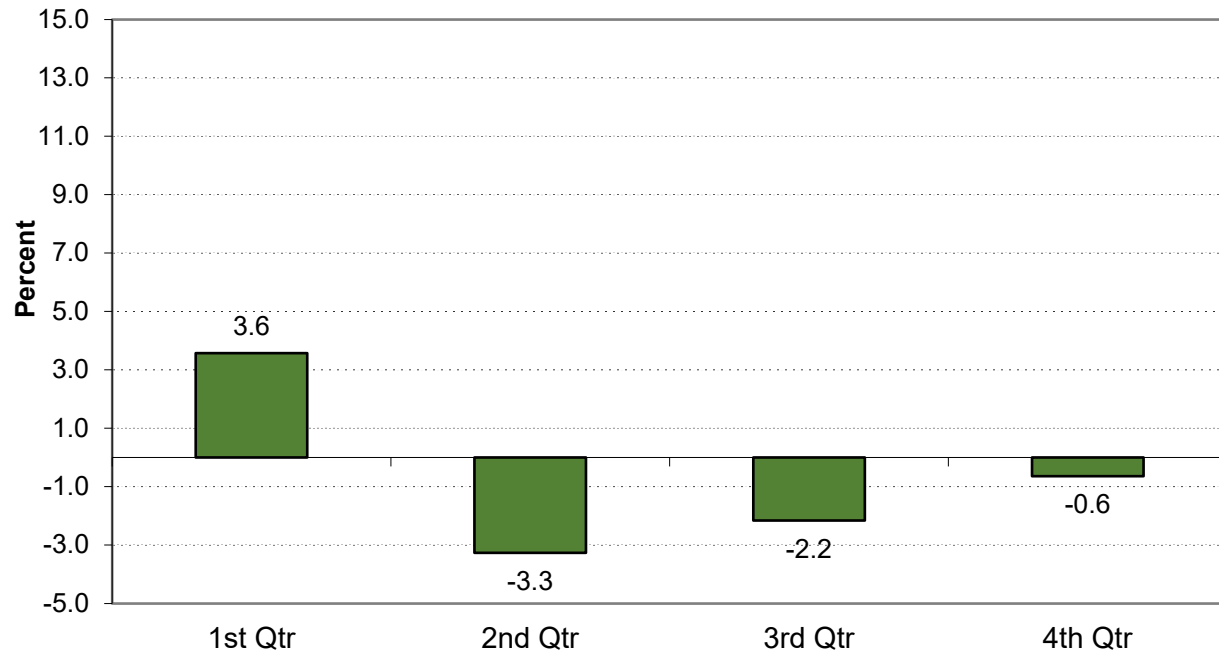


Table 12
Road Fund Quarterly Growth Rates
percents

	FY25				Full Year
	Q1	Q2	Q3	Q4	
Motor Fuels	-2.1	-8.1	-12.4	-8.2	-7.6
Motor Vehicle Usage	9.4	3.1	6.1	9.8	7.2
Motor Vehicle License	-4.4	-13.2	8.4	-2.9	-1.9
Motor Vehicle Operators	4.0	1.1	-3.8	10.3	3.1
Weight Distance	1.2	2.1	-2.4	-3.2	-0.6
Income on Investments	NA	-28.3	104.9	-1.0	29.7
Other	22.6	17.9	25.9	-1.5	15.3
Total	3.6	-3.3	-2.2	-0.6	-0.6

Table 13
Road Fund Revenues Compared to Previous Years
\$ millions

	Full Year			Growth Rates (%)		
	FY25	FY24	FY23	FY25	FY24	FY23
Motor Fuels	836.4	905.4	798.3	-7.6	13.4	3.0
Motor Vehicle Usage	719.5	671.0	660.3	7.2	1.6	5.0
Motor Vehicle License	117.3	119.5	126.7	-1.9	-5.7	2.5
Motor Vehicle Operators	33.7	32.7	29.7	3.1	9.9	4.3
Weight Distance	86.3	86.8	87.7	-0.6	-1.1	0.6
Income on Investments	19.0	14.6	6.3	29.7	131.7	-157.2
Other	51.4	44.5	44.2	15.3	0.7	2.2
Total	1,863.5	1,874.6	1,753.3	-0.6	6.9	4.7

Table 14
FY25 Road Fund Receipts Compared to Official Estimate
\$ millions

	FY25		Difference	
	Actual	Estimate	\$	%
Motor Fuels	836.4	866.8	-30.4	-3.5
Motor Vehicle Usage	719.5	650.1	69.4	10.7
Motor Vehicle License	117.3	128.1	-10.8	-8.4
Motor Vehicle Operators	33.7	32.0	1.7	5.3
Weight Distance	86.3	89.7	-3.4	-3.8
Income on Investments	19.0	9.5	9.5	99.6
Other	51.4	48.8	2.6	5.3
Total	1,863.5	1,825.0	38.5	2.1

Table 15
Road Fund Quarterly Revenue Receipts
\$ millions

	FY25				Full Year
	Q1	Q2	Q3	Q4	
Motor Fuels	223.4	209.1	187.9	216.0	836.4
Motor Vehicle Usage	189.6	166.0	168.8	195.1	719.5
Motor Vehicle License	19.8	16.7	33.6	47.2	117.3
Motor Vehicle Operators	8.7	8.3	7.4	9.4	33.7
Weight Distance	22.3	22.1	21.1	20.8	86.3
Income on Investments	6.0	2.9	4.8	5.3	19.0
Other	12.5	11.3	14.6	13.0	51.4
Total	482.3	436.2	438.2	506.8	1,863.5

THE ECONOMY

FOURTH QUARTER FY25

NATIONAL ECONOMY

Real gross domestic product (real GDP) rose by 1.6 percent in the fourth quarter of FY25 compared to the fourth quarter of FY24. It is instructive to observe the quarterly increases and decreases to fully understand how the real gross domestic product is changing over time. Real GDP growth adjacent-quarter growth rates for the last four quarters are 0.8, 0.6, -0.1, and 0.3 percent, respectively. The decline in the third quarter of FY25 was just the second decline since the end of the 2020 recession. Real GDP is composed of five components: real consumption, real investment, real government expenditures, real exports, and real imports.

Real consumption grew by 2.8 percent in the fourth quarter of FY25 compared to the fourth quarter of FY24. See Table 16. Real consumption has grown on an adjacent-quarter basis for 20 consecutive quarters since the end of the 2020 recession. However, that growth has shrunk considerably in the last two quarters compared to the first half of FY25. The last four adjacent-quarter growth rates are: 0.9, 1.0, 0.3, and 0.5 percent, respectively. Consumption made up 69.6 percent of real GDP in the fourth quarter of FY25.

Real investment declined by 2.3 percent in the fourth quarter of FY25 compared to the fourth quarter of FY24. On an adjacent-quarter basis real investment has fallen in two of the four quarters in FY25. The last four adjacent-quarter growth rates are: 0.2, -1.4, 5.6, and -6.3 percent, respectively. Historically, real investment is the most volatile of the five components. Real investment made up 18.1 percent of real GDP in the fourth quarter of FY25.

Real government expenditures increased by 1.7 percent in the fourth quarter of FY25 compared to the fourth quarter of FY24. On an adjacent-quarter basis, real government expenditures have declined for two consecutive quarters. The last four adjacent-quarter growth rates are: 1.3, 0.8, -0.2, and -0.2 percent, respectively. Real government expenditures made up 16.9 percent of real GDP in the fourth quarter of FY25.

Real exports rose 1.8 percent in the fourth quarter of FY25 compared to the fourth quarter of FY24. Real exports have fallen twice in the last three quarters. The last four adjacent-quarter growth rates are: 2.3, -0.04, 0.6, and -1.1 percent, respectively.

Real exports made up 11.1 percent of real GDP in the fourth quarter of FY25. Real imports rose 2.5 percent in the fourth quarter of FY25 compared to the fourth quarter of FY24. Real imports have fluctuated significantly over the last four quarters. The

last four adjacent-quarter growth rates are: 2.6, -0.5, 9.3, and -8.1 percent, respectively. Real exports made up 15.7 percent of real GDP in the fourth quarter of FY25. Net exports (exports less imports) rose from -\$1.4 trillion to -\$1.1 trillion from the third quarter of FY25 to the fourth quarter of FY25. This is the fifth consecutive quarter that net exports have fallen below -\$1 trillion.

Inflation was constant at 2.7 percent for all four quarters of FY25. See Table 16. Meanwhile, food inflation increased throughout FY25 growing from 2.2 percent in the first quarter to 3.4 percent in the fourth quarter. Net prices in the energy industries were decreasing throughout FY25, with inflation rates of -3.4, -2.8, -0.9, and -3.8 percent, respectively.

The civilian labor force rose by 1.6 percent in the fourth quarter of FY25 compared to the fourth quarter of FY24. See Table 16. The number of employed rose from 162.8 million to 163.8 million in the fourth quarter of FY25, while the number of unemployed declined from 7.4 million to 7.0 million. The number of people not in the labor force remained unchanged since the third quarter.

US non-farm employment rose by 1.1 percent in the fourth quarter of FY25 compared to the fourth quarter of FY24. See Table 17. US non-farm employment growth has tapered over the last five quarters from 1.4 percent in the fourth quarter of FY24 to 1.1 percent in the fourth quarter of FY25. There are 11 supersectors that make up non-farm employment. Seven of the 11 supersectors gained jobs in the fourth quarter of FY25, while four supersectors lost jobs. The fastest growing supersector in the fourth quarter is the educational services sector, which grew a net 3.5 percent, and gained 900,000 jobs. The US manufacturing sector had the largest decline in the fourth quarter of FY25, declining a net 0.7 percent, or 85,000 jobs. The largest employment sector, trade, transportation, and utilities employment grew a net 0.6 percent, or 200,000 jobs, in the fourth quarter of FY25 compared to the fourth quarter of FY24.

US personal income grew by 5.3 percent in the fourth quarter of FY25 compared to the fourth quarter of FY24. Adjacent-quarter growth has been stable over the last three quarters. Adjusted-quarter growth in the fourth quarter of FY25 is 1.6 percent. This is above average growth historically. Personal income is composed of seven parts: wages and salaries; transfer receipts; dividends, interest, and rents; supplements to wages and salaries (aka fringe benefits); proprietors' income; social insurance; and residential adjustment.

The largest component of personal income is wages and salaries income. US wages and salaries income rose 4.9 percent in the fourth quarter of FY25 over the fourth quarter of FY24. See Table 17. US wages and salaries growth is solid and has been stable for the last three quarters. Adjacent-quarter growth in the fourth quarter of FY25 is 1.4 percent. For comparison, the historical average adjacent-quarter growth is 1.0 percent. US wages and salaries income made up 50.1 percent of total US personal income in the fourth quarter of FY25.

Transfer receipts income grew the fastest among the seven components in the fourth quarter of FY25. It grew a net 8.9 percent, or \$399.9 billion from the fourth quarter of FY24 to the fourth quarter of FY25. Transfer receipts income has grown faster than any other component of personal income for the last three decades. Transfer receipts have increased significantly in the last six quarters. Adjacent-quarter growth rates for the last six quarters are: 4.0, 1.5, 1.3, 1.2, 3.4, and 2.7 percent, respectively. For comparison, average adjacent-quarter growth from the end of the 2020 recession to the fourth quarter of FY25 has been 0.5 percent. Transfer receipts income made up 19.0 percent of total US personal income in the fourth quarter of FY25.

Total federal outlays grew 5.8 percent in the fourth quarter of FY25. See Table 18. The various expenditures in this quarter illustrates how different real government expenditures and outlays can be. Outlays growth has slowed somewhat during the last three quarters relative to FY24 growth. Average adjacent-quarter growth from the end of the 2020 recession to the first quarter of FY25 is 1.6 percent. Adjacent-quarter growth for the last three quarters is: 0.8, 0.8, and 1.4 percent, respectively.

KENTUCKY ECONOMY

Kentucky non-farm employment rose by almost 23,000 jobs, or 1.1 percent, in the fourth quarter of FY25 over the fourth quarter of FY24. This is the 20th consecutive quarter of growth for Kentucky non-farm employment. Adjacent-quarter growth has softened during the last seven quarters but has improved to 0.6 percent in the fourth quarter of FY25. For comparison, the historical average for adjacent-quarter growth is 0.1 percent. There are 11 supersectors in Kentucky non-farm employment. Eight of the 11 supersectors gained jobs and three supersectors lost jobs in the fourth quarter of FY25.

The fastest growing supersector was educational services employment, which rose by 9,100 jobs, or 2.9 percent, in the fourth quarter of FY25 over the fourth quarter of FY24. Educational services employment has grown for 13 consecutive quarters. The adjacent-quarter growth rate of 0.6 percent in the third quarter of FY25 doubled to 1.2 percent in the fourth quarter of FY25. Educational services employment made up 15.6 percent of total non-farm employment in the fourth quarter of FY25.

Kentucky personal income rose 5.2 percent in the fourth quarter of FY25 compared to the fourth quarter of FY24. See Table 19. Kentucky personal income has grown for 16 consecutive quarters. Growth has improved over the last four quarters. Adjacent-quarter growth rates for the last four quarters are: 0.6, 1.3, 1.6, and 1.7 percent, respectively. Kentucky personal income is made up of seven components.

The largest component of Kentucky personal income is wages and salaries. Kentucky wages and salaries grew by 4.9 percent in the fourth quarter of FY25 compared to the fourth quarter of FY24. Kentucky wages and salaries has had four quarters of strong growth. The last four quarters of adjacent-quarter growth are: 0.7, 1.1, 1.5, and 1.5 percent, respectively. For comparison, the historical average for Kentucky wages and salaries adjacent-quarter growth is 0.9 percent. Wages and salaries income made up 47.9 percent of total Kentucky personal income in the fourth quarter of FY25.

The fastest growing component in the fourth quarter of FY25 is transfer receipts income. Transfer receipts income grew 7.8 percent in the fourth quarter of FY25 compared to the fourth quarter of FY24. Transfer receipts income has grown, and that growth has gotten stronger recently. The last four quarters of adjacent-quarter growth are: 0.6, 2.0, 2.5, and 2.5 percent, respectively. Transfer receipts income made up 27.0 percent of total Kentucky personal income in the fourth quarter of FY25.

Table 16
History of US Economic Series

	FY24		FY25							
	Q4	% chg	Q1	% chg	Q2	% chg	Q3	% chg	Q4	% chg
Real GDP (\$ billions, AR)	23,223.9	3.0	23,400.3	2.7	23,542.3	2.5	23,528.0	2.1	23,593.0	1.6
Real Consumption	15,967.3	2.7	16,113.0	3.0	16,273.2	3.1	16,321.1	2.9	16,410.7	2.8
Real Investment	4,369.2	5.6	4,377.7	3.3	4,315.1	1.7	4,556.8	6.4	4,270.4	-2.3
Real Government Expenditures	3,917.0	3.5	3,966.2	3.4	3,996.3	3.2	3,989.2	2.6	3,983.1	1.7
Real Exports	2,578.4	3.5	2,638.2	4.6	2,637.2	3.0	2,652.8	3.2	2,623.8	1.8
Real Imports	3,614.0	5.6	3,707.4	7.1	3,689.8	5.5	4,031.8	13.6	3,703.5	2.5
CPI - All Goods (% chg)	3.2	NA	2.7	NA	2.7	NA	2.7	NA	2.7	NA
CPI - Food (% chg)	2.2	NA	2.2	NA	2.3	NA	2.7	NA	3.4	NA
CPI - Energy (% chg)	2.3	NA	-3.4	NA	-2.8	NA	-0.9	NA	-3.8	NA
Core CPI (% chg)	3.4	NA	3.3	NA	3.3	NA	3.1	NA	3.0	NA
Industrial Prod. Index (% chg)	0.0	NA	-0.4	NA	-0.3	NA	1.5	NA	0.7	NA
Working Population (millions, NSA)	268.3	0.6	268.9	0.6	269.5	0.6	272.9	1.9	273.4	1.9
Civilian Labor Force	168.0	0.6	169.0	0.6	168.2	0.4	170.2	1.8	170.7	1.6
Employed	161.6	0.2	161.8	0.1	161.6	0.0	162.8	1.5	163.8	1.4
Unemployed	6.5	12.6	7.2	13.5	6.6	11.0	7.4	9.5	7.0	7.7
Not in Labor Force	100.2	0.6	99.8	0.7	101.3	1.0	102.7	2.2	102.7	2.4
Labor Force Participation Rate (%)	62.6	NA	62.7	NA	62.5	NA	62.5	NA	62.4	NA
Unemployment Rate (%)	4.0	NA	4.2	NA	4.2	NA	4.1	NA	4.2	NA
Housing Starts (millions, AR)	1.3	-7.6	1.3	-3.3	1.4	-5.5	1.4	-1.4	1.4	2.5

Table 17
History of US Labor and Income Data

	FY24		FY25							
	Q4	% chg	Q1	% chg	Q2	% chg	Q3	% chg	Q4	% chg
Non-farm Employment (millions, NSA)	157.8	1.4	158.1	1.3	158.6	1.2	159.2	1.2	159.5	1.1
Goods-producing	21.7	0.8	21.7	0.6	21.7	0.4	21.7	0.2	21.7	0.2
Mining	0.6	-2.3	0.6	-2.8	0.6	-2.0	0.6	-1.7	0.6	-0.2
Construction	8.2	2.7	8.2	2.6	8.3	2.4	8.3	1.9	8.3	1.5
Manufacturing	12.8	-0.3	12.8	-0.4	12.8	-0.7	12.8	-0.7	12.8	-0.7
Service-providing	112.8	1.2	113.0	1.1	113.4	1.2	113.9	1.3	114.2	1.3
Trade, Transportation & Utilities	28.9	0.4	28.9	0.4	29.0	0.5	29.1	0.8	29.1	0.6
Information	3.0	-2.8	2.9	-1.7	2.9	-0.8	2.9	-0.8	2.9	-0.4
Finance	9.2	-0.2	9.2	-0.2	9.2	0.2	9.2	0.8	9.3	1.0
Business Services	22.6	-0.8	22.6	-0.7	22.6	-0.4	22.6	-0.3	22.6	-0.3
Educational Services	26.4	4.7	26.6	4.1	26.9	3.9	27.1	3.6	27.3	3.5
Leisure and Hospitality Services	16.8	1.6	16.8	1.2	16.9	1.3	17.0	1.3	17.0	1.6
Other Services	6.0	2.5	6.0	1.9	6.0	1.6	6.0	1.5	6.0	1.3
Government	23.3	2.7	23.4	2.4	23.5	2.1	23.6	1.6	23.6	1.2
Personal Income (\$ billions, AR)	24,574.0	5.5	24,716.7	5.0	25,042.3	5.2	25,463.7	4.6	25,866.4	5.3
Wages and Salaries	12,343.0	6.0	12,404.1	4.9	12,606.2	5.4	12,767.0	4.2	12,947.9	4.9
Transfer Receipts	4,512.3	5.4	4,570.4	7.1	4,626.6	8.2	4,785.3	7.6	4,912.2	8.9
Dividends, Interest, and Rents	5,003.6	4.4	4,994.5	3.4	5,030.5	2.0	5,103.5	2.4	5,117.4	2.3
Supplements to Wages and Salaries	2,602.6	6.5	2,632.0	5.8	2,668.0	5.6	2,709.1	5.3	2,749.7	5.7
Proprietors' Income	2,002.3	3.4	2,013.5	3.0	2,035.5	3.3	2,054.3	4.2	2,112.9	5.5
Social Insurance	1,889.9	4.7	1,897.7	3.5	1,924.6	3.9	1,955.4	3.9	1,973.7	4.4
Residential Adjustment	0.0	NA	0.0	NA	0.0	NA	0.0	NA	0.0	NA

Table 18
US Federal Outlays
\$ billions, AR

	Q4			
	FY25	FY24	\$ Chg	% Chg
Federal Outlays excl. Gross Investment	7,265.6	6,864.6	401.0	5.8
National Defense	862.9	823.7	39.3	4.8
Non-Defense Consumption	589.8	562.7	27.0	4.8
Federal Transfer Payments to Resident Persons	3,547.0	3,243.1	303.9	9.4
Medicare	1,183.3	1,067.1	116.2	10.9
Social Security	1,580.6	1,439.7	140.9	9.8
Social Insurance to Rest of the World	35.3	33.7	1.6	4.6
Grants-in-Aid to State & Local Govts	947.8	949.1	-1.4	-0.1
Medicaid	636.6	628.2	8.5	1.4
Non-Medicaid Grants to State & Local Govts	311.1	321.0	-9.8	-3.1
Aid to Foreign Govts	54.2	63.0	-8.7	-13.9
Interest on the Debt	1,134.9	1,096.8	38.1	3.5
Subsidies	93.7	93.7	0.0	0.0

Table 19
History of KY Labor and Income Data

	FY24		FY25							
	Q4	% chg	Q1	% chg	Q2	% chg	Q3	% chg	Q4	% chg
Non-farm Employment (thousands, NSA)	2,036.8	1.1	2,040.7	1.1	2,041.1	0.7	2,046.4	0.7	2,059.6	1.1
Goods-producing	360.2	1.6	360.4	1.0	359.0	0.1	362.8	0.8	361.4	0.3
Mining	8.2	-5.1	8.2	-5.3	8.0	-5.9	7.7	-8.0	8.0	-2.8
Construction	93.4	4.7	94.6	4.5	93.9	1.8	96.9	3.8	95.1	1.8
Manufacturing	258.6	0.8	257.7	-0.1	257.2	-0.3	258.2	-0.1	258.3	-0.1
Service-providing	1,362.8	0.7	1,365.2	0.8	1,365.3	0.6	1,366.4	0.5	1,380.3	1.3
Trade, Transportation & Utilities	426.7	-0.2	429.2	0.7	428.4	0.5	427.7	0.5	430.2	0.8
Information	20.9	-8.9	20.7	-9.3	20.8	-5.5	20.7	-2.1	20.5	-1.9
Finance	95.4	-1.3	95.1	-1.3	94.7	-1.5	95.0	-0.8	96.0	0.6
Business Services	226.4	-1.6	225.5	-1.4	225.2	-0.5	225.3	-0.7	226.6	0.1
Educational Services	313.1	4.0	314.6	3.5	316.7	3.0	318.5	2.6	322.2	2.9
Leisure and Hospitality Services	206.5	1.5	205.8	1.2	205.4	-0.1	205.2	-0.2	209.7	1.5
Other Services	73.8	2.9	74.3	2.5	74.2	1.6	74.0	0.5	75.1	1.8
Government	313.8	2.2	315.0	2.1	316.7	1.8	317.2	1.3	317.9	1.3
Personal Income (\$ billions, AR)	262.6	5.3	264.2	4.6	267.6	5.2	271.8	3.9	276.3	5.2
Wages and Salaries	126.2	5.2	127.1	3.6	128.5	4.4	130.5	3.0	132.4	4.9
Transfer Receipts	69.2	6.2	69.6	7.1	70.9	9.1	72.7	6.7	74.6	7.8
Dividends, Interest, and Rents	44.1	4.3	44.0	3.1	44.3	1.7	44.5	1.4	44.5	1.1
Supplements to Wages and Salaries	29.9	5.8	30.3	4.7	30.7	5.1	31.2	4.5	31.7	6.0
Proprietors' Income	18.0	1.6	18.2	1.8	18.5	3.2	18.6	4.1	19.2	7.1
Social Insurance	20.5	3.8	20.6	2.3	20.8	3.0	21.2	3.0	21.4	4.7
Residential Adjustment	-4.3	NA	-4.5	NA	-4.5	NA	-4.7	NA	-4.8	NA

Table 20
History and Outlook
Annual Growth Rates (%)

	FY24				FY25				FY26		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
United States											
Real GDP	3.2	3.2	2.9	3.0	2.7	2.5	2.1	1.6	1.1	1.0	1.6
Real Consumption	2.4	3.0	2.2	2.7	3.0	3.1	2.9	2.8	2.0	1.3	1.5
Real Investment	3.4	2.2	5.5	5.6	3.3	1.7	6.4	-2.3	-1.2	1.1	-4.0
Real Government Expenditures	4.8	4.3	3.5	3.5	3.4	3.2	2.6	1.7	0.3	-0.7	-0.5
Real Exports	0.2	2.0	2.0	3.5	4.6	3.0	3.2	1.8	-1.7	-1.5	-1.0
Real Imports	-1.0	1.2	2.9	5.6	7.1	5.5	13.6	2.5	-0.5	-1.2	-10.3
Personal Income	5.5	5.1	5.9	5.5	5.0	5.2	4.6	5.3	5.6	5.1	4.9
Wage & Salary	4.8	5.6	6.7	6.0	4.9	5.4	4.2	4.9	5.5	4.8	4.7
Industrial Production Index	-0.1	-0.1	-0.5	0.0	-0.4	-0.3	1.5	0.7	0.4	0.4	-1.0
Total Non-farm Employment	1.9	1.7	1.5	1.4	1.3	1.2	1.2	1.1	1.1	0.7	0.4
Manufacturing Employment	0.3	-0.3	-0.3	-0.3	-0.4	-0.7	-0.7	-0.7	-0.7	-1.0	-2.2
Unemployment Rate	3.7	3.8	3.8	4.0	4.2	4.2	4.1	4.2	4.4	4.5	4.6
Kentucky											
Personal Income	5.8	5.1	6.3	5.3	4.6	5.2	3.9	5.2	5.3	4.9	4.7
Wage & Salary	5.9	5.9	6.3	5.2	3.6	4.4	3.0	4.9	5.2	5.1	4.6
Non-farm Employment	2.1	1.8	1.3	1.1	1.1	0.7	0.7	1.1	1.0	1.0	0.8
Goods Producing	2.8	2.7	2.8	1.6	1.0	0.1	0.8	0.3	-0.2	0.0	-1.2
Service Providing	1.7	1.3	0.6	0.7	0.8	0.6	0.5	1.3	1.3	1.5	1.5
Government	3.4	3.0	2.8	2.2	2.1	1.8	1.3	1.3	0.9	0.1	0.2

APPENDIX A

General Fund and Road Fund Revenue Receipts Fourth Quarter FY25

KENTUCKY STATE GOVERNMENT - GENERAL FUND REVENUE

	Fourth Quarter FY 2025	Fourth Quarter FY 2024	% Change	Year-To-Date FY 2025	Year-To-Date FY 2024	% Change
TOTAL GENERAL FUND	\$4,375,073,083	\$4,296,811,717	1.8%	\$15,703,197,887	\$15,571,256,903	0.8%
Tax Receipts	\$4,174,360,222	\$4,083,348,546	2.2%	\$14,897,416,750	\$14,792,490,987	0.7%
Sales and Gross Receipts	\$1,747,586,294	\$1,717,956,373	1.7%	\$6,717,904,749	\$6,719,517,184	0.0%
Beer Consumption	1,451,487	2,440,517	-40.5%	4,683,885	6,847,863	-31.6%
Beer Wholesale	17,259,588	17,295,052	-0.2%	68,631,695	69,087,217	-0.7%
Cigarette	63,776,392	69,287,182	-8.0%	243,555,668	270,459,361	-9.9%
Distilled Spirits Case Sales	50,498	61,160	-17.4%	223,105	300,887	-25.9%
Distilled Spirits Consumption	3,541,539	4,984,386	-28.9%	17,232,813	19,217,935	-10.3%
Distilled Spirits Wholesale	13,337,065	19,522,400	-31.7%	68,455,252	76,458,261	-10.5%
Insurance Premium	75,952,314	69,386,712	9.5%	239,227,488	221,184,299	8.2%
Pari-Mutuel	16,467,080	18,920,515	-13.0%	74,157,769	65,586,754	13.1%
Race Track Admission	0	0	---	0	0	---
Sales and Use	1,512,768,077	1,467,537,338	3.1%	5,821,340,448	5,802,582,156	0.3%
Wine Consumption	335,532	747,386	-55.1%	2,509,228	3,048,562	-17.7%
Wine Wholesale	2,365,158	5,005,719	-52.8%	17,019,953	20,126,299	-15.4%
Telecommunications Tax	19,969,169	20,168,450	-1.0%	79,821,646	80,709,719	-1.1%
Other Tobacco Products	8,834,029	11,569,433	-23.6%	38,286,213	42,617,956	-10.2%
Floor Stock Tax	(2)	38,316	---	311	39,359	-99.2%
Car Rental & Ride Sharing	11,478,367	10,991,808	4.4%	42,759,273	41,250,554	3.7%
Natural Resources	\$16,796,048	\$28,785,645	-41.7%	\$93,593,346	\$115,048,798	-18.6%
Coal Severance	7,975,540	19,034,006	-58.1%	56,051,277	77,833,048	-28.0%
Oil Production	880,064	1,757,050	-49.9%	5,170,802	6,024,470	-14.2%
Minerals Severance	6,364,834	6,904,348	-7.8%	27,521,517	27,600,394	-0.3%
Natural Gas Severance	1,575,610	1,090,241	44.5%	4,849,750	3,590,886	35.1%
Individual Income Tax	\$1,628,572,653	\$1,626,539,226	0.1%	\$5,319,190,492	\$5,807,499,108	-8.4%
Withholding	1,189,564,608	1,133,668,932	4.9%	4,585,636,407	4,774,724,862	-4.0%
Declarations	142,926,327	211,505,760	-32.4%	342,404,353	448,403,001	-23.6%
Net Returns	107,541,838	52,112,556	106.4%	(112,223,595)	(188,086,505)	---
Fiduciary	3,369,712	3,432,984	-1.8%	(6,742,337)	(19,456,812)	---
Pass-Through Entity Tax	185,170,167	225,818,994	-18.0%	510,115,663	791,914,561	-35.6%
Major Business Taxes	\$660,772,612	\$603,047,483	9.6%	\$1,834,491,754	\$1,249,136,483	46.9%
Corporation Income	168,575,603	425,948,926	-60.4%	1,213,673,240	913,372,008	32.9%
LLET	492,197,009	177,098,557	177.9%	620,818,514	335,764,475	84.9%
Property	\$99,396,103	\$81,137,744	22.5%	\$839,307,942	\$808,162,087	3.9%
General - Real	4,371,054	6,024,191	-27.4%	368,481,106	361,140,907	2.0%
General - Tangible	12,982,279	7,297,383	77.9%	151,427,895	136,767,551	10.7%
Tangible - Motor Vehicle	73,280,865	65,505,518	11.9%	210,440,605	198,448,597	6.0%
Omitted & Delinquent	2,846,856	(6,345,812)	---	16,501,092	20,797,642	-20.7%
Public Service	5,932,461	8,540,212	-30.5%	87,955,067	86,054,426	2.2%
Other	(17,412)	116,251	---	4,502,177	4,952,963	-9.1%
Inheritance Tax	\$15,698,522	\$18,488,974	-15.1%	\$77,705,686	\$75,635,004	2.7%
Miscellaneous	\$5,537,990	\$7,393,101	-25.1%	\$15,222,782	\$17,492,324	-13.0%
License and Privilege	\$486,082	\$630,015	-22.8%	1,972,919	1,944,461	1.5%
Bank Franchise	(\$54,292)	\$1,346,624	---	(3,135,516)	542,654	---
Legal Process	2,109,899	2,486,077	-15.1%	9,298,450	9,102,747	2.1%
T. V. A. In Lieu Payments	2,978,318	2,907,960	2.4%	7,052,203	5,872,896	20.1%
Other	17,984	22,427	-19.8%	34,726	29,566	17.5%
Nontax Receipts	\$200,286,339	\$212,596,905	-5.8%	\$803,667,038	\$776,477,108	3.5%
Departmental Fees	9,382,888	6,624,252	41.6%	20,267,397	18,050,560	12.3%
PSC Assessment Fee	0	2,912,265	-100.0%	10,903,018	14,079,612	-22.6%
Fines & Forfeitures	5,587,114	5,147,287	8.5%	20,047,078	21,926,522	-8.6%
Income on Investments	77,448,021	85,493,538	-9.4%	322,995,930	300,188,056	7.6%
Lottery	81,707,480	84,025,831	-2.8%	350,679,200	343,574,700	2.1%
Miscellaneous	26,160,836	28,393,730	-7.9%	78,774,414	78,657,657	0.1%
Redeposit of State Funds	\$426,521	\$866,265	-50.8%	\$2,114,099	\$2,288,807	-7.6%

KENTUCKY STATE GOVERNMENT - ROAD FUND REVENUE

	Fourth Quarter FY 2025	Fourth Quarter FY 2024	% Change	Year-To-Date FY 2025	Year-To-Date FY 2024	<u>Change</u>
Tax Receipts-	\$491,275,859	\$496,675,070	-1.1%	\$1,807,699,895	\$1,830,515,044	-1.2%
Sales and Gross Receipts	\$411,285,772	\$413,044,423	-0.4%	\$1,556,494,900	\$1,576,499,586	-1.3%
Motor Fuels Taxes	216,043,509	235,321,897	-8.2%	836,423,221	905,369,348	-7.6%
Motor Vehicle Usage	195,078,482	177,615,638	9.8%	719,491,851	670,961,957	7.2%
EV Charging Station Tax	163,781	106,888	53.2%	579,828	168,281	244.6%
License and Privilege	\$79,990,087	\$83,630,647	-4.4%	\$251,204,994	\$254,015,459	-1.1%
Motor Vehicles	47,232,184	48,640,469	-2.9%	117,298,059	119,536,390	-1.9%
Motor Vehicle Operators	9,357,680	8,483,897	10.3%	33,697,722	32,689,269	3.1%
Weight Distance	20,762,687	21,459,805	-3.2%	86,270,947	86,794,007	-0.6%
Truck Decal Fees	63,720	78,360	-18.7%	180,820	199,820	-9.5%
Other Special Fees	2,573,816	4,968,117	-48.2%	13,757,447	14,795,972	-7.0%
Nontax Receipts	\$13,035,405	\$13,269,727	-1.8%	\$52,316,307	\$42,112,996	24.2%
Departmental Fees	5,525,295	5,388,823	2.5%	23,421,143	19,685,933	19.0%
In Lieu of Traffic Fines	42,435	41,790	1.5%	164,955	178,800	-7.7%
Income on Investments	5,308,727	5,359,466	-0.9%	18,965,486	14,617,002	29.7%
Miscellaneous	1,671,436	1,255,888	33.1%	6,666,689	6,185,320	7.8%
Hybrid/ Electric Annual Fee	487,511	1,223,761	-60.2%	3,098,034	1,445,941	114.3%
Redeposit of State Funds	\$2,465,333	\$122,460	1913.2%	\$3,498,606	\$1,947,472	79.6%

APPENDIX B

Summary Statistics for General Fund Major Revenue Sources Fiscal Years 2016- 2025 (\$)

	FY16	FY17	FY18	FY19	FY20
TOTAL GENERAL FUND	10,338,884,795	10,477,848,874	10,838,200,084	11,392,698,460	11,566,621,672
Tax Receipts	9,988,342,493	10,132,685,779	10,497,829,798	10,988,227,884	11,185,135,285
Sales and Gross Receipts	4,062,700,426	4,086,441,364	4,211,205,101	4,717,609,351	4,859,752,240
Beer Consumption	6,557,744	6,205,443	6,069,024	5,885,046	6,147,066
Beer Wholesale	61,161,655	59,525,060	59,119,872	56,215,810	61,686,347
Cigarette	224,303,658	221,375,451	211,834,789	353,452,495	354,965,469
Cigarette Floor Stock	8,108	6,040	-3,399	21,289,650	51,120
Distilled Spirits Case Sales	136,488	153,781	155,861	163,929	180,755
Distilled Spirits Consumption	12,823,273	14,237,920	14,288,035	14,756,577	15,928,560
Distilled Spirits Wholesale	38,886,865	44,064,952	45,559,663	49,288,861	53,860,774
Insurance Premium	145,250,375	148,188,827	157,154,273	165,476,033	168,803,965
Pari-Mutuel	4,993,574	6,807,535	7,894,063	14,578,083	15,771,742
Race Track Admission	229,416	174,356	195,837	214,345	143,685
Sales and Use	3,462,704,116	3,485,215,349	3,605,661,335	3,937,610,039	4,070,905,629
Wine Consumption	3,102,163	3,084,190	3,165,448	3,143,994	3,261,354
Wine Wholesale	16,583,413	18,289,377	17,445,613	17,608,228	17,837,410
Telecommunications Tax	64,681,001	57,540,002	61,125,754	55,757,372	68,074,621
Other Tobacco Products	21,278,667	21,573,080	21,538,933	22,168,888	22,133,743
Car Rental & Ride Sharing	-	-	-	-	-
License and Privilege	111,094,998	107,690,065	117,424,507	121,663,708	125,203,420
Alc. Bev. License & Suspension	480,675	367,853	559,200	320,000	264,150
Corporation License	135,698	7,423	11,596	62,947	83,625
Corporation Organization	136,720	982,251	54,471	314,310	65,992
Occupational Licenses	289,193	229,579	216,991	193,778	173,320
Race Track License	324,375	276,596	278,500	268,875	242,717
Bank Franchise Tax	109,049,728	105,129,792	115,617,923	119,821,064	123,097,210
Driver License Fees	678,609	696,570	685,826	682,734	1,276,406
Natural Resources	149,405,136	130,063,924	122,972,027	127,756,984	87,324,689
Coal Severance	120,610,311	100,455,465	89,643,238	92,906,947	58,820,499
Oil Production	4,748,862	5,120,700	5,360,469	5,910,918	4,591,931
Minerals Severance	17,596,331	16,923,270	18,181,584	18,926,560	19,425,087
Natural Gas Severance	6,449,632	7,564,489	9,786,736	10,012,558	4,487,171
Income	5,011,709,477	5,136,952,770	5,353,058,930	5,307,357,898	5,404,391,683
Corporation	526,637,870	497,479,037	511,352,679	555,976,332	346,366,518
Individual	4,282,080,975	4,393,862,556	4,603,578,834	4,544,676,175	4,765,235,522
LLET	202,990,632	245,611,177	238,127,417	206,705,391	292,789,644
Property	577,548,052	602,095,597	621,260,307	647,009,309	643,046,099
Bank Deposits	632,587	644,459	676,071	666,267	699,983
Building & Loan Association	2,191,706	2,369,893	2,158,239	1,701,042	1,609,784
Distilled Spirits	961,388	1,020,812	1,149,557	1,372,441	1,580,059
General - Real	268,087,934	273,935,818	283,388,656	293,725,321	304,018,815
General - Tangible	237,464,692	244,469,542	254,292,498	258,458,750	251,537,841
Omitted & Delinquent	11,991,240	15,966,205	16,274,357	20,097,838	12,184,648
Public Service	56,210,797	63,680,782	63,313,796	70,981,420	71,408,609
Other	7,708	8,087	7,133	6,230	6,360
Inheritance	51,247,149	44,699,808	48,248,219	44,434,124	46,322,174
Miscellaneous	24,637,267	24,742,251	23,660,706	22,396,511	19,094,980
Legal Process	14,479,452	13,299,585	13,035,070	13,135,526	11,554,463
T. V. A. In Lieu Payments	10,119,811	11,350,177	10,575,611	9,251,250	6,657,123
Other	38,005	92,490	50,025	9,735	883,395
Nontax Receipts	344,822,276	335,817,562	334,713,465	393,632,360	363,353,087
Departmental Fees	21,891,588	21,805,380	22,657,477	17,464,180	15,286,507
PSC Assessment Fee	14,367,915	13,784,610	16,218,175	19,665,109	14,921,519
Fines & Forfeitures	21,204,392	19,676,290	17,829,955	19,960,970	15,576,601
Interest on Investments	287,789	-1,129,875	-7,611,235	-10,553,105	-6,147,796
Lottery	241,778,429	241,627,129	253,000,000	263,946,017	271,363,344
Sale of NOx Credits	0	0	0	0	0
Miscellaneous	45,292,162	40,054,028	32,619,094	83,149,189	52,352,911
Redeposit of State Funds	5,720,026	9,345,533	5,656,821	10,838,216	18,133,300

	FY21	FY22	FY23	FY24	FY25
TOTAL GENERAL FUND	12,827,432,329	14,702,460,457	15,147,662,170	15,571,258,639	15,703,197,887
Tax Receipts	12,414,752,386	14,072,971,696	14,527,687,760	14,792,490,987	14,897,416,750
Sales and Gross Receipts	5,407,385,853	5,909,080,340	6,453,385,746	6,719,517,184	6,717,904,749
Beer Consumption	6,200,831	6,278,125	6,064,945	6,847,863	4,683,885
Beer Wholesale	63,363,832	66,130,324	69,440,398	69,087,217	68,631,695
Cigarette	349,939,662	324,467,834	299,280,936	270,459,361	243,555,668
Cigarette Floor Stock	6,958	-24,238	2,666	39,359	311
Distilled Spirits Case Sales	202,034	227,894	234,898	300,887	223,105
Distilled Spirits Consumption	17,520,621	18,524,507	18,828,726	19,217,935	17,232,813
Distilled Spirits Wholesale	62,862,108	70,704,041	73,923,974	76,458,261	68,455,252
Insurance Premium	176,537,254	167,305,685	195,995,018	221,184,299	239,227,488
Pari-Mutuel	31,229,897	47,733,411	56,281,309	65,586,754	74,157,769
Race Track Admission	21,551	135,855	63,820	0	0
Sales and Use	4,561,017,999	5,062,877,350	5,576,312,025	5,802,582,156	5,821,340,448
Wine Consumption	3,461,261	3,336,159	3,159,312	3,048,562	2,509,228
Wine Wholesale	19,936,744	20,558,086	20,382,672	20,126,299	17,019,953
Telecommunications Tax	73,910,160	76,442,297	75,663,030	80,709,719	79,821,646
Other Tobacco Products	41,174,942	44,383,011	41,979,246	42,617,956	38,286,213
Car Rental & Ride Sharing	-	-	15,772,771	41,250,554	42,759,273
License and Privilege	117,938,539	2,454,271	1,028,124	2,487,114	-1,162,597
Alc. Bev. License & Suspension	225,350	303,050	601,000	499,153	439,500
Corporation License	197,340	146,936	7,280	69,170	8,617
Corporation Organization	35,791	56,907	321,434	55,827	27,367
Occupational Licenses	272,299	246,572	289,802	237,683	243,799
Race Track License	242,691	222,000	199,400	183,500	212,400
Bank Franchise Tax	116,008,780	622,155	-1,240,636	542,654	-3,135,516
Driver License Fees	956,288	856,652	849,844	899,127	1,041,236
Natural Resources	84,445,676	109,019,465	147,031,423	115,048,798	93,593,346
Coal Severance	56,073,988	70,653,864	96,553,542	77,833,048	56,051,277
Oil Production	4,200,401	7,547,757	7,565,799	6,024,470	5,170,802
Minerals Severance	20,607,726	21,366,602	26,321,853	27,600,394	27,521,517
Natural Gas Severance	3,563,561	9,451,241	16,590,229	3,590,886	4,849,750
Income	6,026,619,268	7,234,132,602	7,065,496,368	7,056,635,591	7,153,682,246
Corporation	608,017,501	932,591,148	1,006,250,613	913,372,008	1,213,673,240
Individual	5,143,769,886	6,047,528,269	5,843,883,534	5,807,499,108	5,319,190,492
LLET	274,831,881	254,013,185	215,362,221	335,764,475	620,818,514
Property	702,475,525	723,856,929	774,375,669	808,162,087	839,307,942
Bank Deposits	836,189	944,556	971,637	938,980	886,310
Building & Loan Association	51,057	0	0	0	-97,742
Distilled Spirits	1,751,298	1,953,945	2,453,430	3,124,610	3,690,258
General - Real	317,378,436	325,304,165	338,783,090	361,140,907	368,481,106
General - Tangible	291,489,619	303,570,938	334,012,668	335,216,148	361,868,500
Omitted & Delinquent	17,994,932	17,426,031	17,215,367	20,797,642	16,501,092
Public Service	72,960,107	74,646,764	80,924,768	86,054,426	87,955,067
Other	13,887	10,530	14,709	889,374	23,350
Inheritance	62,068,793	81,264,890	71,809,112	75,635,004	77,705,686
Miscellaneous	13,818,732	13,163,199	14,561,319	15,005,209	16,385,379
Legal Process	10,161,708	9,879,393	9,173,850	9,102,747	9,298,450
T. V. A. In Lieu Payments	3,252,452	3,208,136	5,018,465	5,872,896	7,052,203
Other	404,571	75,670	369,004	29,566	34,726
Nontax Receipts	393,971,345	623,610,826	611,879,618	776,477,108	803,667,038
Departmental Fees	11,508,943	13,891,710	15,961,962	18,050,560	20,267,397
PSC Assessment Fee	16,663,260	15,819,870	11,910,522	14,079,612	10,903,018
Fines & Forfeitures	12,728,359	18,644,759	19,798,963	21,926,522	20,047,078
Interest on Investments	-344,153	585,342	150,510,534	300,188,056	322,995,930
Lottery	289,100,000	295,000,000	336,974,700	343,574,700	350,679,200
Sale of NOx Credits	0	0	0	0	0
Miscellaneous	64,314,936	279,669,144	76,722,937	78,657,657	78,774,414
Redeposit of State Funds	18,708,597	5,877,936	8,094,791	2,290,543	2,114,099

**General Fund Growth Rates
Major Revenue Sources
Fiscal Years 2016 – 2025
(%)**

	FY16	FY17	FY18	FY19	FY20
TOTAL GENERAL FUND	3.7%	1.3%	3.4%	5.1%	1.5%
Tax Receipts	3.6%	1.4%	3.6%	4.7%	1.8%
Sales and Gross Receipts	5.4%	0.6%	3.1%	12.0%	3.0%
Beer Consumption	8.0%	-5.4%	-2.2%	-3.0%	4.5%
Beer Wholesale	6.2%	-2.7%	-0.7%	-4.9%	9.7%
Cigarette	1.5%	-1.3%	-4.3%	66.9%	0.4%
Cigarette Floor Stock	-29.5%	-25.5%	---	---	-99.8%
Distilled Spirits Case Sales	---	12.7%	1.4%	5.2%	10.3%
Distilled Spirits Consumption	2.8%	11.0%	0.4%	3.3%	7.9%
Distilled Spirits Wholesale	6.6%	13.3%	3.4%	8.2%	9.3%
Insurance Premium	-0.8%	2.0%	6.1%	5.3%	2.0%
Pari-Mutuel	---	36.3%	16.0%	84.7%	8.2%
Race Track Admission	47.6%	-24.0%	12.3%	9.5%	-33.0%
Sales and Use	6.0%	0.7%	3.5%	9.2%	3.4%
Wine Consumption	6.5%	-0.6%	2.6%	-0.7%	3.7%
Wine Wholesale	1.6%	10.3%	-4.6%	0.9%	1.3%
Telecommunications Tax	1.7%	-11.0%	6.2%	-8.8%	22.1%
Other Tobacco Products	-0.2%	1.4%	-0.2%	2.9%	-0.2%
Car Rental & Ride Sharing	---	---	---	---	---
License and Privilege	9.0%	-3.1%	9.0%	3.6%	2.9%
Alc. Bev. License Suspension	6.7%	-23.5%	52.0%	-42.8%	-17.5%
Corporation License	-28.0%	-94.5%	56.2%	442.8%	32.9%
Corporation Organization	-26.7%	618.4%	-94.5%	477.0%	-79.0%
Occupational Licenses	43.0%	-20.6%	-5.5%	-10.7%	-10.6%
Race Track License	30.9%	-14.7%	0.7%	-3.5%	-9.7%
Bank Franchise Tax	9.1%	-3.6%	10.0%	3.6%	2.7%
Driver License Fees	2.9%	2.6%	-1.5%	-0.5%	87.0%
Natural Resources	-32.3%	-12.9%	-5.5%	3.9%	-31.6%
Coal Severance	-33.1%	-16.7%	-10.8%	3.6%	-36.7%
Oil Production	-51.7%	7.8%	4.7%	10.3%	-22.3%
Minerals Severance	16.3%	-3.8%	7.4%	4.1%	2.6%
Natural Gas Severance	-58.0%	17.3%	29.4%	2.3%	-55.2%
Income	3.9%	2.5%	4.2%	-0.9%	1.8%
Corporation	-0.3%	-5.5%	2.8%	8.7%	-37.7%
Individual	5.2%	2.6%	4.8%	-1.3%	4.9%
LLET	-9.3%	21.0%	-3.0%	-13.2%	41.6%
Property	2.5%	4.3%	3.2%	4.1%	-0.6%
Bank Deposits	7.4%	1.9%	4.9%	-1.5%	5.1%
Building & Loan Association	47.9%	8.1%	-8.9%	-21.2%	-5.4%
Distilled Spirits	7.8%	6.2%	12.6%	19.4%	15.1%
General - Real	3.4%	2.2%	3.5%	3.6%	3.5%
General - Tangible	-8.4%	2.9%	4.0%	1.6%	-2.7%
Omitted & Delinquent	-94.7%	33.1%	1.9%	23.5%	-39.4%
Public Service	246.2%	13.3%	-0.6%	12.1%	0.6%
Other	-100.0%	4.9%	-11.8%	-12.7%	2.1%
Inheritance	0.5%	-12.8%	7.9%	-7.9%	4.2%
Miscellaneous	-1.2%	0.4%	-4.4%	-5.3%	-14.7%
Legal Process	-6.2%	-8.1%	-2.0%	0.8%	-12.0%
T. V. A. In Lieu Payments	7.1%	12.2%	-6.8%	-12.5%	-28.0%
Other	3.1%	143.4%	-45.9%	-80.5%	8974.4%
Nontax Receipts	5.5%	-2.6%	-0.3%	17.6%	-7.7%
Departmental Fees	-0.7%	-0.4%	3.9%	-22.9%	-12.5%
PSC Assessment Fee ⁷	-31.0%	-4.1%	17.7%	21.3%	-24.1%
Fines & Forfeitures	-6.9%	-7.2%	-9.4%	12.0%	-22.0%
Interest on Investments	34.9%	---	---	---	---
Lottery	9.2%	-0.1%	4.7%	4.3%	2.8%
Sale of NOx Credits	-100.0%	---	---	---	---
Miscellaneous	14.5%	-11.6%	-18.6%	154.9%	-37.0%
Redeposit of State Funds	237.7%	63.4%	-36.3%	91.6%	67.3%

	FY21	FY22	FY23	FY24	FY25
TOTAL GENERAL FUND	10.9%	14.6%	3.0%	2.8%	0.8%
Tax Receipts	11.0%	13.4%	3.2%	1.8%	0.7%
Sales and Gross Receipts	11.3%	9.3%	9.2%	4.1%	0.0%
Beer Consumption	0.9%	1.2%	-3.4%	12.9%	-31.6%
Beer Wholesale	2.7%	4.4%	5.0%	-0.5%	-0.7%
Cigarette	-1.4%	-7.3%	-7.8%	-9.6%	-9.9%
Cigarette Floor Stock	-86.4%	---	---	1376.5%	-99.2%
Distilled Spirits Case Sales	11.8%	12.8%	3.1%	28.1%	-25.9%
Distilled Spirits Consumption	10.0%	5.7%	1.6%	2.1%	-10.3%
Distilled Spirits Wholesale	16.7%	12.5%	4.6%	3.4%	-10.5%
Insurance Premium	4.6%	-5.2%	17.1%	12.9%	8.2%
Pari-Mutuel	98.0%	52.8%	17.9%	16.5%	13.1%
Race Track Admission	-85.0%	530.4%	-53.0%	-100.0%	---
Sales and Use	12.0%	11.0%	10.1%	4.1%	0.3%
Wine Consumption	6.1%	-3.6%	-5.3%	-3.5%	-17.7%
Wine Wholesale	11.8%	3.1%	-0.9%	-1.3%	-15.4%
Telecommunications Tax	8.6%	3.4%	-1.0%	6.7%	-1.1%
Other Tobacco Products	86.0%	7.8%	-5.4%	1.5%	-10.2%
Car Rental & Ride Sharing	---	---	---	---	---
License and Privilege	-5.8%	-97.9%	-58.1%	141.9%	-146.7%
Alc. Bev. License Suspension	-14.7%	34.5%	98.3%	-16.9%	-12.0%
Corporation License	136.0%	-25.5%	-95.0%	850.1%	-87.5%
Corporation Organization	-45.8%	59.0%	464.8%	-82.6%	-51.0%
Occupational Licenses	57.1%	-9.4%	17.5%	-18.0%	2.6%
Race Track License	0.0%	-8.5%	-10.2%	-8.0%	15.7%
Bank Franchise Tax	-5.8%	-99.5%	-299.4%	-143.7%	---
Driver License Fees	-25.1%	-10.4%	-0.8%	5.8%	15.8%
Natural Resources	-3.3%	29.1%	34.9%	-21.8%	-18.6%
Coal Severance	-4.7%	26.0%	36.7%	-19.4%	-28.0%
Oil Production	-8.5%	79.7%	0.2%	-20.4%	-14.2%
Minerals Severance	6.1%	3.7%	23.2%	4.9%	-0.3%
Natural Gas Severance	-20.6%	165.2%	75.5%	-78.4%	35.1%
Income	11.5%	20.0%	-2.3%	-0.1%	1.4%
Corporation	75.5%	53.4%	7.9%	-9.2%	32.9%
Individual	7.9%	17.6%	-3.4%	-0.6%	-8.4%
LLET	-6.1%	-7.6%	-15.2%	55.9%	84.9%
Property	9.2%	3.0%	7.0%	4.4%	3.9%
Bank Deposits	19.5%	13.0%	2.9%	-3.4%	-5.6%
Building & Loan Association	-96.8%	-100.0%	---	---	---
Distilled Spirits	10.8%	11.6%	25.6%	27.4%	18.1%
General - Real	4.4%	2.5%	4.1%	6.6%	2.0%
General - Tangible	15.9%	4.1%	10.0%	0.4%	8.0%
Omitted & Delinquent	47.7%	-3.2%	-1.2%	20.8%	-20.7%
Public Service	2.2%	2.3%	8.4%	6.3%	2.2%
Other	118.3%	-24.2%	39.7%	5946.6%	-97.4%
Inheritance	34.0%	30.9%	-11.6%	5.3%	2.7%
Miscellaneous	-27.6%	-4.7%	10.6%	3.0%	9.2%
Legal Process	-12.1%	-2.8%	-7.1%	-0.8%	2.1%
T. V. A. In Lieu Payments	-51.1%	-1.4%	56.4%	17.0%	20.1%
Other	-54.2%	-81.3%	387.7%	-92.0%	17.5%
Nontax Receipts	8.4%	58.3%	-1.9%	26.9%	3.5%
Departmental Fees	-24.7%	20.7%	14.9%	13.1%	12.3%
PSC Assessment Fee	11.7%	-5.1%	-24.7%	18.2%	-22.6%
Fines & Forfeitures	-18.3%	46.5%	6.2%	10.7%	-8.6%
Interest on Investments	-94.4%	-270.1%	---	99.4%	7.6%
Lottery	6.5%	2.0%	14.2%	2.0%	2.1%
Sale of NOx Credits	---	---	---	---	---
Miscellaneous	22.8%	334.8%	-72.6%	2.5%	0.1%
Redeposit of State Funds	3.2%	-68.6%	37.7%	-71.7%	-7.7%

APPENDIX C

Summary Statistics for Road Fund Major Revenue Sources Fiscal Years 2016 – 2025 (\$)

	FY16	FY17	FY18	FY19	FY20
TOTAL STATE ROAD FUND	1,482,541,978	1,508,003,421	1,511,003,520	1,566,079,860	1,491,513,188
Tax Receipts-	1,458,382,671	1,484,228,925	1,483,223,103	1,527,527,150	1,459,053,657
Sales and Gross Receipts	1,234,432,155	1,260,348,857	1,258,070,574	1,287,770,861	1,240,878,729
Motor Fuels Taxes	750,034,840	760,514,967	764,937,870	773,248,338	741,601,128
Motor Vehicle Usage	484,397,314	499,833,891	493,132,705	514,522,523	499,277,601
EV Charging Station Tax	0	0	0	0	0
License and Privilege	223,950,517	223,880,068	225,152,529	239,756,289	218,174,928
Motor Vehicles	113,114,908	111,927,466	112,850,030	120,900,980	108,626,329
Motor Vehicle Operators	16,331,496	16,120,127	16,794,541	16,631,111	12,930,555
Weight Distance	81,375,028	82,886,950	81,711,920	86,721,474	83,374,856
Truck Decal Fees	283,942	289,874	289,061	313,011	120,460
Other Special Fees	12,845,142	12,655,651	13,506,977	18,189,713	13,122,728
Nontax Receipts	23,041,935	22,938,976	26,904,635	36,942,367	32,083,175
Departmental Fees	19,308,449	19,473,809	20,951,634	20,633,454	20,315,948
In Lieu of Traffic Fines	427,255	378,757	353,405	410,389	282,892
Investment Income	2,468,620	1,581,851	2,837,474	11,923,927	6,688,478
Miscellaneous	837,611	1,504,559	2,762,123	3,974,598	4,795,857
Hybrid/Electric Annual Fee	0	0	0	0	0
Redeposit of State Funds	1,117,372	835,520	875,783	1,610,343	376,356

	FY21	FY22	FY23	FY24	FY25
TOTAL STATE ROAD FUND	1,642,340,305	1,675,354,852	1,753,323,281	1,874,570,513	1,863,514,808
Tax Receipts-	1,614,526,694	1,657,098,864	1,717,417,646	1,830,583,626	1,807,699,895
Sales and Gross Receipts	1,369,253,236	1,403,734,092	1,458,609,862	1,576,573,167	1,556,494,900
Motor Fuels Taxes	748,377,115	774,647,395	798,263,863	905,442,929	836,423,221
Motor Vehicle Usage	620,876,121	629,086,696	660,345,999	670,961,957	719,491,851
EV Charging Station Tax	0	0	0	168,281	579,828
License and Privilege	245,273,458	253,364,772	258,807,784	254,010,459	251,204,994
Motor Vehicles	125,481,645	123,656,728	126,713,604	119,531,390	117,298,059
Motor Vehicle Operators	22,080,766	28,504,651	29,736,792	32,689,269	33,697,722
Weight Distance	83,185,252	87,201,685	87,722,299	86,794,007	86,270,947
Truck Decal Fees	145,500	183,160	240,000	199,820	180,820
Other Special Fees	14,380,295	13,818,548	14,395,089	14,795,972	13,757,447
Nontax Receipts	26,934,560	17,566,474	35,523,095	42,112,996	52,316,307
Departmental Fees	21,907,240	24,699,775	24,785,707	19,685,933	23,421,143
In Lieu of Traffic Fines	210,555	227,990	443,040	178,800	164,955
Investment Income	-118,008	-11,019,731	6,308,931	14,617,002	18,965,486
Miscellaneous	4,934,773	3,658,440	3,985,418	6,185,320	6,666,689
Hybrid/Electric Annual Fee	0	0		1,445,941	3,098,034
Redeposit of State Funds	879,051	689,514	382,540	1,947,472	3,498,606

**Road Fund Growth Rates
Major Revenue Sources
Fiscal Years 2016 – 2025
(%)**

	FY16	FY17	FY18	FY19	FY20
TOTAL STATE ROAD FUND	-2.9%	1.7%	0.2%	3.6%	-4.8%
Tax Receipts-	-2.9%	1.8%	-0.1%	3.0%	-4.5%
Sales and Gross Receipts	-3.8%	2.1%	-0.2%	2.4%	-3.6%
Motor Fuels Taxes	-11.8%	1.4%	0.6%	1.1%	-4.1%
Motor Vehicle Usage	11.9%	3.2%	-1.3%	4.3%	-3.0%
EV Charging Station Tax	---	---	---	---	---
License and Privilege	2.4%	0.0%	0.6%	6.5%	-9.0%
Motor Vehicles	5.2%	-1.0%	0.8%	7.1%	-10.2%
Motor Vehicle Operators	2.3%	-1.3%	4.2%	-1.0%	-22.3%
Weight Distance	2.8%	1.9%	-1.4%	6.1%	-3.9%
Truck Decal Fees	-29.9%	2.1%	-0.3%	8.3%	-61.5%
Other Special Fees	-17.4%	-1.5%	6.7%	34.7%	-27.9%
Nontax Receipts	3.1%	-0.4%	17.3%	37.3%	-13.2%
Departmental Fees	8.7%	0.9%	7.6%	-1.5%	-1.5%
In Lieu of Traffic Fines	-8.2%	-11.4%	-6.7%	16.1%	-31.1%
Investment Income	-15.3%	-35.9%	79.4%	320.2%	-43.9%
Miscellaneous	-30.9%	79.6%	83.6%	43.9%	20.7%
Hybrid/Electric Annual Fee	---	---	---	---	---
Redeposit of State Funds	-58.8%	-25.2%	4.8%	83.9%	-76.6%

	FY21	FY22	FY23	FY24	FY25
TOTAL STATE ROAD FUND	10.1%	2.0%	4.7%	6.9%	-0.6%
Tax Receipts-	10.7%	2.6%	3.6%	6.6%	-1.3%
Sales and Gross Receipts	10.3%	2.5%	3.9%	8.1%	-1.3%
Motor Fuels Taxes	0.9%	3.5%	3.0%	13.4%	-7.6%
Motor Vehicle Usage	24.4%	1.3%	5.0%	1.6%	7.2%
EV Charging Station Tax	---	---	---	---	244.6%
License and Privilege	12.4%	3.3%	2.1%	-1.9%	-1.1%
Motor Vehicles	15.5%	-1.5%	2.5%	-5.7%	-1.9%
Motor Vehicle Operators	70.8%	29.1%	4.3%	9.9%	3.1%
Weight Distance	-0.2%	4.8%	0.6%	-1.1%	-0.6%
Truck Decal Fees	20.8%	25.9%	31.0%	-16.7%	-9.5%
Other Special Fees	9.6%	-3.9%	4.2%	2.8%	-7.0%
Nontax Receipts	-16.0%	-34.8%	102.2%	18.6%	24.2%
Departmental Fees	7.8%	12.7%	0.3%	-20.6%	19.0%
In Lieu of Traffic Fines	-25.6%	8.3%	94.3%	-59.6%	-7.7%
Investment Income	---	---	---	---	29.7%
Miscellaneous	2.9%	-25.9%	8.9%	55.2%	7.8%
Hybrid/Electric Annual Fee	---	---	---	---	114.3%
Redeposit of State Funds	133.6%	-21.6%	-44.5%	409.1%	79.6%

Glossary

Adjacent-quarter	A growth rate computed as the current quarter relative to the previous quarter.
AR	Annual Rate is the quantity of a series that would occur for the entire year, if the current period's growth were to continue for the entire year.
Civilian Labor Force	A subset of the working population who are currently employed or are actively looking for employment.
Employed	In the context of working population and civilian laborforce data, Employed is a subset of the civilian labor force who are employed regardless of industry or profession. This is therefore different than non-farm employment, which explicitly does not include those persons employed in the agricultural sector.
Growth rate	Unless otherwise stipulated, a growth rate is computed as the current quarter relative to the same quarter of the previous year.
Labor Force Participation Rate	The Civilian Labor Force divided by the Working Population.
Not in Labor Force	A subset of the working population who have decided not to be employed nor seek employment.
SA	Seasonally-Adjusted
SAAR	Seasonally-Adjusted Annual Rate
Unemployed	In the context of working population and civilian laborforce data, Unemployed is a subset of the civilian labor force who are not currently employed but are actively seeking employment.
Working population	The group of persons who are 16 years or older, non-institutionalized, not in prison, not in an old-age home, and not engaged in active military duty. It is meant to capture those persons who are capable of working and could work if suitable employment were found. Working population figures are listed in millions.

Tables Notes

Tables 3, 4, and 5

Data for FY26 Q1, Q2, and Q3 are June 2025 estimates.

Source: IHS Markit – Economics & Country Risk, June 18, 2025 data release.

Table 16

Real series are annual rate, billions of chained 2000 dollars.

Real components do not sum to real GDP because they are annualized independently. Data for FY25 Q4 are June 2025 estimates.

Source: IHS Markit - Economics & Country Risk, June 18, 2025 data release.

¹ Working population is the group of persons who are 16 years or older, non-institutionalized, not in prison, not in an old-age home and not engaged in active military duty. It is meant to capture those persons who are capable of working and could work if suitable employment were found. Working population figures are listed in millions.

² Civilian Labor Force is a subset of the working population who are currently employed or are actively looking for employment.

³ Employed is a subset of the civilian labor force who are employed regardless of industry or profession. This is therefore different than non-farm employment, which explicitly does not include those persons employed in the agricultural sector.

⁴ Unemployed is a subset of the civilian labor force who are not currently employed but are actively seeking employment.

⁵ Not in Labor Force is a subset of the working population who have decided not to be employed nor seek employment.

⁶ Labor Force Participation Rate is computed as the Civilian Labor Force divided by the Working Population.

Tables 17, 18, 19, and 20

Data for FY25 Q4 are June 2025 estimates.

Source: IHS Markit - Economics & Country Risk, June 18, 2025 data release.