

COMMONWEALTH OF KENTUCKY

# Quarterly Economic & Revenue Report

## Fourth Quarter Fiscal Year 2015 Annual Edition

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





***Office of State Budget Director***

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**Steven L. Beshear**  
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**Jane C. Driskell**  
State Budget Director

Governor's Office for Policy and Management  
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July 30, 2015

The Honorable Steven L. Beshear  
Governor  
Commonwealth of Kentucky  
State Capitol Building  
Frankfort, KY 40601

Dear Governor Beshear:

The *Quarterly Economic and Revenue Report Annual Edition* summarizes Kentucky's revenue and economic statistics for the fourth quarter of Fiscal Year 2015 (FY15). It also includes an analysis of FY15 totals and an interim economic and revenue forecast for the first three quarters of FY16.

Kentucky's General Fund receipts rose in FY15 by 5.3 percent, primarily due to the strength of individual income, corporation income, and the sales and use taxes. For the fiscal year that ended June 30, 2015 (FY15), General Fund receipts totaled \$9,966.6 million or \$504.6 million more than FY14 collections. Final FY15 General Fund revenues were \$165.4 million, or 1.7 percent, more than the official revenue estimate which projected 3.6 percent growth.

Revenue collections increased in all four quarters of the fiscal year as the rate of growth gathered strength throughout the year. Growth was the strongest in the final quarter as revenues increased 8.4 percent. The quarterly rate of increase was the largest since the fourth quarter of FY11.

Road Fund revenues for FY15 were \$1,526.7 million, a decrease of 2.2 percent from the previous fiscal year. Total receipts were \$33.8 million less than FY14 as the two largest accounts motor fuels and motor vehicle usage taxes declined a combined \$46.2 million.

Governor Beshear  
July 30, 2015  
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Looking forward to the new fiscal year, General Fund growth is expected to be 3.2 percent in the first three quarters of FY16. The major revenue sources (individual income, sales, and business taxes) are expected to be the engines of growth, with the balance of the other receipts being slightly negative.

The economic outlook heading into the first quarter of FY16 remains predominantly positive. Kentucky's economy performed very well in the fourth quarter of FY15, with solid performances in personal income and employment.

Going forward, Kentucky remains well-positioned vis-à-vis the national economy. Personal income in Kentucky is forecast to grow faster than the national average over the next three quarters, a very positive sign considering the roles were reversed throughout most of the period between 2011 and 2014.

Sincerely,

A handwritten signature in cursive script that reads "Jane C. Driskell". The signature is written in black ink and is positioned below the word "Sincerely,".

Jane C. Driskell  
State Budget Director

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# Executive Summary

In accordance with KRS 48.400(2), the Office of State Budget Director (OSBD) has prepared a *Quarterly Economic and Revenue Report* for the fourth quarter of FY15. This report includes a synopsis of the current economic and fiscal conditions of the Commonwealth, as well as an outlook for the next three fiscal quarters.

The fourth quarter edition of the *Quarterly Report* is typically the longest report of the year due to the reporting of both quarterly and annual data. The *Annual Edition* also includes the latest interim projections and an expanded statistical appendix containing a ten-year history of the major General Fund and Road Fund accounts with a corresponding history of growth rates.

Kentucky's General Fund receipts rose for the fifth consecutive year, primarily due to the strength of individual income, sales and use taxes and corporation income taxes. For the fiscal year that ended June 30, 2015 (FY15), General Fund receipts totaled \$9,966.6 million or 5.3 percent more than FY14 collections. Final FY15 General Fund revenues were \$165.4 million, or 1.7 percent, more than the official revenue estimate which projected 3.6 percent growth. Fiscal Year 2014 ended the year with a \$90.9 million shortfall, creating a lower beginning base for FY15. Revenues picked up momentum as FY15 progressed – making the prospects for FY16 more positive. Growth rates for the four quarters were 1.1 percent, 5.8 percent, 5.4 percent and 8.6 percent, respectively.

After analyzing the current economic and fiscal conditions, the report contains an outlook section which highlights an internal forecast for the next three fiscal quarters. In addition to this three-quarter internal estimate, pursuant to KRS 48.120, economic and revenue forecasts will be prepared in the upcoming months:

- August 15<sup>th</sup> – Planning Estimates
- October 15<sup>th</sup> – Preliminary Estimates
- December – Official Estimates

Major points that will be discussed in this report include the following:

- General Fund growth is expected to be 3.2 percent in the first three quarters of FY16. The major revenue sources (individual income, sales, and business taxes) are expected to be the engines of growth, with the balance of the other receipts being slightly negative.
- The Road Fund is expected to decline by 10.6 percent in the first three quarters of FY16. Road Fund receipts worsened as FY15 progressed due to declining receipts in the largest two accounts – motor fuel taxes and the motor vehicle usage tax. While the usage tax should stabilize in FY16, motor fuels taxes will continue to decline relative to FY15 actual collections.

- The economic outlook heading in to the first fiscal quarter of 2016 remains predominantly positive. Kentucky's economy performed very well in the fourth quarter of FY15, with solid performances in personal income and employment. The leading components in personal income growth continued to be wages and salaries coupled with transfer payments.
- Going forward, Kentucky remains well-positioned vis-à-vis the national economy. Personal income of Kentuckians is forecast to grow faster than the national average over the next three quarters, a very positive sign considering the roles were reversed throughout most of the period between 2011 and 2015.
- Individual income tax receipts are expected to increase by 3.0 percent during the first three quarters of FY16. The largest component of individual income tax receipts is withholding, which makes up approximately 96 percent of total individual income tax receipts. Withholding is closely tied to wages and salaries and employment in the state. Employment growth has been solid during the last five quarters, with growth of 2.1 percent in the fourth quarter of FY15.
- The sales tax is expected to post growth of 3.5 percent over the forecasting horizon. The consumption-led recovery should impact the sales tax in particular. Job security and increased disposable income are key elements in consumer spending. Both of these elements are predicted to be firmly in place through the three-quarter forecasting horizon.
- Corporation income tax receipts grew 11.2 percent while the limited liability entity tax (LLET) increased by 12.3 percent in FY15. Corporation income taxes have now grown by double digits in four of the previous five years. For the forecasting horizon, the interim forecast calls for 18.8 percent growth in the corporation income tax and 16.1 percent growth in the LLET.

# Revenue Receipts

## FOURTH QUARTER, FY15 General Fund

General Fund receipts in the fourth quarter of FY15 totaled \$2,809.4 million compared to \$2,586.7 million in the fourth quarter of FY14, an increase of 8.6 percent. Collections in the major revenue categories are shown in summary form in Table 1. Detailed information on these and other accounts is available in Appendix A.

<b>Table 1</b>				
<b>Summary General Fund Receipts</b>				
<b>\$ millions</b>				
	<b>FY15</b>	<b>FY14</b>	<b>Diff</b>	<b>Diff</b>
	<b>Q4</b>	<b>Q4</b>	<b>\$</b>	<b>%</b>
Individual Income	1,253.4	1,124.3	129.1	11.5
Sales and Use	854.5	812.6	41.9	5.2
Property	58.7	62.1	-3.4	-5.4
Corporation Income	232.6	183.3	49.2	26.9
Coal Severance	42.1	48.7	-6.6	-13.5
Cigarette Taxes	59.0	59.1	-0.1	-0.1
LLET	98.7	68.9	29.8	43.2
Lottery	56.5	62.9	-6.4	-10.1
Other	153.9	164.9	-11.0	-6.7
<b>Total</b>	<b>2,809.4</b>	<b>2,586.7</b>	<b>222.7</b>	<b>8.6</b>

Among the major accounts, sales and use, individual income, corporation income and LLET taxes posted the largest increases. On the other hand, the largest declines occurred in the coal severance, property, lottery and other taxes, which were \$6.6 million, \$3.4 million, \$6.4 million and \$11.0 million below FY14 levels, respectively.

The sales and use tax posted an increase of 5.2 percent in the fourth quarter of FY15. Receipts of \$854.5 million compare to the \$812.6 million collected in the fourth quarter of FY14. Positive growth in the fourth quarter marks the eighth consecutive quarter of growth in the sales tax. In FY13 the sales tax fell in three of the four fiscal quarters.

Individual income tax receipts rose 11.5 percent in the fourth quarter of FY15 compared to collections in the fourth quarter of FY14. Receipts of \$1,253.4 million were \$129.1 million more than collected in the fourth quarter of the previous fiscal year.

Property tax collections decreased 5.4 percent in the fourth quarter of FY15. Collections of \$58.7 million compare to \$62.1 million received in the fourth quarter of the prior fiscal year. In general, property taxes have been very slow in recovering losses from the 2007 recession as the valuations on all types of property plummeted.

Corporation income collections rose 26.9 percent in the fourth quarter of FY15. Receipts totaled \$232.6 million and were \$49.2 million more than collected a year earlier.

Coal severance tax receipts continue to decrease in the fourth quarter as receipts fell 13.5 percent. Receipts of \$42.1 million compare to \$48.7 million collected in the fourth quarter of FY14. Kentucky severed tons have likely settled around 20 million tons per quarter having fallen from their peak of 34 million tons in FY10.

Cigarette taxes decreased in the fourth quarter. Receipts of \$59.0 million were 0.1 percent less than collected in the fourth quarter of FY14. Year-to-date, cigarette tax receipts have fallen 3.1 percent due to a continued decline in the number of packs sold.

The LLET receipts increased 43.2 percent, or \$29.8 million in the fourth quarter of FY15 with revenues of \$98.7 million compared to \$68.9 million. Collections rebounded sharply during the last two quarters of the fiscal year.

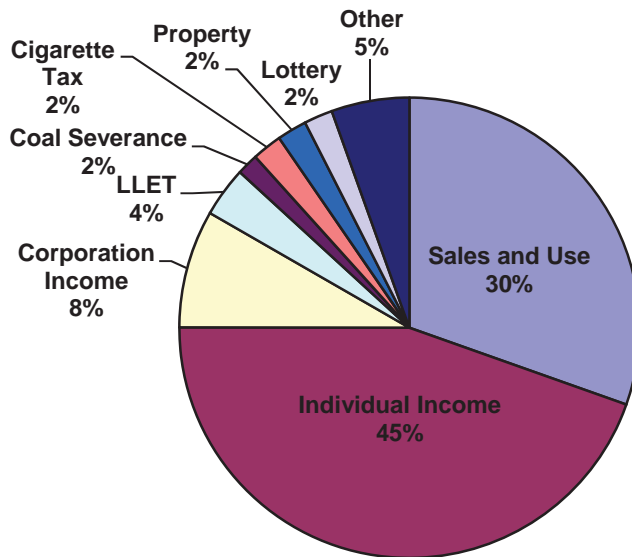
Lottery receipts decreased 10.1 percent, or \$6.4 million, in the fourth quarter of FY15 with revenues of \$56.5 million.

The “Other” category represents the remaining accounts in the General Fund which declined by 6.7 percent from FY14. Fourth quarter receipts for FY15 were \$153.9 million and compare to \$164.9 million in FY14.

Figure A details the composition of fourth-quarter General Fund receipts by tax type. Seventy-five 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 income category at eight percent followed by the “Other” accounted for five percent. The largest components in this category include the insurance premium tax, the bank franchise tax, the telecommunications tax and the beer wholesale tax. The LLET accounted for four percent of the General Fund receipts. Finally property, cigarette, lottery and coal severance taxes accounted for two percent.



**Figure A**  
**General Fund Receipts Composition**  
**Fourth Quarter, FY15**



## Road Fund

Road Fund receipts fell 8.7 percent in the fourth quarter of FY15. Receipts totaled \$363.6 million compared to the \$398.3 million received in the fourth quarter of FY14. Collections for this quarter are notable for the fact that both motor fuels and motor vehicle usage tax receipts declined. Summary data are contained in Table 2 and detailed data are shown in Appendix A.

Motor fuels tax receipts decreased 13.3 percent during the fourth quarter of FY15. Receipts were \$188.3 million and compare to \$217.3 million collected during the fourth quarter last year. House Bill 299, passed during the 2015 Legislative Session, set the motor fuels tax floor at 26.0 cents, per gallon. This measure helped preserve \$19.8 million in motor fuels revenue during the quarter.

Motor vehicle usage tax receipts declined 6.6 percent during the fourth quarter of FY15. Receipts of \$109.5 million compared to \$117.3 million received during the same period last year. The fiscal impact of the House Bill 440 which allows for a trade-in credit in new vehicle purchases and House Bill 378 which exempts from taxation purchases made from Kentucky auto dealers by military service members assigned to duty in Kentucky have played a role in the reduction in the revenue collected from this tax.

Motor vehicle license tax receipts increased 1.6 percent during the fourth quarter of FY15. Receipts of \$32.3 million compare to \$31.8 million received during the fourth quarter of FY14.

Motor vehicle operator's license fees totaled \$4.0 million, a 1.6 percent decrease compared to the level observed a year ago.

Weight distance tax receipts totaled \$18.9 million, a decrease of 1.5 percent from the fourth quarter of last year.

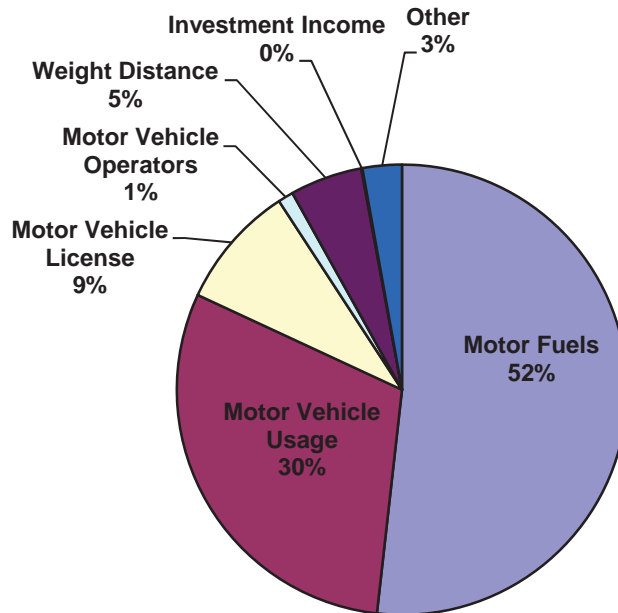
Investment income was down in the fourth quarter of FY15, yielding \$0.3 million.

The remainder of the accounts in the Road Fund combined for an increase of 50.0 percent. Receipts for the "Other" category totaled \$10.2 million during the fourth quarter, compared to \$6.8 million in the fourth quarter of FY14.

	<b>FY15 Q4</b>	<b>FY14 Q4</b>	<b>Diff \$</b>	<b>Diff %</b>
Motor Fuels	188.3	217.3	-29.0	-13.3
Motor Vehicle Usage	109.5	117.3	-7.8	-6.6
Motor Vehicle License	32.3	31.8	0.5	1.6
Motor Vehicle Operators	4.0	4.0	-0.1	-1.6
Weight Distance	18.9	19.2	-0.3	-1.5
Income on Investments	0.3	1.9	-1.6	-82.2
Other	10.2	6.8	3.4	50.0
<b>Total</b>	<b>363.6</b>	<b>398.3</b>	<b>-34.7</b>	<b>-8.7</b>

Figure B details the composition of Road Fund revenues by tax type in the fourth quarter of FY15. Motor fuels taxes and motor vehicle usage taxes comprised 82 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 five percent. The "Other" category accounted for three percent and motor vehicle operators accounted for one percent. Income on investment accounted for a negligible amount of the total Road Fund receipts.

**Figure B**  
**Road Fund Receipts Composition**  
**Fourth Quarter, FY15**



### **ANNUAL TOTALS, FY15**

#### **General Fund**

General Fund receipts totaled \$9,966.6 million in FY15, which is \$504.6 million or 5.3 percent more than FY14 receipts. Fiscal Year 2011 was the last time the General Fund grew by more than five percent. Revenue collections increased in all four quarters of the fiscal year as the rate of growth gathered strength throughout the year. Growth was the strongest in the final quarter and the quarterly rate of increase was the largest since the fourth quarter of FY11. Growth rates for the four quarters of FY15 were 1.1 percent, 5.8 percent, 5.4 percent and 8.6 percent, respectively. Six of the nine major accounts posted higher receipts in FY15 while three accounts (coal severance, cigarette and other) posted declines.

General Fund collections for FY15 were \$165.4 million, or 1.7 percent above the official estimate of \$163.7 million. The largest shortfalls occurred in the “Other”, coal, and property taxes. On the other hand, sales and use, individual income and corporation income taxes came in above the forecasted level. Increases in part-time employment and personal income were greater than originally forecast and contributed to higher than anticipated receipts in those three accounts.

	FY15		Difference	
	Actual	Estimate	\$	%
Individual Income	4,069.5	3,977.3	92.2	2.3
Sales and Use	3,267.3	3,154.0	113.3	3.6
Property	563.4	581.2	-17.8	-3.1
Corporation Income	528.1	462.4	65.7	14.2
LLET	223.8	233.7	-9.9	-4.2
Coal Severance	180.3	204.6	-24.3	-11.9
Cigarette Tax	220.9	223.5	-2.6	-1.2
Lottery	221.5	238.0	-16.5	-6.9
Other	691.8	726.5	-34.7	-4.8
<b>Total</b>	<b>9,966.6</b>	<b>9,801.2</b>	<b>165.4</b>	<b>1.7</b>

Individual income tax receipts grew \$320.2 million from last year. All four components of the tax: withholding, fiduciary, declaration payments and net payments with returns posted increases over FY14 levels. Growth of 8.5 percent is largest since this account grew 14.5 percent in FY08.

Sales tax receipts increased \$136.2 million, or 4.4 percent over FY14 totals. Receipts of \$3,267.3 million compare to prior year receipts \$3,131.1 million. Growth in this account was the highest since FY12 and showed steady growth throughout the year. The sales tax has benefited greatly from growth in Kentucky wages, lower fuel prices, and high consumer sentiment.

Total property taxes rose 0.2 percent or \$1.0 million during the fiscal year. Receipts totaled \$563.4 million compared to \$562.4 million collected in FY14. Tax receipts on real property grew only 0.4 percent as the state continues to recover from the national housing recession. The state real property tax rate, which declines when assessment growth exceeds 4 percent, has remained unchanged since 2008. By comparison, in the 28 years between 1980 and 2008, the rate fell 26 of the 28 years. Both of the major accounts, real and tangible property, increased for the year while some of the minor accounts declined. Together real and tangible property account for over 85 percent of total property tax collections.

Corporate income tax collections grew \$53.0 million, or 11.2 percent in FY15. Receipts for the year totaled \$528.1 million and compare to \$475.1 million collected in FY14. However, collections fell in the first quarter of the fiscal year before accelerating sharply over the remaining nine months. Fiscal year 2015 marks the fourth time in the past five years in which receipts in this account increased at least 10 percent.

Coal severance taxes decreased by 8.7 percent in FY15. Severed tons have also declined steadily as the demand for coal wanes. Total collections for the fiscal year were \$180.3 million and are the lowest since FY04 when receipts totaled \$147.5 million. Collections have now fallen in 13 consecutive quarters and dropped almost 40 percent since peaking in FY12 just three years ago.

Cigarette tax receipts continued their long-run decline, falling \$7.2 million, or 3.1 percent. Fiscal Year 2015 marks the fifth consecutive annual decline in cigarette tax collections. Receipts for the year totaled \$220.9 million and compare to \$228.1 million collected in FY14.

The LLET increased 12.3 percent or \$24.4 million. After declining in the first six months of the year, collections exploded over the final two quarters. Receipts for the year totaled \$223.8 million and compare to \$199.3 million collected in FY14.

Lottery receipts increased 0.9 percent, or \$2.0 million, from the previous year. Receipts of \$221.5 million compare favorably to \$219.5 million remitted to the state in FY14, but fell short of the estimate of \$238.0 million.

The “Other” category, which includes multiple other taxes and fees such as the insurance premium tax, bank franchise tax and the telecommunications tax decreased 1.1 percent or \$7.9 million. Receipts of \$691.8 million compare to \$698.9 million collected in FY14.

	Full Year Receipts			Growth Rates (%)		
	FY15	FY14	FY13	FY15	FY14	FY13
Individual Income	4,069.5	3,749.3	3,723.0	8.5	0.7	6.0
Sales and Use	3,267.3	3,131.1	3,021.8	4.4	3.6	-1.0
Property	563.4	562.4	558.4	0.2	0.7	5.4
Corporate Income	528.1	475.1	400.8	11.2	18.6	7.0
LLET	223.8	199.3	246.1	12.3	-19.0	22.6
Coal Severance	180.3	197.5	230.5	-8.7	-14.3	-22.7
Cigarette Taxes	220.9	228.1	238.7	-3.1	-4.4	-6.3
Lottery	221.5	219.5	215.3	0.9	2.0	2.1
Other	691.8	698.9	713.8	-1.0	-2.1	8.5
<b>Total</b>	<b>9,966.6</b>	<b>9,462.0</b>	<b>9,348.3</b>	<b>5.3</b>	<b>1.2</b>	<b>2.8</b>

Figure C details the composition of FY15 General Fund receipts by tax type. Seventy-four 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 “Other” category accounted for seven percent. The largest components in this category include the insurance premium tax, bank franchise tax, telecommunication tax, and beer wholesale taxes. Property taxes made up six percent of the General Fund followed by the corporation income tax which accounted for five percent. Cigarette tax, coal severance and LLET each accounted for two percent of General Fund revenues.

**Figure C**  
**FY15 General Fund Receipts Composition**

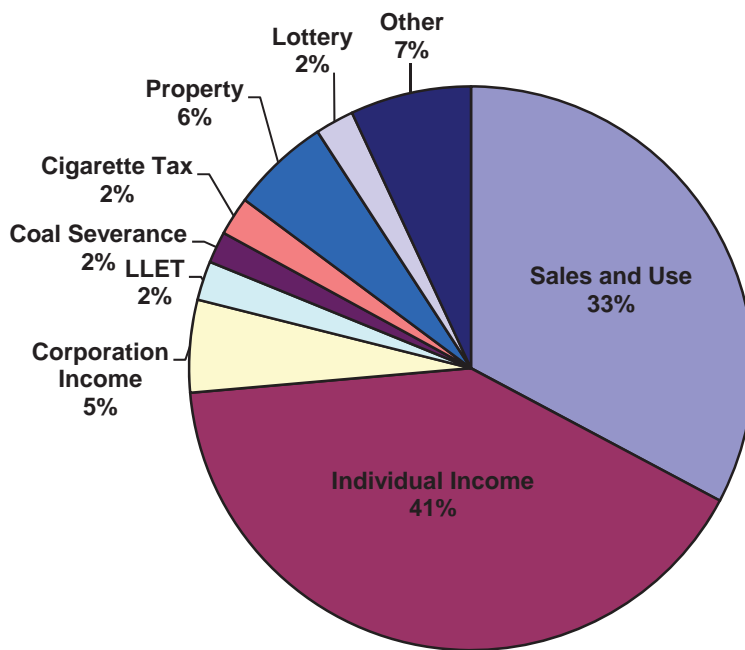
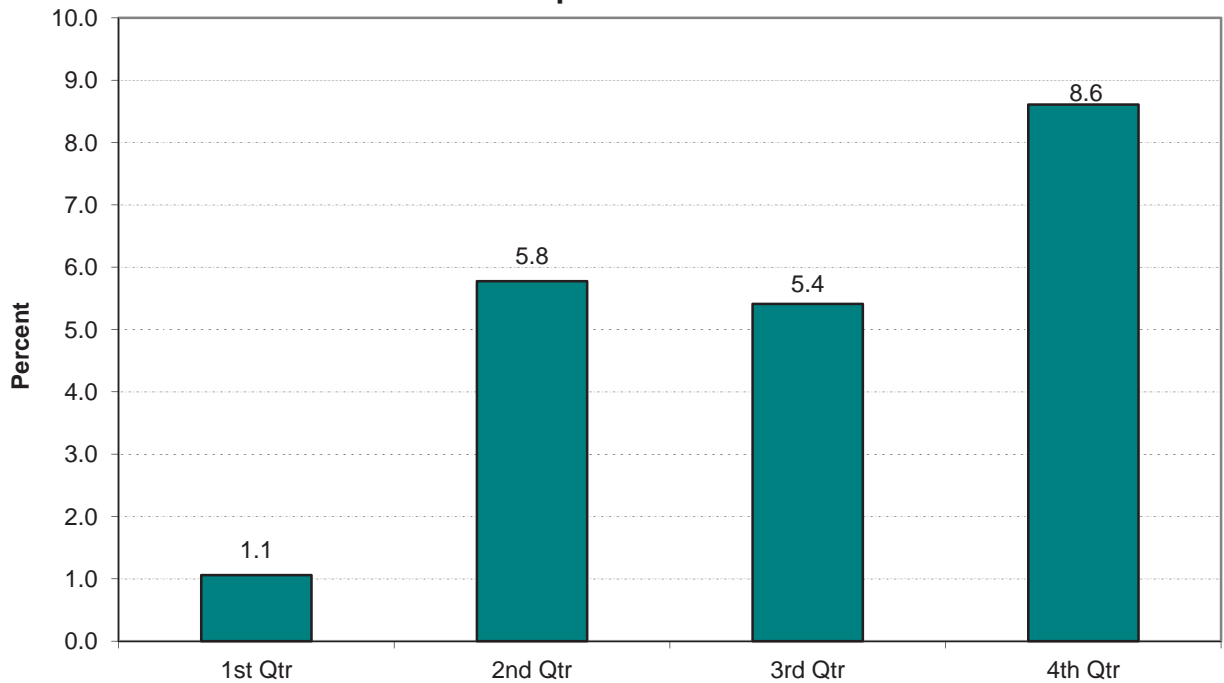


Table 5 and Figure D detail the growth rates in General Fund revenues by each fiscal quarter of FY15. General Fund receipts’ growth was positive in all four quarters of the fiscal year. Fourth quarter growth of 8.6 percent marked the highest quarter for growth in FY15. Growth rates for the four quarters were 1.1 percent, 5.8 percent, 5.4 percent and 8.6 percent, respectively.

	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>FY15</b>
Individual Income	5.4	7.5	9.3	11.5	8.5
Sales and Use	3.4	5.6	3.2	5.2	4.3
Property	-20.0	6.4	-2.9	-5.4	0.2
Corporation Income	-25.7	21.2	41.8	26.9	11.2
LLET	-8.4	-15.0	15.3	43.2	12.3
Coal Severance	-5.0	-7.6	-9.2	-13.5	-8.7
Cigarette Tax	-3.5	-4.8	-4.3	-0.1	-3.1
Lottery	7.2	5.2	3.7	-10.1	0.9
Other	1.8	1.8	-0.8	-6.7	-1.1
<b>Total</b>	<b>1.1</b>	<b>5.8</b>	<b>5.4</b>	<b>8.6</b>	<b>5.3</b>

**Figure D  
FY15 General Fund Quarterly Growth Rates  
percent**



	<b>FY15</b>				
	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Full Year</b>
Individual Income	981.3	994.5	840.2	1,253.4	4,069.5
Sales and Use	804.5	822.4	785.9	854.5	3,267.3
Property	44.6	325.8	134.3	58.7	563.4
Corporation Income	112.0	96.8	86.7	232.6	528.1
LLET	44.5	38.5	42.1	98.7	223.8
Coal Severance	48.8	48.8	40.6	42.1	180.3
Cigarette Tax	57.3	55.1	49.6	59.0	220.9
Lottery	52.0	57.5	55.5	56.5	221.5
Other	153.4	139.5	245.0	153.9	691.8
<b>Total</b>	<b>2,298.4</b>	<b>2,578.9</b>	<b>2,279.9</b>	<b>2,809.4</b>	<b>9,966.6</b>

## Road Fund

Road Fund revenues for FY15 were \$1,526.7 million, a decrease of 2.2 percent from the previous fiscal year. Total receipts were \$33.7 million less than FY14 as the two largest accounts motor fuels and motor vehicle usage taxes declined \$46.2 million. On net, the remaining accounts increased \$12.5 million over FY14 levels. The decline in collections is the first since FY09.

Total Road Fund collections were positive but weak in the first half of the fiscal year and then declined in both of the quarters in the second half of the year. Growth rates for the four quarters were 1.8 percent, 0.5 percent, -2.0 percent and -8.7 percent, respectively. Road Fund collections are detailed in Table 9.

Motor fuels tax receipts fell by \$35.9 million, or 4.0 percent, in FY15, the first decline since FY01. Declining gas prices during the year led to a decrease in the motor fuels tax rate. The tax rate was slightly higher in the first quarter of the year compared to FY14 but lower, relative to the prior year, in each of the three remaining quarters. Taxable gallons grew in each of the first three quarters but not enough to offset the lower tax rate. Quarterly growth rates for motor fuels taxes were 1.6 percent, 0.3 percent, -5.3 percent and -13.3 percent, respectively.

Motor vehicle usage tax receipts of \$432.8 million represent a decrease of 2.3 percent compared to the \$443.0 million collected in FY14. The decrease in FY15 collections is breaking a string of four consecutive years of growth. Growth rates for the four quarters were -0.5 percent, -0.8 percent, -1.0 percent and -6.6 percent, respectively. Collections in this account were hindered by HB440, passed in 2013,



which allowed for a trade-in credit on new vehicle purchases. The fiscal impact of that legislation reduced revenue by \$45.8 million in FY15.

Weight distance tax receipts of \$79.1 million represent an increase of 2.9 percent compared to the \$76.9 million collected in FY14.

Motor vehicle license tax receipts grew \$5.7 million while motor vehicle motor vehicle operators' receipts fell by \$0.2 million. Investment income declined \$1.1 million and the "Other" income rose \$5.8 million from FY14.

Road Fund collections for FY15 fell short the official consensus estimate by \$20.0 million, or 1.3 percent. The motor fuels tax was \$32.9 million, or 3.7 percent, below the official estimate. Motor vehicle usage tax exceeded the estimate by \$7.3 million or 1.7 percent. All other accounts, taken together, were \$5.7 million over forecasted levels.

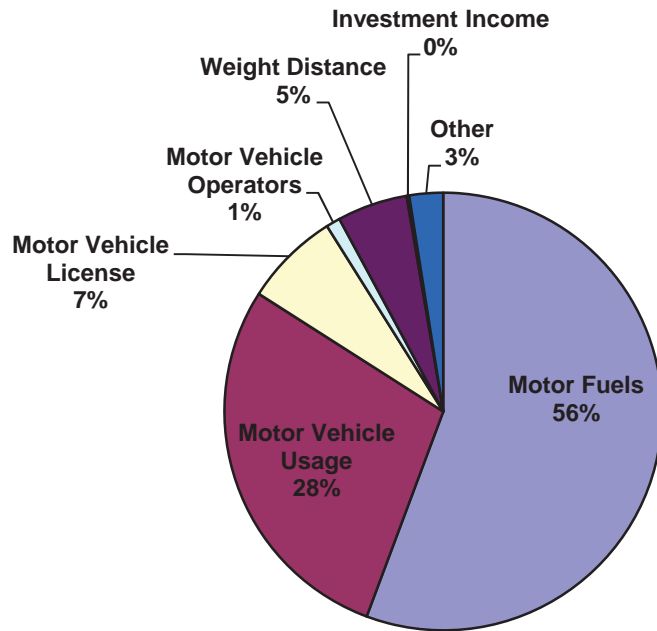
Figure E details the composition of FY15 Road Fund receipts by tax type. Eighty-four percent of the Road Fund comes from motor vehicle usage and motor fuels taxes. Following these, the motor vehicle license tax accounted for 7.0 percent and the weight distance tax accounted for 5.0 percent. "Other" taxes combined to account for 3.0 percent. Motor vehicle operators' revenue accounted for 1.0 percent.

	Full Year Receipts			Growth Rates (%)		
	FY15	FY14	FY13	FY15	FY14	FY13
Motor Fuels	850.3	886.2	838.3	-4.0	5.7	6.1
Motor Vehicle Usage	432.8	443.0	426.8	-2.3	3.8	2.4
Motor Vehicle License	107.6	101.9	102.3	5.6	-0.4	-5.2
Motor Vehicle Operators	16.0	16.2	16.0	-1.2	0.6	2.0
Weight Distance	79.1	76.9	74.9	2.9	2.6	-0.2
Income on Investments	2.9	4.0	-0.4	-28.0	NA	-112.9
Other	38.1	32.3	33.6	18.0	-3.9	-3.8
<b>Total</b>	<b>1,526.7</b>	<b>1,560.5</b>	<b>1,491.6</b>	<b>-2.2</b>	<b>4.6</b>	<b>3.3</b>

**Table 8**  
**FY15 Road Fund Receipts Compared to Official Estimate**  
**\$ millions**

	FY15		Difference	
	Actual	Estimate	\$	%
Motor Fuels	850.3	883.2	-32.9	-3.7
Motor Vehicle Usage	432.8	425.5	7.3	1.7
Motor Vehicle License	107.6	101.9	5.7	5.5
Motor Vehicle Operators	16.0	16.7	-0.7	-4.4
Weight Distance	79.1	79.9	-0.8	-0.9
Income on Investments	2.9	3.1	-0.2	NA
Other	38.1	36.4	1.7	4.7
<b>Total</b>	<b>1,526.7</b>	<b>1,546.7</b>	<b>-20.0</b>	<b>-1.3</b>

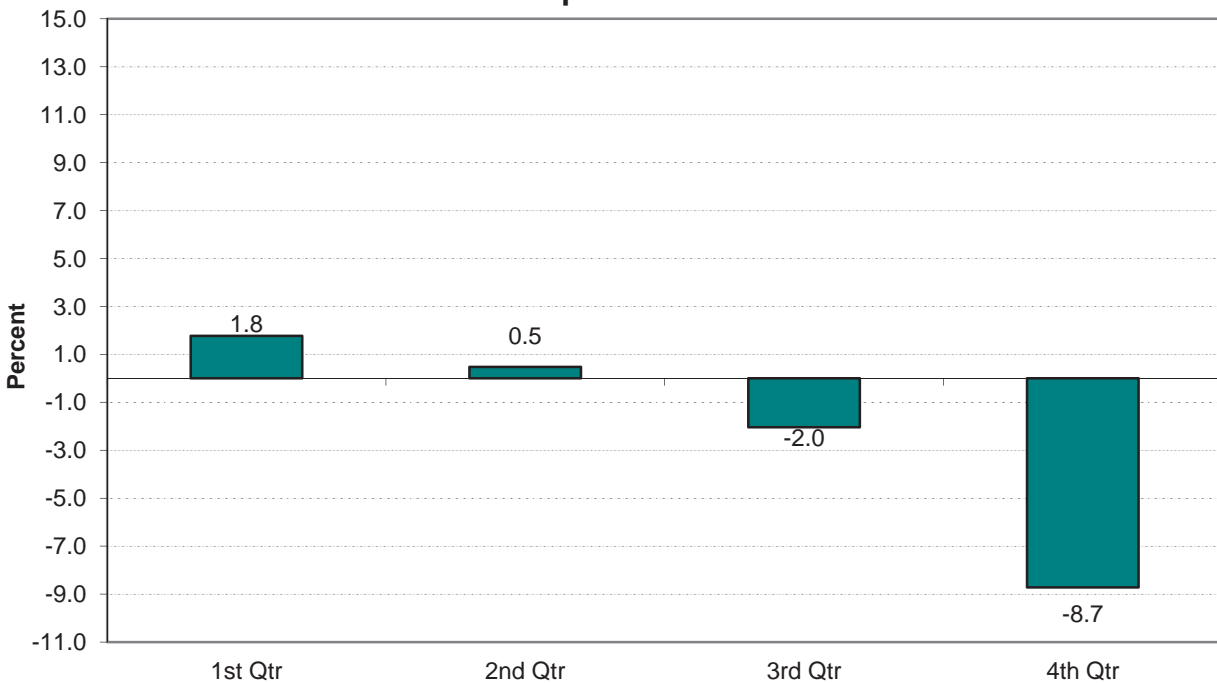
**Figure E**  
**FY15 Road Fund Receipts Composition**



**Table 9**  
**Road Fund Quarterly Growth Rates**  
**percents**

	FY15				
	Q1	Q2	Q3	Q4	Full Year
Motor Fuels	1.6	0.3	-5.3	-13.3	-4.0
Motor Vehicle Usage	-0.5	-0.8	-1.0	-6.6	-2.3
Motor Vehicle License	21.2	0.5	3.4	1.6	5.6
Motor Vehicle Operators	-2.7	3.4	-3.6	-1.6	-1.2
Weight Distance	4.0	5.5	3.6	-1.5	2.9
Income on Investments	-22.6	671.1	3.7	-82.2	-28.0
Other	-4.2	1.3	30.3	50.0	18.0
<b>Total</b>	<b>1.8</b>	<b>0.5</b>	<b>-2.0</b>	<b>-8.7</b>	<b>-2.2</b>

**Figure F**  
**FY15 Road Fund Quarterly Growth Rates**  
**percent**



**Table 10**  
**Road Fund Quarterly Revenue Receipts**  
**\$ millions**

	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>FY15</b>
Motor Fuels	234.0	228.5	199.6	188.3	850.3
Motor Vehicle Usage	115.0	100.4	107.7	109.5	432.8
Motor Vehicle License	22.4	18.2	34.6	32.3	107.6
Motor Vehicle Operators	4.1	4.0	3.8	4.0	16.0
Weight Distance	20.0	20.5	19.7	18.9	79.1
Income on Investments	0.6	0.6	1.3	0.3	2.9
Other	8.6	7.8	11.5	10.2	38.1
<b>Total</b>	<b>404.8</b>	<b>380.1</b>	<b>378.3</b>	<b>363.6</b>	<b>1,526.7</b>

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# *The Economy Fourth Quarter FY15*

## NATIONAL ECONOMY

Real gross domestic product (real GDP) rose by 2.1 percent in the fourth quarter of FY15.<sup>1</sup> Gross domestic product is defined as the sum of all final goods and services sold within a country's physical boundary in a given year and explicitly excludes those goods and services which are produced by US citizens who reside in other countries. The economic growth during this recovery is significantly slower than in previous recovery periods. The average growth rate during the current recovery period is 1.7 percent. The average growth rates during the last three recovery periods were 3.6, 3.6 and 2.7 percent respectively.

Real consumption grew by 2.9 percent in the fourth quarter of FY15. Just over 94 percent of total real GDP growth came from real consumption in FY15. Real consumption is composed of consumption of durable goods, non-durable goods and services. Services consumption growth outpaced goods consumption growth by about two to one.

Real consumption reached its trough in the fourth quarter of FY09. Since then, real consumption has averaged 1.8 percent growth. Growth in the early part of the current expansion and in FY12 was below that average and growth for the last three years has been above that average. Real consumption, the largest component of real GDP, makes up 68.7 percent of real GDP. The real consumption share of real GDP has increased slightly since the 2007 recession when it was 67.2 percent.

Real investment increased by 2.8 percent in the fourth quarter of FY15. While real consumption surpassed its pre-recession peak several years ago, real investment only recently, in the second quarter of FY15, surpassed that landmark level. Real investment contracted significantly in response to the 2007 recession. Real investment declined by \$969.1 billion, or 34.9 percent, as a result of the 2007 recession. Considering the depth of the recession, it is not surprising that it took an extremely long time to regain all of the losses. Real investment makes up 17.0 percent of real GDP.

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<sup>1</sup> Source: IHS Global Insight estimate, June 2015 forecast. Unless otherwise noted, all fourth quarter FY15 economic data are June 2015 estimates rather than actual values, since final official numbers released by the BEA and BLS are not available as of the release date of this report.

**Table 11**  
**Summary of US Economic Series**  
**Fourth Quarter & Full Year FY15 & FY14**

	Fourth Quarter			Full Year		
	FY15	FY14	% Chg	FY15	FY14	% Chg
Real GDP	16,346.9	16,010.4	2.1	16,277.8	15,884.6	2.5
Real Consumption	11,229.3	10,912.6	2.9	11,129.5	10,820.4	2.9
Real Investment	2,779.5	2,703.7	2.8	2,771.9	2,634.2	5.2
Real Govt. Expenditures	2,909.3	2,880.6	1.0	2,902.3	2,881.5	0.7
Real Exports	2,106.0	2,080.7	1.2	2,105.7	2,053.0	2.6
Real Imports	2,649.3	2,541.1	4.3	2,604.3	2,482.0	4.9
Inflation (% chg CPI)	-0.1	2.1	NA	0.7	1.6	NA
Industrial Production Index (% chg)	1.4	4.2	NA	3.5	3.4	NA
Civilian Labor Force (millions)	157.5	155.6	1.2	156.7	155.5	0.8
Unemployment Rate (%)	5.4	6.2	NA	5.7	6.8	NA

Not Seasonally Adjusted. Real series are annual rate, billions of chained 2000 dollars.

Components do not sum to GDP because they are annualized independently.

Data for FY15 Q4 are June 2015 estimates.

Source: IHS Global Insight Inc., June 2015 data release

Real government expenditures increased by 1.0 percent in the fourth quarter of FY15. Real government expenditures contracted from the first quarter of FY10 to the third quarter of FY14. Over the last five quarters, real government expenditures have increased in three of the five quarters. More importantly, on net, real government expenditures have increased since the third quarter of FY14. So it would appear that the contraction period for real government expenditures has ended. Real government expenditures make up 17.8 percent of real GDP.

Real exports increased by 1.2 percent in the fourth quarter of FY15, while real imports increased by 4.3 percent. Real exports have been volatile over the last 10 quarters. Three times during those 10 quarters, real exports declined. Despite that, real exports increased on net during that period, growing to \$2.1 trillion. Meanwhile, real imports have been even more volatile, having had four declines in the last 12 quarters. However, for imports, the growth quarters were very strong and resulted in significant net growth during those three years. As a result, the trade deficit increased significantly during that time, rising to \$543.3 billion in the fourth quarter of FY15.

US personal income grew by 4.3 percent in the fourth quarter of FY15. Total adjacent-quarter personal income growth has been very stable for the last 10 quarters, staying between a narrow band of 0.9 and 1.2 percent every quarter

during that time period. While these adjacent-quarter growth rates are historically low for this point in an expansion, the consistency is favorable.

Kentucky personal income grew \$6.8 million, or 4.1 percent, to \$172.7 million in the fourth quarter of FY15. Wages and salaries were the largest component, contributing \$81.1 million to the total. Transfer receipts accounted for \$39.8 million; dividends, rents and interest totaled \$26.0 million; and supplements to wages and salaries accounted for \$21.1 million. In terms of growth, transfer payments led the way, increasing 5.3 percent while wage and salaries grew 4.2 percent.

The US non-farm employment rose by 2.2 percent in the fourth quarter of FY15. In historical terms this growth is below average expansion growth. During the expansion period following the 1990 recession, there was a distinct period of growth for total non-farm employment. Between the first quarter of 1993 and the second quarter of 2000, employment rose by a net 22.0 million jobs, a 20.0 percent increase during that time. The average quarterly growth is 0.7 percent during that time. In the current expansion period, from the fourth quarter of FY10 to the fourth quarter of FY15, employment rose by 11.3 million jobs, an 8.7 percent net increase. The average quarterly growth during that time is 0.4 percent. Lower labor force participation rates, flat real wages, lower worker productivity, and the failure to rebound in the construction industry are all possible explanations for the lower employment growth during this expansion period.

Nine of the ten employment supersectors increased in the fourth quarter of FY15. Only mining employment decreased, losing 100,000 jobs, or 4.6 percent. Construction employment had the largest percentage increase for the fourth quarter, but is still over a million jobs below its pre-recession peak. Manufacturing employment growth has been weak and is still below its pre-recession peak, but it has regained 800,000 jobs since the trough. Business services employment growth was solid, gaining 3.5 percent in the fourth quarter of FY15. Business services employment growth has hovered near the three percent mark every quarter for the last four years.

## **KENTUCKY ECONOMY**

Kentucky personal income grew by 4.1 percent in the fourth quarter of FY15. This is the third consecutive quarter of solid growth. Kentucky personal income declined twice in FY13. This weakness continued into the first half of FY14, making these three consecutive quarters of good growth even more noteworthy. Half of the fourth quarter growth came from wages and salaries growth, which grew by 4.2 percent in the fourth quarter, a \$3.4 billion net increase. Transfer receipts were the second largest contributor to personal income, growing \$2.1 billion in the fourth quarter.

Transfer receipts' share of personal income has grown considerably in the last 15 years. In the first quarter of 2000, transfer receipts made up 16.4 percent of total personal income. In the fourth quarter of FY15, transfer receipts made up 24.3 percent of total personal income. As transfer income increased in share, the shares of other components decreased. Dividends, interest and rents income went from 17.7 percent share to 15.7 percent share. Wages and salaries income went from 54.0 percent to 48.9 percent share. Proprietary income went from 8.2 percent to 7.6 percent share. Supplemental income (fringe benefits) share remained unchanged over that 15 year time.

Kentucky non-farm employment increased by 2.1 percent in the fourth quarter of FY15. That is a net gain of 38,400 jobs since the fourth quarter of FY14. Kentucky non-farm employment has gained over 5,000 jobs in each of the last five quarters. This is a very good sign. By comparison, there were several quarters in FY12 and FY13 where non-farm employment was flat and growth had stalled. The 2007 recession was particularly hard on Kentucky employment. Non-farm employment declined for eight consecutive quarters and declined in 10 out of 13 quarters during the recession. Moreover, it took 16 quarters to regain those lost jobs and surpass the pre-recession peak. That landmark achievement occurred in the first quarter of FY15.

Employment grew in nine of the 11 supersectors. In percentage terms, business service employment grew the fastest, gaining 4.3 percent in the fourth quarter. In absolute terms, trade, transportation, and utilities employment grew the most, gaining 9,300 jobs. Mining employment declined by 9.0 percent, a loss of 1,500 jobs since the fourth quarter of FY14. Mining employment consists of all forms of mining including mineral mining like limestone, coal mining and all forms of metal mining. Most of the losses in mining employment were due to losses in the coal mining subsector, as coal production has fallen substantially in the last several years. Mining employment reached a pre-recession peak in the third quarter of FY09, when mining employment was 25,500 in the state. Total mining employment in Kentucky in the fourth quarter was 15,000. Other services employment also declined in the fourth quarter, losing 0.9 percent, or 600 jobs, since the fourth quarter of FY14.



**Table 12**  
**Summary of Kentucky Economic Series**  
**Fourth Quarter FY15 & FY14**

	US Q4 (millions)			KY Q4 (thousands)		
	FY15	FY14	% Chg	FY15	FY14	% Chg
Non-farm Employment (thousands)	141.6	138.6	2.2	1,891.6	1,853.2	2.1
Goods-producing	19.6	19.2	2.1	327.1	322.6	1.4
Construction	6.4	6.1	4.5	75.1	72.5	3.6
Mining	0.8	0.9	-4.6	15.0	16.5	-9.0
Manufacturing	12.3	12.2	1.4	237.0	233.6	1.4
Service-providing	100.1	97.6	2.6	1,239.9	1,208.0	2.6
Trade, Transportation & Utilities	26.9	26.3	2.1	385.3	376.0	2.5
Information	2.8	2.7	2.1	26.6	26.2	1.4
Finance	8.1	8.0	2.0	91.5	89.7	2.0
Business Services	19.7	19.0	3.5	218.8	209.9	4.3
Educational Services	22.0	21.4	2.8	266.8	259.6	2.8
Leisure and Hospitality Services	15.1	14.7	2.9	187.7	182.8	2.7
Other Services	5.6	5.6	1.2	63.2	63.8	-0.9
Government	21.9	21.8	0.4	324.6	322.6	0.6

Not Seasonally Adjusted. Data for FY15 Q4 are June 2015 estimates.

Source: IHS Global Insight Inc., June 2015 data release

**Table 13**  
**Personal Income**  
**\$ billions, SAAR**

	Q4			
	FY15	FY14	\$ Diff	% Diff
<b>United States</b>				
Personal Income	15,288	14,661	627.7	4.3
Social Insurance	1,205	1,154	50.8	4.4
Residence Adjustments	-596	-578	-18.4	-3.2
Dividends, Interest and Rents	2,864	2,762	102.0	3.7
Transfer Receipts	2,649	2,512	137.6	5.5
Wages & Salaries	7,751	7,392	359.6	4.9
Supplements to W&S	2,426	2,346	80.8	3.4
Proprietor's Income	1,398	1,381	16.9	1.2
<b>Kentucky</b>				
Personal Income	172.7	165.9	6.8	4.1
Social Insurance	13.9	13.5	0.4	3.2
Residence Adjustments	-1.6	-1.8	0.2	11.5
Dividends, Interest and Rents	27.0	26.0	1.0	3.8
Transfer Receipts	41.9	39.8	2.1	5.3
Wages & Salaries	84.5	81.1	3.4	4.2
Supplements to W&S	21.7	21.1	0.6	3.0
Proprietor's Income	13.1	13.2	-0.1	-0.6

# Interim Outlook

## GENERAL FUND

The revenue forecasts presented in Table 14 and Table 15 were estimated using the June 2015 “control scenario” economic forecast from both IHS Global Insight (hereafter Global Insight) and the Kentucky MAK model. The FY16 estimates presented here highlight the first three fiscal quarters of the year. Underlying economic conditions have solidified somewhat for the near-term forecast. Uncertainty remains, but according to Global Insight a more robust recovery period will settle in as consumer sentiment, job security, and increased disposable income spur on domestic consumption.

Projected General Fund revenues for the next three quarters are shown in Table 14. As the table indicates, General Fund growth is projected to be 3.2 percent over the forecast horizon of the first three quarters of FY16. One should not assume that fourth quarter receipts’ growth in FY16 will be the same as growth in the first three quarters since the fourth quarter receipts include the months of April and June, two of the most pivotal and volatile months of the fiscal year.

**Table 14**  
**General Fund Interim Forecast**  
**\$ millions**

	FY15				FY15		FY16	
	Q4		Full Year		Official CFG		Q1, Q2, & Q3	
	Actual	% Chg	Actual	% Chg	Estimate	\$ Diff	Estimate	% Chg
Individual Income	1,253.4	11.5	4,069.5	8.5	3,977.3	92.2	2,899.4	3.0
Sales & Use	854.5	5.2	3,267.3	4.4	3,154.0	113.3	2,497.3	3.5
Property	58.7	-5.4	563.4	0.2	581.2	-17.8	513.3	1.7
Corporate Income	232.6	26.9	528.1	11.2	462.4	65.7	351.2	18.8
Coal Severance	42.1	-13.5	180.3	-8.7	204.6	-24.3	108.7	-21.3
Cigarette Tax	59.0	-0.1	220.9	-3.1	223.5	-2.6	156.9	-3.1
LLET	98.7	43.2	223.8	12.3	233.7	-9.9	145.3	16.1
Lottery	56.5	-10.1	221.5	0.9	238.0	-16.5	171.0	3.6
Other	153.9	-6.7	691.8	-1.1	726.5	-34.7	539.7	0.4
<b>General Fund</b>	<b>2,809.4</b>	<b>8.6</b>	<b>9,966.6</b>	<b>5.3</b>	<b>9,801.2</b>	<b>165.4</b>	<b>7,382.8</b>	<b>3.2</b>

Individual income tax receipts are expected to increase by 3.0 percent during the first three quarters of FY16. The largest component of individual income tax receipts is withholding, which makes up approximately 96 percent of total individual income tax receipts. Withholding is closely tied to wages and salaries and employment in the state. Employment growth has been solid during the last five quarters, with growth of 2.1 percent in the fourth quarter of FY15. Wages and

salary income grew 3.8 percent during the fourth quarter of FY15 as well. It is also noteworthy that the individual income tax grew 8.5 percent during FY15 – a difficult growth rate to sustain despite the improving Kentucky economy.

Sales and use tax receipts posted a second fiscal year of solid growth: 3.6 percent in FY14 followed by 4.4 percent in FY15. Growth of 3.5 percent is expected over the forecasting horizon. The consumption-led recovery should impact the sales tax in particular. Job security and increased disposable income are key elements in sustaining longer-term consumer spending. Both of these elements are predicted to be firmly in place through the three-quarter forecasting horizon.

Property tax revenues are expected to increase by 1.7 percent over the forecasting horizon. While the rate of growth may seem low, property tax growth has been only 0.7 percent in FY14 and 0.2 percent in FY15. The state rate on real property will remain at 12.2 cents per \$100 in valuation for property assessed as of January 1, 2016. Due to the effects of the recession on the housing market, the state rate has remained at 12.2 cents since valuation year 2008, an unprecedented run of eight consecutive years without a rate decline. As the housing market shores up, growth in new property and existing values can be expected to eventually return to more traditional growth patterns, but this interim forecast assumes that this reversion to normal will not occur immediately.

The corporation income tax and the LLET were both strong performers in FY15. Corporation income tax receipts grew 11.2 percent while the LLET increased by 12.3 percent. Corporation income taxes have now grown by double digits in four of the previous five years. For the forecasting horizon, the interim forecast calls for 18.8 percent growth in the corporation income tax and 16.1 percent growth in the LLET. Business taxes such as corporation income and the LLET grew by 26.9 percent and 43.2 percent, respectively.

Coal severance receipts fell 12 percent short of the official estimate in FY15 and are expected to decline further in FY16. Coal severance receipts have fallen 40 percent since FY12. The energy market continues to be quite volatile and the outlook for coal will continue to be depressed due to new regulatory requirements and the switch to natural gas as the feedstock for electricity producers. The interim estimate is for a 21.3 percent decline over the forecasting horizon.

Cigarette tax receipts declined 3.1 percent in FY15 but the accelerated downward trend is expected to stabilize somewhat over the forecast horizon. The outlook for cigarette tax receipts is for a nominal 3.1 percent decline in the first three quarters of FY16. A downward trend in smoking rates is still expected, but the \$1.00 per pack increase in the tax rate for Illinois is expected to have a small positive revenue impact for cigarette purchases in Kentucky. Notwithstanding this minor border impact, the consumption of cigarettes has steadily been trending downward.

Lottery dividends fell \$16.5 million short of the Lottery Corporation's dividend schedule despite the expansion of lottery products available for purchase. While the dividend schedule for FY16 has not been released, improvement is expected over the nominal \$221.5 million received in FY15. Nominal collections of dividend payments are expected to be \$171.0 million for the first three quarters of FY16.

The "Other" category contains dozens of smaller accounts, which make up the remainder of the General Fund. Insurance premiums tax, bank franchise and telecommunications tax are the three largest accounts in the "Other" category. The "Other" category of taxes is expected to rise 0.4 percent during the forecasting horizon, a lackluster increase coming off FY15 where revenues declined 1.1 percent. Each account was re-examined after FY15 and the proper adjustments were made to calibrate the models. The "Other" accounts totaled \$691.8 million in FY15. "Other" collections are estimated to be \$539.7 million for the forecasting horizon.

## **ROAD FUND**

Road Fund collections are forecasted to continue their downward trend of FY15, falling 10.6 percent over the first three quarters of FY16, as shown in Table 15. Road Fund growth of 1.8 percent in the first quarter was the high water mark of the year as collections worsened over the final nine months. Rates of growth for the period Q2 to Q4 were 0.5 percent, -2.0 percent and -8.7 percent. Among the major accounts, motor fuels collections are expected to decline significantly while motor vehicle usage tax receipts should stabilize.

The Road Fund fell 2.2 percent, or \$33.7 million, in FY15 due to declines in both motor fuels receipts and motor vehicle usage tax collections. Those declines were partially offset by all of the remaining accounts which increased \$12.5 million. Taken together, motor fuels and motor vehicle collections, decreased \$46.2 million.

Motor fuels tax receipts are expected to decline 17.0 percent over the first nine months of FY16. Legislation enacted in 2015 set the floor on the motor fuels tax rate and established a mechanism which sets the tax rate on an annual basis. Under the previous law, the tax rate could be adjusted quarterly. The tax rate which will prevail in FY16 is significantly lower than the rate which was in effect during the first three quarters of FY15, leading to a substantial drop in revenue. Total taxable gallons are projected to increase slightly, offsetting some of the revenue losses resulting from the lower tax rate.

Motor vehicle usage taxes are forecasted to grow 1.8 percent during the first three quarters of FY16, reversing the trend seen in FY15. Motor vehicle usage tax collections declined in all four quarters of FY15, ending the year at -2.3 percent. The decline in this account is the result of HB440 passed by the 2013 Session of the General Assembly which allowed for a trade-in credit on new vehicle purchases and depressed receipts by \$45.8 million during the year. Because the impact of the

legislation was in effect for all of FY15, FY16 receipts will reflect true economic activity.

To estimate growth of the other components of the Road Fund, GOEA 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. Motor vehicle license fees are expected to decrease 11.7 percent. Weight distance taxes are expected to fall 5.3 percent, motor vehicle operator's license (driver's license) taxes are forecasted to grow 2.7 percent, and investment income collections are projected to be \$1.1 million. The "Other" category is expected to decrease 13.2 percent.

**Table 15**  
**Road Fund Interim Forecast**  
**(\$ millions)**

	FY15				FY15		FY16	
	Q4		Full Year		Official CFG		Q1, Q2 & Q3	
	Actual	% Chg	Actual	% Chg	Estimate	\$ Diff	Estimate	% Chg
Motor Fuels	188.3	-13.3	850.3	-4.0	883.2	-32.9	549.4	-17.0
Motor Vehicle Usage	109.5	-6.6	432.8	-2.3	425.5	7.3	328.9	1.8
Motor Vehicle License	32.3	1.6	107.6	5.6	101.9	5.7	66.4	-11.7
Motor Vehicle Operator	4.0	-1.6	16.0	-1.2	16.7	-0.7	12.3	2.7
Weight Distance	18.9	-1.5	79.1	2.9	79.9	-0.8	57.1	-5.3
Income on Investments	0.3	NA	2.9	-27.0	3.1	-0.2	1.1	-57.3
Other	10.2	50.1	38.1	18.0	36.4	1.7	24.2	-13.2
<b>Road Fund</b>	<b>363.6</b>	<b>-8.7</b>	<b>1,526.7</b>	<b>-2.2</b>	<b>1,546.7</b>	<b>-20.0</b>	<b>1,039.4</b>	<b>-10.6</b>

## NATIONAL ECONOMY

The recovery from the Recession of 2007 has seemed to usher in a period where the first calendar quarter of each year stymies growth achieved in the summer, fall, and early winter months. The first quarter of calendar year 2015 has played out accordingly with discouragingly slow economic growth. While the signals remain somewhat murky heading into FY16, most indicators suggest a positive outlook is warranted. The difficult question is not whether growth will be positive, but whether the rate of that growth will further accelerate or decelerate.

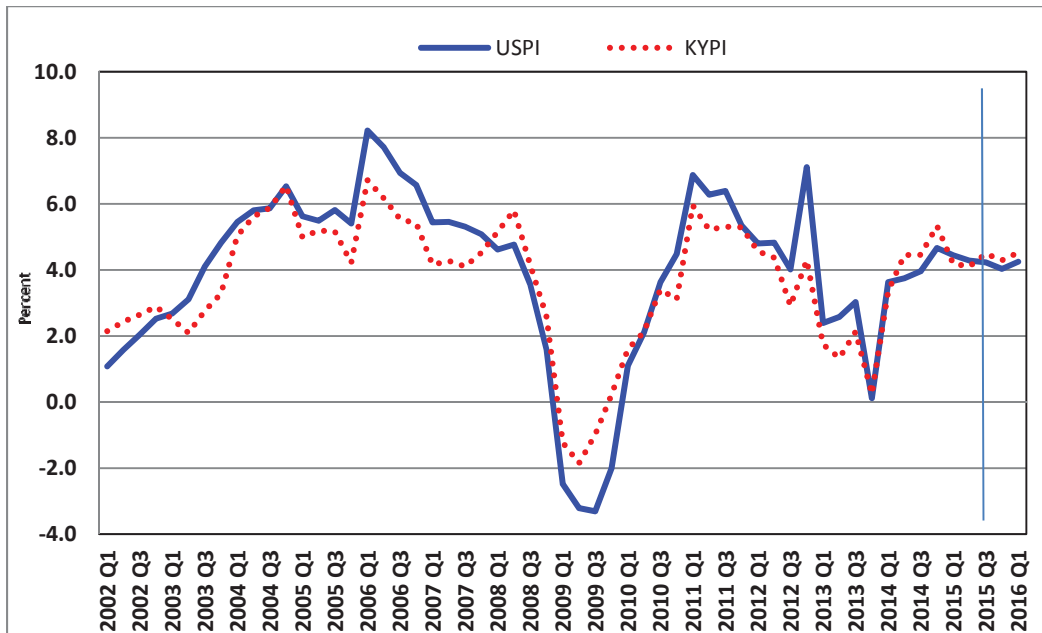
While growth of US real GDP was downgraded in the third quarter to -0.2 percent,<sup>2</sup> much of that is explained by the harsh winter weather and a clearance of a backlog of imports due to the end of the Los Angeles Longshoremen strike. The data suggest that fourth quarter GDP growth will be strong enough that GDP will finish FY15 2.5 percent higher than in FY14 (see Table 11). More promisingly, the growth in

<sup>2</sup> [http://www.bea.gov/newsreleases/national/gdp/2015/gdp1q15\\_3rd.htm](http://www.bea.gov/newsreleases/national/gdp/2015/gdp1q15_3rd.htm)

GDP is being led by investment (5.2 percent annual growth, see Table 11), which bodes well for future economic growth.

Job growth remains positive nationwide with the unemployment rate currently down to 5.4 percent, down from 6.2 percent at the end of FY14.<sup>3</sup> The Department of Labor reports that weekly unemployment claims have fallen to their lowest level in over 15 years.<sup>4</sup> The Bureau of Labor Statistics announced employment gains in 37 states in May, raising the possibility that wages and salaries may begin to rise as the labor market becomes tighter. Accordingly, our forecast indicates personal incomes will rise 4.2 percent over the next three quarters compared to the previous fiscal year, buoyed by a 4.7 percent increase in wages and salaries (see Table 11 and Figure G).

**Figure G**  
**KENTUCKY/US PERSONAL INCOME**



The number of new housing permits issued has risen in this quarter, continuing a recent trend and boding well for future home construction and employment. However, the growth rate of housing starts, while positive, has been trending downward over the last several quarters.<sup>5</sup> This sluggishness in the housing market is expected to subside if the growth rate of housing prices accelerates, but the decrease of that rate of growth in the third quarter suggests it is not a given.<sup>6</sup>

<sup>3</sup> <https://research.stlouisfed.org/fred2/series/UNRATE>

<sup>4</sup> <http://workforcesecurity.doleta.gov/press/2015/061815.pdf>

<sup>5</sup> <http://research.stlouisfed.org/fred2/series/HOUST>

<sup>6</sup> <http://research.stlouisfed.org/fred2/series/SPCS20RSA>

Gasoline prices remain low nationwide, down almost 25 percent year-on-year, and are projected to remain relatively low in the medium term.<sup>7</sup> Perhaps consequently, hoteliers are reporting all-time records in occupancy rates, room rates, and revenue per available rooms while industry analysts project further acceleration as Americans take advantage of the low gasoline prices to travel more by automobile.<sup>8</sup> However, growth in quarterly U.S. personal consumption expenditures have not been impressive when compared to the last several economic expansions.<sup>9</sup> Taken in conjunction, traveling more by automobile without concomitant spending growth suggests that more households are taking a much-needed vacation, but spending less per trip while searching for bargain travel options. The personal savings rate increased in the third quarter, hitting a two-year high.<sup>10</sup> This suggests consumers are still focused on repairing their balance sheets and are cautious about the future. We anticipate consumption growth to be 2.8 percent in the first three quarters of FY16, lower than its average growth in the current fiscal year (see Table 16).

Notwithstanding the predominantly positive national outlook, there are other troubling spots in some leading indicators. New orders for manufactured durable goods have fallen below where they were in the previous calendar year, suggesting a lower rate of production partially attributable to the strong dollar and goods produced domestically and shipped abroad.<sup>11</sup> The value of durable goods shipped has likewise fallen, although this may be a function of decreased investment in the mining and natural gas sectors.<sup>12</sup> The three-month moving average of the National Activity Index, produced by the Chicago Federal Reserve, is currently below trend and suggests further economic growth below the U.S. long-run trend.<sup>13</sup> Reports from China suggest factories there have downgraded their expectation of future production and activities in this quarter.<sup>14</sup> Across the Atlantic, anxiety over the Greek debt crisis continues to weigh on markets, although another deal appears to be in the works. Official surveys of German business expectations report a decrease in optimism in this quarter from the same period one year ago.<sup>15</sup> Fears overseas tend to lead to an increase in the value of the dollar, putting a damper on U.S. exports.

Domestic concerns in the near-term range from avian flu affecting the U.S. agriculture market<sup>16</sup> to weather related concerns affecting economic conditions.

<sup>7</sup> <https://research.stlouisfed.org/fred2/series/GASREGCOVW>

<sup>8</sup> <http://www.hotelnewsnow.com/Article/16078/Record-US-results-set-stage-for-more-growth>

<sup>9</sup> <https://research.stlouisfed.org/fred2/series/PCEC>

<sup>10</sup> <http://time.com/money/3763261/savings-rate-two-year-high/>

<sup>11</sup> <http://research.stlouisfed.org/fred2/series/DGORDER>

<sup>12</sup> <http://www.census.gov/manufacturing/m3/prel/pdf/s-i-o.pdf>

<sup>13</sup> <https://www.chicagofed.org/publications/cfnai/index>

<sup>14</sup> <http://data.stats.gov.cn/english/easyquery.htm?cn=A01>

<sup>15</sup> <http://www.cesifo-group.de/ifoHome/facts/Survey-Results/Business-Climate.html>

<sup>16</sup> [http://www.nytimes.com/2015/06/17/business/bird-flu-sends-egg-prices-up-but-slowing-demand-prevents-shortages.html?\\_r=0](http://www.nytimes.com/2015/06/17/business/bird-flu-sends-egg-prices-up-but-slowing-demand-prevents-shortages.html?_r=0)

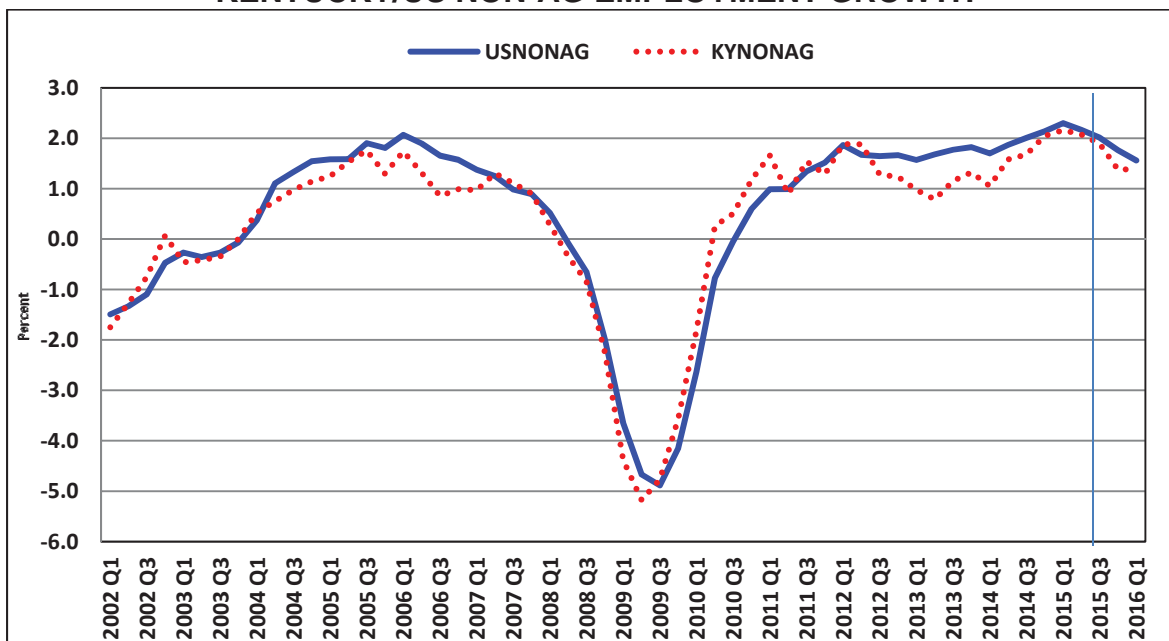
The Federal Reserve's monetary policy may be the most obvious headwind to an optimistic forecast as recent statements suggest an interest rate increase may still be on the table for early FY16. The Federal Open Market Committee (FOMC) would presumably only do so if inflation from pressure vis-à-vis higher wages was apparent. If the next three quarters follow the forecast, such an outcome appears likely.

## KENTUCKY

The Commonwealth appears poised to continue its recent run of positive economic growth, particularly in the areas of wages and income. While non-farm employment is forecast to slow from its recent highs above 2 percent annually (see Table 17), this is to be expected given that the unemployment rate has fallen to 5.1 percent<sup>17</sup>, below the national average of 5.5 percent.<sup>18</sup> As reported back in Table 12, only mining employment has seen an overall decline in the previous four quarters, a trend that is likely to continue. In aggregate, non-farm employment growth is projected to continue its trend of closely following U.S. employment growth (see Figure H).

FIGURE H

### KENTUCKY/US NON-AG EMPLOYMENT GROWTH



When the labor market tightens, firms must pay higher wages to induce greater participation in the market. Coming into this quarter, the year-on-year growth in real (adjusted for inflation) average weekly earnings in private employment was 4.9

<sup>17</sup> May preliminary estimate. <http://www.bls.gov/eag/eag.ky.htm>

<sup>18</sup> May, seasonally adjusted. <http://www.bls.gov/eag/eag.us.htm>



percent in Kentucky, more than double the national average of growth over that period.<sup>19</sup> The Bureau of Labor Statistics reports labor force participation in Kentucky has increased from the end of the second quarter of FY15 to the present.<sup>20</sup> The Conference Board reported that Kentucky saw a 4.7 percent increase in online help wanted ads in May,<sup>21</sup> which is a leading indicator suggesting that area businesses are looking to continue expanding their workforces.

Personal incomes of Kentuckians are forecast to grow faster than that of the U.S. as a whole over the next three quarters, as illustrated by Figure G. Wage and salary growth is also projected to be high, with the annual growth rate of the first quarter of 2016 forecast to be the highest growth rate recorded since fourth quarter of 2007 (see Table 17).

Anecdotal evidence from surveys of businesses in Louisville and in the Western Kentucky metropolitan areas conducted by the Louisville office of the Federal Reserve generally supports the forecast. Three in four managers surveyed said they were actively hiring to expand their workforce and two-thirds said they were increasing wages to retain employees this year.<sup>22</sup>

Home prices increased in the Bowling Green, Louisville, Northern Kentucky and Owensboro areas in the third quarter and real estate contacts surveyed anticipate more industrial construction in these areas in the upcoming fiscal year. New home permits across the Commonwealth are showing a rebound in the fourth quarter over the same period last year, suggesting home construction this summer should outpace what was seen in calendar 2014.<sup>23</sup>

As always, there are risks to the forecast which must be considered. In May, the USDA confirmed the presence of Avian Influenza in Kentucky, which could pose a substantial threat to the agricultural sector.<sup>24</sup> Corn prices have fallen 50 percent over the previous two years, putting financial stress on many area farmers.<sup>25</sup> While the Cabinet for Economic Development reported that Kentucky ranked third among states in economic export growth in the third quarter,<sup>26</sup> economic difficulties in Western Europe and Russia suggest such a sustained rate of export growth to be difficult to maintain. Federal Reserve officials have repeatedly suggested an

<sup>19</sup> Urban Institute State Economic Monitor. <http://datatools.urban.org/features/state-economic-monitor/wages.html>

<sup>20</sup> May preliminary estimate <http://www.bls.gov/news.release/laus.t03.htm>

<sup>21</sup> <https://www.conference-board.org/data/helpwantedonline.cfm>

<sup>22</sup> <http://research.stlouisfed.org/regecon/burgundybooks/15/06/BB0515Lou.pdf>

<sup>23</sup> <http://research.stlouisfed.org/fred2/series/KYBP1FH>

<sup>24</sup> <http://www.whsv.com/home/headlines/Avian-Flu-in-Kentucky-Concerning-For-Valley-Farmers-301761701.html>

<sup>25</sup> <http://research.stlouisfed.org/regecon/burgundybooks/15/06/BB0515Lou.pdf>

<sup>26</sup> <http://www.wkyt.com/home/headlines/Kentucky-exports-show-strong-1st-quarter-gain-304539691.html>

interest rate increase is still on the table for calendar 2015, which could curtail economic growth for the Commonwealth in FY16.

	<b>Q1, Q2, &amp; Q3</b>			
	<b>FY16</b>	<b>FY15</b>	<b>Chg</b>	<b>%Chg</b>
<b>United States</b>				
Real GDP	16,597.1	16,254.8	342.3	2.1
Real Consumption	11,403.1	11,096.3	306.9	2.8
Real Investment	2,872.1	2,769.3	102.8	3.7
Real Govt. Expenditures	2,927.9	2,899.9	27.9	1.0
Real Exports	2,153.4	2,105.5	47.8	2.3
Real Imports	2,731.2	2,589.2	142.0	5.5
Personal Income (\$ billions)	15,597.8	14,973.2	624.6	4.2
Wages and Salaries (\$ billions)	7,946.8	7,587.8	359.1	4.7
Inflation (% chg CPI)	0.5	1.0	NA	NA
Industrial Production Index (% chg)	1.4	4.2	NA	NA
Civilian Labor Force (millions)	158.7	156.4	2.3	1.5
Total Non-farm Employment (millions)	142.7	140.2	2.5	1.8
Manufacturing Employment (millions)	12.3	12.3	0.1	0.7
Unemployment Rate (%)	5.3	5.8	NA	NA
Not Seasonally Adjusted. Real series are annual rate, billions of chained 2000 dollars.				
Components do not sum to GDP because they are annualized independently.				
Data for FY16 Q1 through Q3 are June 2015 estimates.				
Source: IHS Global Insight Inc., June 2015 data release				

**Table 17**  
**History and Outlook for US and Kentucky Economic Series**  
**Annual Growth Rates (%)**

	FY14				FY15				FY16		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
<b>United States</b>											
Real GDP	2.3	3.1	1.9	2.6	2.7	2.4	2.7	2.1	1.6	1.8	2.8
Real Consumption	2.3	2.8	2.2	2.4	2.7	2.9	3.0	2.9	2.9	2.6	2.8
Real Investment	6.2	8.7	4.8	7.7	5.4	5.4	7.4	2.8	2.3	3.3	5.6
Real Government Expenditures	-2.4	-1.9	-1.1	-0.7	0.3	0.8	0.7	1.0	0.4	1.1	1.4
Real Exports	3.0	5.1	2.8	3.9	3.8	2.4	2.9	1.2	1.2	1.1	4.5
Real Imports	1.2	2.5	3.1	3.8	3.4	5.6	6.5	4.3	6.1	5.1	5.3
Personal Income	3.0	0.1	3.6	3.7	4.0	4.7	4.4	4.3	4.2	4.0	4.3
Wage & Salary	3.5	1.7	4.3	3.9	4.7	5.4	4.7	4.9	5.0	4.6	4.6
CPI	1.5	1.2	1.4	2.1	1.8	1.2	-0.1	-0.1	-0.3	0.5	1.4
Industrial Production Index	2.7	3.3	3.3	4.2	4.6	4.6	3.4	1.4	1.1	0.8	2.2
Civilian Labor Force	0.4	-0.3	0.2	0.0	0.3	0.8	0.8	1.2	1.4	1.6	1.4
Total Non-farm Employment	1.8	1.8	1.7	1.9	2.0	2.1	2.3	2.2	2.0	1.8	1.6
Manufacturing Employment	0.4	0.9	1.0	1.3	1.6	1.7	1.7	1.4	1.1	0.6	0.3
Unemployment Rate	7.2	7.0	6.6	6.2	6.1	5.7	5.6	5.4	5.4	5.3	5.2
<b>Kentucky</b>											
Personal Income	2.1	0.2	3.4	4.5	4.5	5.3	4.2	4.1	4.5	4.3	4.5
Wage & Salary	2.0	1.4	2.5	3.5	3.6	4.5	3.9	4.2	5.3	4.9	4.8
Non-farm Employment	1.2	1.3	1.1	1.6	1.7	2.0	2.2	2.1	1.9	1.4	1.4
Goods Producing	0.6	1.6	2.0	3.1	3.7	3.1	2.7	1.4	0.3	0.6	0.8
Service Providing	1.4	1.7	1.3	1.8	1.6	2.2	2.5	2.6	2.8	1.9	1.7
Government	0.9	-0.3	-0.8	-0.6	0.0	0.4	0.2	0.6	0.1	0.1	0.6

Data for FY15 Q4 are June 2015 estimates.

Source: IHS Global Insight Inc., June 2015 data release.

## **APPENDIX A**

### **General and Road Fund Receipts Fourth Quarter FY15**

## KENTUCKY STATE GOVERNMENT – GENERAL FUND REVENUE

	Fourth Quarter FY 2015	Fourth Quarter FY 2014	% Change	Year-To-Date FY 2015	Year-To-Date FY 2014	% Change
<b>TOTAL GENERAL FUND</b>	<b>\$2,809,373,528</b>	<b>\$2,586,683,659</b>	<b>8.6%</b>	<b>\$9,966,630,897</b>	<b>\$9,462,035,017</b>	<b>5.3%</b>
<b>Tax Receipts</b>	<b>\$2,733,719,665</b>	<b>\$2,489,627,534</b>	<b>9.8%</b>	<b>\$9,637,987,521</b>	<b>\$9,126,466,009</b>	<b>5.6%</b>
<b>Sales and Gross Receipts</b>	<b>\$1,016,877,516</b>	<b>\$972,595,213</b>	<b>4.6%</b>	<b>\$3,854,700,860</b>	<b>\$3,716,809,229</b>	<b>3.7%</b>
Beer Consumption	1,546,066	1,610,282	-4.0%	6,071,389	6,226,880	-2.5%
Beer Wholesale	14,873,336	14,960,773	-0.6%	57,570,011	57,969,185	-0.7%
Cigarette	59,017,076	59,105,705	-0.1%	220,902,529	228,076,834	-3.1%
Distilled Spirits Case Sales	33,831	32,024	5.6%	132,802	127,875	3.9%
Distilled Spirits Consumption	3,176,454	3,032,095	4.8%	12,468,749	11,961,270	4.2%
Distilled Spirits Wholesale	9,546,763	8,561,525	11.5%	36,471,357	33,829,202	7.8%
Insurance Premium	46,771,976	45,773,536	2.2%	146,480,663	141,638,641	3.4%
Pari-Mutuel	922,791	1,114,886	-17.2%	2,964,884	2,421,099	22.5%
Race Track Admission	6,528	55,298	-88.2%	155,426	213,958	-27.4%
Sales and Use	854,489,920	812,552,253	5.2%	3,267,331,025	3,131,126,876	4.4%
Wine Consumption	701,580	706,420	-0.7%	2,912,784	2,896,687	0.6%
Wine Wholesale	4,049,374	3,871,644	4.6%	16,323,658	15,523,357	5.2%
Telecommunications Tax	16,380,718	15,920,499	2.9%	63,575,235	63,897,510	-0.5%
OTP	5,354,857	5,297,915	1.1%	21,328,845	20,901,740	2.0%
Floor Stock Tax	6,247	359	1639.0%	11,502	(1,887)	---
<b>License and Privilege</b>	<b>\$151,062,395</b>	<b>\$128,443,752</b>	<b>17.6%</b>	<b>\$546,330,916</b>	<b>\$546,514,679</b>	<b>0.0%</b>
Alc. Bev. License Suspension	179,570	95,762	87.5%	450,542	343,952	31.0%
Coal Severance	42,112,387	48,672,570	-13.5%	180,283,352	197,525,899	-8.7%
Corporation License	(190,009)	(36,042)	---	188,600	814,539	---
Corporation Organization	118,343	16,074	636.2%	186,635	47,491	293.0%
Occupational Licenses	93,663	118,650	-21.1%	202,297	214,153	-5.5%
Oil Production	1,681,367	3,440,573	-51.1%	9,840,015	13,128,040	-25.0%
Race Track License	6,475	42,925	-84.9%	247,766	291,300	-14.9%
Bank Franchise Tax	2,132,778	(40,788)	---	99,990,669	102,857,446	-2.8%
Driver License Fees	156,578	139,601	12.2%	659,776	612,770	7.7%
Minerals Severance	3,753,989	1,059,998	254.2%	15,128,385	12,298,663	23.0%
Natural Gas Severance	2,349,716	6,042,629	-61.1%	15,361,597	19,036,025	-19.3%
Limited Liability Entity	98,667,538	68,891,800	43.2%	223,791,283	199,344,400	12.3%
<b>Income</b>	<b>\$1,485,927,169</b>	<b>\$1,307,610,825</b>	<b>13.6%</b>	<b>\$4,597,619,307</b>	<b>\$4,224,378,149</b>	<b>8.8%</b>
Corporation	232,553,188	183,324,452	26.9%	528,118,737	475,120,319	11.2%
Individual	1,253,373,981	1,124,286,373	11.5%	4,069,500,570	3,749,257,830	8.5%
<b>Property</b>	<b>\$58,714,607</b>	<b>\$62,082,968</b>	<b>-5.4%</b>	<b>\$563,435,472</b>	<b>\$562,428,448</b>	<b>0.2%</b>
Building & Loan Association	1,980,201	1,801,222	9.9%	1,482,051	1,806,976	-18.0%
General - Real	5,667,444	5,525,311	2.6%	259,228,298	258,284,309	0.4%
General - Tangible	42,312,531	40,627,210	4.1%	226,137,118	223,393,888	1.2%
Omitted & Delinquent	3,024,198	7,397,696	-59.1%	16,237,196	21,276,527	-23.7%
Public Service	5,731,061	6,720,712	-14.7%	58,864,760	51,859,325	13.5%
Other	(827)	10,817	-107.6%	1,486,050	5,807,422	-74.4%
<b>Inheritance</b>	<b>\$14,823,224</b>	<b>\$10,511,033</b>	<b>41.0%</b>	<b>\$50,975,858</b>	<b>\$45,843,849</b>	<b>11.2%</b>
<b>Miscellaneous</b>	<b>\$6,314,754</b>	<b>\$8,383,743</b>	<b>-24.7%</b>	<b>\$24,925,107</b>	<b>\$30,491,656</b>	<b>-18.3%</b>
Legal Process	3,958,074	4,449,531	-11.0%	15,435,811	16,792,670	-8.1%
T. V. A. In Lieu Payments	2,352,675	3,915,134	-39.9%	9,452,432	13,646,200	-30.7%
Other	4,005	19,077	-79.0%	36,863	52,786	-30.2%
<b>Nontax Receipts</b>	<b>\$75,190,892</b>	<b>\$96,795,892</b>	<b>-22.3%</b>	<b>\$326,949,419</b>	<b>\$333,860,106</b>	<b>-2.1%</b>
Departmental Fees	7,860,851	9,204,582	-14.6%	22,036,475	24,489,562	-10.0%
PSC Assessment Fee	6,133,205	2,319,215	164.5%	20,829,264	17,155,431	21.4%
Fines & Forfeitures	5,817,029	5,819,619	0.0%	22,771,487	24,747,942	-8.0%
Income on Investments	797,081	679,669	17.3%	213,267	(176,256)	---
Lottery	56,500,000	62,861,000	-10.1%	221,500,000	219,500,743	0.9%
Sale of NOx Credits	0	49,000	-100.0%	27,594	104,242	-73.5%
Miscellaneous	(1,917,274)	15,862,807	---	39,571,333	48,038,442	-17.6%
<b>Redeposit of State Funds</b>	<b>\$462,971</b>	<b>\$260,233</b>	<b>77.9%</b>	<b>\$1,693,958</b>	<b>\$1,708,902</b>	<b>-0.9%</b>

## KENTUCKY STATE GOVERNMENT – ROAD FUND REVENUE

	Fourth Quarter FY 2015	Fourth Quarter FY 2014	% Change	Year-To-Date FY 2015	Year-To-Date FY 2014	% Change
<b>TOTAL ROAD FUND</b>	<b>\$363,595,054</b>	<b>\$398,293,958</b>	<b>-8.7%</b>	<b>\$1,526,738,658</b>	<b>\$1,560,441,246</b>	<b>-2.2%</b>
<b>Tax Receipts-</b>	<b>\$358,508,739</b>	<b>\$392,279,413</b>	<b>-8.6%</b>	<b>\$1,501,667,661</b>	<b>\$1,535,727,564</b>	<b>-2.2%</b>
<b>Sales and Gross Receipts</b>	<b>\$297,829,953</b>	<b>\$334,589,440</b>	<b>-11.0%</b>	<b>\$1,283,046,179</b>	<b>\$1,329,208,128</b>	<b>-3.5%</b>
Motor Fuels Taxes	188,286,347	217,282,802	-13.3%	850,276,246	886,161,042	-4.0%
Motor Vehicle Usage	109,543,606	117,306,638	-6.6%	432,769,932	443,047,087	-2.3%
<b>License and Privilege</b>	<b>\$60,678,786</b>	<b>\$57,689,972</b>	<b>5.2%</b>	<b>\$218,621,482</b>	<b>\$206,519,436</b>	<b>5.9%</b>
Motor Vehicles	32,338,085	31,824,796	1.6%	107,554,129	101,879,541	5.6%
Motor Vehicle Operators	3,981,312	4,045,197	-1.6%	15,958,491	16,150,032	-1.2%
Weight Distance	18,881,165	19,168,360	-1.5%	79,147,533	76,894,805	2.9%
Truck Decal Fees	366,157	451,700	-18.9%	404,906	489,072	-17.2%
Other Special Fees	5,112,066	2,199,919	132.4%	15,556,424	11,105,986	40.1%
<b>Nontax Receipts</b>	<b>\$5,693,740</b>	<b>\$8,051,932</b>	<b>-29.3%</b>	<b>\$22,358,605</b>	<b>\$22,833,411</b>	<b>-2.1%</b>
Departmental Fees	4,775,143	5,808,520	-17.8%	17,766,834	17,368,008	2.3%
In Lieu of Traffic Fines	111,300	134,409	-17.2%	465,304	544,637	-14.6%
Income on Investments	338,401	1,854,783	-81.8%	2,913,784	3,997,826	-27.1%
Miscellaneous	468,896	254,221	84.4%	1,212,683	922,939	31.4%
<b>Redeposit of State Funds</b>	<b>(\$607,426)</b>	<b>(\$2,037,386)</b>	<b>---</b>	<b>\$2,712,393</b>	<b>\$1,880,271</b>	<b>44.3%</b>

## **Appendix B**

### **Summary Statistics for General Fund**

#### **Major Revenue Sources**

#### **Fiscal Years 2006 - 2015**

**(\$ millions)**

Fourth Quarter FY15

	FY06	FY07	FY08	FY09	FY010
<b>TOTAL GENERAL FUND</b>	<b>8,376,083,216</b>	<b>8,573,819,250</b>	<b>8,664,336,663</b>	<b>8,426,351,594</b>	<b>8,225,127,620</b>
<b>Tax Receipts</b>	<b>8,065,347,817</b>	<b>8,233,789,253</b>	<b>8,329,734,971</b>	<b>8,112,768,934</b>	<b>7,917,980,032</b>
<b>Sales and Gross Receipts</b>	<b>3,174,734,842</b>	<b>3,280,448,981</b>	<b>3,354,581,311</b>	<b>3,374,871,927</b>	<b>3,396,530,945</b>
Beer Consumption	6,393,753	6,344,079	6,535,066	6,478,525	6,165,525
Beer Wholesale	45,206,839	46,806,186	49,531,545	51,696,564	51,596,255
Cigarette	172,069,493	168,768,467	169,547,927	186,756,010	278,159,743
Cigarette Floor Stock	12,089,404	9,746		16,292,300	274,940
Distilled Spirits Case Sales	94,806	98,874	104,154	109,333	453,002
Distilled Spirits Consumption	9,900,035	10,094,572	10,378,013	10,676,604	10,719,543
Distilled Spirits Wholesale	23,524,032	25,139,117	26,628,403	27,884,547	27,517,432
Insurance Premium	122,824,056	125,877,984	129,296,901	125,168,149	125,063,475
Pari-Mutuel	5,626,849	5,489,552	5,327,540	4,387,515	-82,480
Race Track Admission	230,285	190,362	219,939	230,888	187,994
Sales and Use	2,749,765,011	2,817,652,253	2,877,814,014	2,857,665,168	2,794,057,329
Wine Consumption	1,945,945	2,326,331	2,353,476	2,392,069	2,442,113
Wine Wholesale	10,510,955	11,392,111	11,977,256	12,356,700	12,082,136
Telecommunications Tax	14,553,379	51,623,000	55,972,928	61,228,833	66,786,669
Other Tobacco Products	---	8,636,348	8,894,150	11,548,724	21,107,290
<b>License and Privilege</b>	<b>386,264,573</b>	<b>352,829,122</b>	<b>468,666,009</b>	<b>561,746,597</b>	<b>539,421,718</b>
Alc. Bev. License & Suspension	280,450	659,151	830,310	393,050	562,082
Coal Severance	224,490,111	221,952,516	232,977,827	292,591,094	271,943,100
Corporation License	43,516,942	11,734,452	2,822,279	9,154,338	5,470,951
Corporation Organization	221,281	115,755	259,654	38,101	167,841
Occupational Licenses	174,122	207,198	191,571	257,200	172,153
Oil Production	6,386,501	6,198,342	10,201,113	8,430,228	7,564,121
Race Track License	289,258	283,675	245,360	350,225	271,425
Bank Franchise Tax	59,603,147	63,912,315	71,976,055	73,339,144	69,085,922
Driver License Fees	600,903	603,807	599,370	599,919	596,348
Minerals Severance	14,502,342	14,822,013	16,360,844	12,807,705	13,266,156
Natural Gas Severance	36,199,516	32,339,897	33,794,313	42,155,501	24,373,188
LLET			98,407,313	121,650,092	145,948,432
<b>Income</b>	<b>3,920,229,525</b>	<b>4,029,600,561</b>	<b>3,918,359,883</b>	<b>3,583,353,074</b>	<b>3,392,355,392</b>
Corporation	1,001,618,543	988,064,957	435,222,566	267,984,858	237,867,392
Individual	2,918,610,982	3,041,535,604	3,483,137,317	3,315,368,217	3,154,488,000
<b>Property</b>	<b>502,510,631</b>	<b>492,462,208</b>	<b>500,646,790</b>	<b>513,122,060</b>	<b>516,169,947</b>
Bank Deposits	505,351	513,619	532,436	542,716	589,597
Building & Loan Association	2,071,523	2,921,484	2,649,630	2,898,977	2,920,507
Distilled Spirits	410,798	506,754	513,549	624,280	685,815
General - Intangible	30,955,124	48,841	-	-	-
General - Real	215,351,439	228,282,174	237,153,330	241,008,338	248,756,857
General - Tangible	165,622,948	192,343,695	205,763,426	203,783,916	193,234,982
Omitted & Delinquent	30,330,629	25,253,460	17,519,651	22,945,670	24,952,198
Public Service	57,259,849	42,588,669	36,511,473	41,315,048	45,026,921
Other	2,970	3,512	3,295	3,115	3,071
<b>Inheritance</b>	<b>45,990,266</b>	<b>43,578,107</b>	<b>51,001,299</b>	<b>41,234,240</b>	<b>37,201,611</b>
<b>Miscellaneous</b>	<b>35,617,980</b>	<b>34,870,274</b>	<b>36,479,679</b>	<b>38,441,036</b>	<b>36,300,419</b>
Legal Process	25,118,948	24,759,470	24,060,840	23,782,419	21,807,020
T. V. A. In Lieu Payments	10,248,314	10,037,326	12,389,344	14,593,246	14,335,091
Other	250,719	73,478	29,495	65,371	158,308
<b>Nontax Receipts</b>	<b>302,629,799</b>	<b>327,878,702</b>	<b>330,053,277</b>	<b>311,791,847</b>	<b>301,799,304</b>
Departmental Fees	23,932,336	25,043,719	30,382,254	31,912,667	29,530,171
PSC Assessment Fee	9,041,415	14,593,067	14,306,084	14,104,836	12,685,063
Fines & Forfeitures	26,129,275	26,606,686	28,118,106	29,298,014	29,046,803
Interest on Investments	18,681,492	31,991,861	23,868,325	4,183,825	-303,103
Lottery	190,000,000	186,625,113	187,461,591	193,500,000	200,000,000
Sale of NOx Credits	1,126,000	811,600	12,251,950	0	625,230
Miscellaneous	33,719,282	42,206,657	33,664,968	38,792,505	30,215,139
<b>Redeposit of State Funds</b>	<b>8,105,601</b>	<b>12,151,295</b>	<b>4,548,415</b>	<b>1,790,813</b>	<b>5,348,284</b>



	FY11	FY12	FY13	FY14	FY15
<b>TOTAL GENERAL FUND</b>	<b>8,759,442,646</b>	<b>9,090,954,645</b>	<b>9,348,326,000</b>	<b>9,462,035,017</b>	<b>9,966,630,897</b>
<b>Tax Receipts</b>	<b>8,455,775,175</b>	<b>8,786,626,012</b>	<b>8,992,372,146</b>	<b>9,126,466,009</b>	<b>9,637,987,521</b>
<b>Sales and Gross Receipts</b>	<b>3,489,069,236</b>	<b>3,648,803,253</b>	<b>3,616,732,159</b>	<b>3,716,809,229</b>	<b>3,854,700,860</b>
Beer Consumption	6,118,817	6,125,423	6,190,085	6,226,880	6,071,389
Beer Wholesale	51,914,445	54,139,730	53,750,045	57,969,185	57,570,011
Cigarette	262,220,720	254,798,018	238,669,895	228,076,834	220,902,529
Cigarette Floor Stock	150,038	31,548	19,426	(1,887)	11,502
Distilled Spirits Case Sales	-232,830	116,903	122,873	127,875	132,802
Distilled Spirits Consumption	10,942,531	11,355,027	11,962,448	11,961,270	12,468,749
Distilled Spirits Wholesale	28,175,617	29,695,678	31,911,903	33,829,202	36,471,357
Insurance Premium	128,731,563	133,069,934	139,471,024	141,638,641	146,480,663
Pari-Mutuel	4,607,322	3,600,911	4,842,847	2,421,099	2,964,884
Race Track Admission	178,957	164,223	184,269	213,958	155,426
Sales and Use	2,896,251,816	3,052,236,048	3,021,794,387	3,131,126,876	3,267,331,025
Wine Consumption	2,584,039	2,716,967	2,856,119	2,896,687	2,912,784
Wine Wholesale	13,748,696	14,102,961	14,959,504	15,523,357	16,323,658
Telecommunications Tax	62,286,497	64,919,274	68,327,915	63,897,510	63,575,235
Other Tobacco Products	21,391,009	21,730,607	21,669,418	20,901,740	21,328,845
<b>License and Privilege</b>	<b>658,594,243</b>	<b>647,694,277</b>	<b>615,821,292</b>	<b>546,514,679</b>	<b>546,330,916</b>
Alc. Bev. License & Suspension	377,550	281,375	402,958	343,952	450,542
Coal Severance	295,836,611	298,263,637	230,540,150	197,525,899	180,283,352
Corporation License	10,654,547	5,330,573	-294,874	814,539	188,600
Corporation Organization	69,928	94,666	97,963	47,491	186,635
Occupational Licenses	165,753	156,845	137,311	214,153	202,297
Oil Production	8,287,566	11,955,961	10,974,127	13,128,040	9,840,015
Race Track License	262,175	272,443	264,011	291,300	247,766
Bank Franchise Tax	88,400,971	94,158,966	98,971,258	102,857,446	99,990,669
Driver License Fees	602,721	608,829	633,198	612,770	659,776
Minerals Severance	13,256,853	13,292,368	13,306,647	12,298,663	15,128,385
Natural Gas Severance	24,938,411	22,538,258	14,665,363	19,036,025	15,361,597
LLET	215,741,157	200,740,356	246,123,181	199,344,400	223,791,283
<b>Income</b>	<b>3,718,560,868</b>	<b>3,886,498,908</b>	<b>4,123,715,965</b>	<b>4,224,378,149</b>	<b>4,597,619,307</b>
Corporation	300,782,364	374,423,779	400,752,175	475,120,319	528,118,737
Individual	3,417,778,504	3,512,075,128	3,722,963,791	3,749,257,830	4,069,500,570
<b>Property</b>	<b>514,814,972</b>	<b>529,566,811</b>	<b>558,378,328</b>	<b>562,428,448</b>	<b>563,435,472</b>
Bank Deposits	561,375	570,776	588,098	581,157	588,914
Building & Loan Association	2,457,458	2,462,810	2,332,923	1,806,976	1,482,051
Distilled Spirits	730,146	754,636	772,733	854,637	891,761
General - Intangible	-	-	-	816	0
General - Real	247,034,036	251,285,063	257,970,441	258,284,309	259,228,298
General - Tangible	186,665,683	207,739,436	216,942,082	223,393,888	226,137,118
Omitted & Delinquent	28,140,461	16,687,591	26,972,243	21,276,527	16,237,196
Public Service	49,210,400	50,063,069	52,795,179	51,859,325	58,864,760
Other	15,412	3,431	4,629	5,807,422	5,374
<b>Inheritance</b>	<b>41,350,929</b>	<b>41,312,904</b>	<b>41,326,220</b>	<b>45,843,849</b>	<b>50,975,858</b>
<b>Miscellaneous</b>	<b>33,384,927</b>	<b>32,749,859</b>	<b>36,398,182</b>	<b>30,491,656</b>	<b>24,925,107</b>
Legal Process	20,303,600	19,977,267	19,748,614	16,792,670	15,435,811
T. V. A. In Lieu Payments	12,992,023	12,707,124	16,600,467	13,646,200	9,452,432
Other	89,304	65,468	49,101	52,786	36,863
<b>Nontax Receipts</b>	<b>300,260,186</b>	<b>301,849,149</b>	<b>353,103,427</b>	<b>333,860,106</b>	<b>326,949,419</b>
Departmental Fees	29,505,690	26,203,503	28,494,072	24,489,562	22,036,475
PSC Assessment Fee	16,266,055	7,389,549	13,205,508	17,155,431	20,829,264
Fines & Forfeitures	26,117,800	26,274,627	28,264,706	24,747,942	22,771,487
Interest on Investments	767,606	-14,535,985	711,516	(176,256)	213,267
Lottery	200,500,000	210,800,122	215,266,568	219,500,743	221,500,000
Sale of NOx Credits	36,825	22,025	50,892	104,242	27,594
Miscellaneous	27,066,209	45,695,310	67,110,164	48,038,442	39,571,333
<b>Redeposit of State Funds</b>	<b>3,407,285</b>	<b>2,479,483</b>	<b>2,850,428</b>	<b>1,708,902</b>	<b>1,693,958</b>

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**General Fund Growth Rates**  
**Major Revenue Sources**  
**Fiscal Years 2006 – 2015**  
**(%)**

	FY06	FY07	FY08	FY09	FY10
<b>TOTAL GENERAL FUND</b>	<b>9.6%</b>	<b>2.4%</b>	<b>1.1%</b>	<b>-2.7%</b>	<b>-2.4%</b>
<b>Tax Receipts</b>	<b>9.7%</b>	<b>2.1%</b>	<b>1.2%</b>	<b>-2.6%</b>	<b>-2.4%</b>
<b>Sales and Gross Receipts</b>	<b>11.8%</b>	<b>3.3%</b>	<b>2.3%</b>	<b>0.6%</b>	<b>0.6%</b>
Beer Consumption	0.1%	-0.8%	3.0%	-0.9%	-4.8%
Beer Wholesale	19.5%	3.5%	5.8%	4.4%	-0.2%
Cigarette	589.2%	-1.9%	0.5%	10.1%	48.9%
Cigarette Floor Stock	38.9%	-99.9%	-100.0%	---	-98.3%
Distilled Spirits Case Sales	2.9%	4.3%	5.3%	5.0%	314.3%
Distilled Spirits Consumption	7.7%	2.0%	2.8%	2.9%	0.4%
Distilled Spirits Wholesale	29.6%	6.9%	5.9%	4.7%	-1.3%
Insurance Premium	-0.5%	2.5%	2.7%	-3.2%	-0.1%
Pari-Mutuel	19.5%	-2.4%	-3.0%	-17.6%	-101.9%
Race Track Admission	18.1%	-17.3%	15.5%	5.0%	-18.6%
Sales and Use	6.0%	2.5%	2.1%	-0.7%	-2.2%
Wine Consumption	-14.6%	19.5%	1.2%	1.6%	2.1%
Wine Wholesale	34.1%	8.4%	5.1%	3.2%	-2.2%
Telecommunications Tax	---	254.7%	8.4%	9.4%	9.1%
Other Tobacco Products	---	---	3.0%	29.8%	82.8%
<b>License and Privilege</b>	<b>-9.7%</b>	<b>-8.7%</b>	<b>32.8%</b>	<b>19.9%</b>	<b>-4.0%</b>
Alc. Bev. License Suspension	18.3%	135.0%	26.0%	-52.7%	43.0%
Coal Severance	21.7%	-1.1%	5.0%	25.6%	-7.1%
Corporation License	-67.6%	-73.0%	-75.9%	224.4%	-40.2%
Corporation Organization	-63.9%	-47.7%	124.3%	-85.3%	340.5%
Occupational Licenses	-7.8%	19.0%	-7.5%	34.3%	-33.1%
Oil Production	35.6%	-2.9%	64.6%	-17.4%	-10.3%
Race Track License	-10.9%	-1.9%	-13.5%	42.7%	-22.5%
Bank Franchise Tax	-6.6%	7.2%	12.6%	1.9%	-5.8%
Driver License Fees	14.9%	0.5%	-0.7%	-3.2%	2.8%
Minerals Severance	7.5%	2.2%	10.4%	-21.7%	3.6%
Natural Gas Severance	43.0%	-10.7%	4.5%	24.7%	-42.2%
LLET	---	---	---	23.6%	20.0%
<b>Income</b>	<b>11.5%</b>	<b>2.8%</b>	<b>-2.8%</b>	<b>-8.5%</b>	<b>-5.3%</b>
Corporation	109.3%	-1.4%	-56.0%	-38.4%	-11.2%
Individual	-3.9%	4.2%	14.5%	-4.8%	-4.9%
<b>Property</b>	<b>6.3%</b>	<b>-2.0%</b>	<b>1.7%</b>	<b>2.5%</b>	<b>0.6%</b>
Bank Deposits	6.6%	1.6%	3.7%	1.9%	8.6%
Building & Loan Association	-35.1%	41.0%	-9.3%	9.4%	0.7%
Distilled Spirits	5.7%	23.4%	1.3%	21.6%	9.9%
General - Intangible	15.0%	-99.8%	-100.0%	---	---
General - Real	6.5%	6.0%	3.9%	1.6%	3.2%
General - Tangible	3.6%	16.1%	7.0%	-1.0%	-5.2%
Omitted & Delinquent	46.9%	-16.7%	-30.6%	31.0%	8.7%
Public Service	-2.6%	-25.6%	-14.3%	13.2%	9.0%
Other	-97.7%	18.2%	-6.2%	-5.5%	-1.4%
<b>Inheritance</b>	<b>-27.2%</b>	<b>-5.2%</b>	<b>17.0%</b>	<b>-19.2%</b>	<b>-9.8%</b>
<b>Miscellaneous</b>	<b>6.9%</b>	<b>-2.1%</b>	<b>4.6%</b>	<b>5.4%</b>	<b>-5.6%</b>
Legal Process	1.7%	-1.4%	-2.8%	-1.2%	-8.3%
T. V. A. In Lieu Payments	19.7%	-2.1%	23.4%	17.8%	-1.8%
Other	404.7%	-70.7%	-59.9%	121.6%	142.2%
<b>Nontax Receipts</b>	<b>5.6%</b>	<b>8.3%</b>	<b>0.7%</b>	<b>-5.5%</b>	<b>-3.2%</b>
Departmental Fees	6.2%	4.6%	21.3%	5.0%	-7.5%
PSC Assessment Fee <sup>7</sup>	-33.4%	61.4%	-2.0%	-1.4%	-10.1%
Fines & Forfeitures	2.8%	1.8%	5.7%	4.2%	-0.9%
Interest on Investments	168.8%	71.2%	-25.4%	-82.5%	-107.2%
Lottery	17.8%	-1.8%	0.4%	3.2%	3.4%
Sale of NOx Credits	-69.5%	-27.9%	1409.6%	-100.0%	---
Miscellaneous	-36.7%	25.2%	-20.2%	15.2%	-22.1%
<b>Redeposit of State Funds</b>	<b>0.7%</b>	<b>49.9%</b>	<b>-62.6%</b>	<b>-60.6%</b>	<b>198.7%</b>

	FY11	FY12	FY13	FY14	FY15
<b>TOTAL GENERAL FUND</b>	<b>6.5%</b>	<b>3.8%</b>	<b>2.8%</b>	<b>1.2%</b>	<b>5.3%</b>
<b>Tax Receipts</b>	<b>6.8%</b>	<b>3.9%</b>	<b>2.3%</b>	<b>1.5%</b>	<b>5.6%</b>
<b>Sales and Gross Receipts</b>	<b>2.7%</b>	<b>4.6%</b>	<b>-0.9%</b>	<b>2.8%</b>	<b>3.7%</b>
Beer Consumption	-0.8%	0.1%	1.1%	0.6%	-2.5%
Beer Wholesale	0.6%	4.3%	-0.7%	7.8%	-0.7%
Cigarette	-5.7%	-2.8%	-6.3%	-4.4%	-3.1%
Cigarette Floor Stock	-45.4%	-79.0%	-38.4%	-109.7%	-709.6%
Distilled Spirits Case Sales	-151.4%	-150.2%	5.1%	4.1%	3.9%
Distilled Spirits Consumption	2.1%	3.8%	5.3%	0.0%	4.2%
Distilled Spirits Wholesale	2.4%	5.4%	7.5%	6.0%	7.8%
Insurance Premium	2.9%	3.4%	4.8%	1.6%	3.4%
Pari-Mutuel	-5686.0%	---	34.5%	-50.0%	22.5%
Race Track Admission	-4.8%	-8.2%	12.2%	16.1%	-27.4%
Sales and Use	3.7%	5.4%	-1.0%	3.6%	4.4%
Wine Consumption	5.8%	5.1%	5.1%	1.4%	0.6%
Wine Wholesale	13.8%	2.6%	6.1%	3.8%	5.2%
Telecommunications Tax	-6.7%	4.2%	5.3%	-6.5%	-0.5%
Other Tobacco Products	1.3%	1.6%	-0.3%	-3.5%	2.0%
<b>License and Privilege</b>	<b>22.1%</b>	<b>-1.7%</b>	<b>-4.9%</b>	<b>-11.3%</b>	<b>0.0%</b>
Alc. Bev. License Suspension	-32.8%	-25.5%	43.2%	-14.6%	31.0%
Coal Severance	8.8%	0.8%	-22.7%	-14.3%	-8.7%
Corporation License	94.7%	-50.0%	-105.5%	-376.2%	-76.8%
Corporation Organization	-58.3%	35.4%	3.5%	-51.5%	293.0%
Occupational Licenses	-3.7%	-5.4%	-12.5%	56.0%	-5.5%
Oil Production	9.6%	44.3%	-8.2%	19.6%	-25.0%
Race Track License	-3.4%	3.9%	-3.1%	10.3%	-14.9%
Bank Franchise Tax	28.0%	6.5%	5.1%	3.9%	-2.8%
Driver License Fees	1.1%	1.0%	4.0%	-3.2%	7.7%
Minerals Severance	-0.1%	0.3%	0.1%	-7.6%	23.0%
Natural Gas Severance	2.3%	-9.6%	-34.9%	29.8%	-19.3%
LLET	47.8%	-7.0%	22.6%	-19.0%	12.3%
<b>Income</b>	<b>9.6%</b>	<b>4.5%</b>	<b>6.1%</b>	<b>2.4%</b>	<b>8.8%</b>
Corporation	26.4%	24.5%	7.0%	18.6%	11.2%
Individual	8.3%	2.8%	6.0%	0.7%	8.5%
<b>Property</b>	<b>-0.3%</b>	<b>2.9%</b>	<b>5.4%</b>	<b>0.7%</b>	<b>0.2%</b>
Bank Deposits	-4.8%	1.7%	3.0%	-1.2%	1.3%
Building & Loan Association	-15.9%	0.2%	-5.3%	-22.5%	-18.0%
Distilled Spirits	6.5%	3.4%	2.4%	10.6%	4.3%
General - Intangible	---	---	---	---	---
General - Real	-0.7%	1.7%	2.7%	0.1%	0.4%
General - Tangible	-3.4%	11.3%	4.4%	3.0%	1.2%
Omitted & Delinquent	12.8%	-40.7%	61.6%	-21.1%	-23.7%
Public Service	9.3%	1.7%	5.5%	-1.8%	13.5%
Other	401.9%	-77.7%	34.9%	125357.4%	-99.9%
<b>Inheritance</b>	<b>11.2%</b>	<b>-0.1%</b>	<b>0.0%</b>	<b>10.9%</b>	<b>11.2%</b>
<b>Miscellaneous</b>	<b>-8.0%</b>	<b>-1.9%</b>	<b>11.1%</b>	<b>-16.2%</b>	<b>-18.3%</b>
Legal Process	-6.9%	-1.6%	-1.1%	-15.0%	-8.1%
T. V. A. In Lieu Payments	-9.4%	-2.2%	30.6%	-17.8%	-30.7%
Other	-43.6%	-26.7%	-25.0%	7.5%	-30.2%
<b>Nontax Receipts</b>	<b>-0.5%</b>	<b>0.5%</b>	<b>17.0%</b>	<b>-5.4%</b>	<b>-2.1%</b>
Departmental Fees	-0.1%	-11.2%	8.7%	-14.1%	-10.0%
PSC Assessment Fee	28.2%	-54.6%	78.7%	29.9%	21.4%
Fines & Forfeitures	-10.1%	0.6%	7.6%	-12.4%	-8.0%
Interest on Investments	-353.2%	-1993.7%	-104.9%	-124.8%	---
Lottery	0.3%	5.1%	2.1%	2.0%	0.9%
Sale of NOx Credits	-94.1%	-40.2%	131.1%	104.8%	-73.5%
Miscellaneous	-10.4%	68.8%	46.9%	-28.4%	-17.6%
<b>Redeposit of State Funds</b>	<b>-36.3%</b>	<b>-27.2%</b>	<b>15.0%</b>	<b>-40.0%</b>	<b>-0.9%</b>

## **Appendix C**

### **Summary Statistics for Road Fund**

#### **Major Revenue Sources**

**Fiscal Years 2006 - 2015**

**(\$ millions)**

Fourth Quarter FY15

	FY06	FY07	FY08	FY09	FY10
<b>TOTAL STATE ROAD FUND</b>	<b>1,165,409,505</b>	<b>1,225,943,515</b>	<b>1,262,798,750</b>	<b>1,191,982,894</b>	<b>1,206,622,639</b>
<b>Tax Receipts-</b>	<b>1,133,247,862</b>	<b>1,186,074,087</b>	<b>1,219,349,262</b>	<b>1,159,379,226</b>	<b>1,181,341,209</b>
<b>Sales and Gross Receipts</b>	<b>923,879,353</b>	<b>974,732,028</b>	<b>1,014,576,337</b>	<b>958,780,727</b>	<b>988,541,345</b>
Motor Fuels Taxes	528,296,727	563,480,031	608,779,123	622,479,527	655,761,466
Motor Vehicle Usage	395,582,626	411,251,997	405,797,215	336,301,200	332,779,879
<b>License and Privilege</b>	<b>209,368,509</b>	<b>211,342,059</b>	<b>204,772,925</b>	<b>200,598,500</b>	<b>192,799,864</b>
Motor Vehicles	93,902,097	101,660,768	93,523,748	98,186,733	96,839,803
Motor Vehicle Operators	14,553,623	15,811,880	15,372,618	15,521,191	15,941,488
Weight Distance	85,336,610	85,435,610	84,353,543	75,444,283	70,498,757
Truck Decal Fees	954,706	842,239	774,379	832,653	679,383
Other Special Fees	14,621,473	7,591,561	10,748,637	10,613,640	8,840,433
<b>Nontax Receipts</b>	<b>30,208,832</b>	<b>39,469,278</b>	<b>41,805,267</b>	<b>31,375,092</b>	<b>23,871,991</b>
Departmental Fees	15,617,220	17,787,658	20,291,394	19,106,827	18,487,783
In Lieu of Traffic Fines	1,269,800	1,174,453	1,112,801	958,790	779,495
Highway Tolls	6,296,786	3,717,965	-	-	-
Investment Income	6,372,788	16,094,719	19,460,549	10,661,790	3,633,987
Miscellaneous	652,239	694,483	940,522	647,685	970,725
<b>Redeposit of State Funds</b>	<b>1,952,811</b>	<b>400,150</b>	<b>1,644,222</b>	<b>1,228,575</b>	<b>1,409,439</b>
	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>
<b>TOTAL STATE ROAD FUND</b>	<b>1,338,811,926</b>	<b>1,443,773,845</b>	<b>1,491,623,669</b>	<b>1,560,439,604</b>	<b>1,526,738,658</b>
<b>Tax Receipts-</b>	<b>1,315,130,011</b>	<b>1,416,497,670</b>	<b>1,471,593,789</b>	<b>1,535,727,564</b>	<b>1,501,667,661</b>
<b>Sales and Gross Receipts</b>	<b>1,114,593,981</b>	<b>1,207,082,330</b>	<b>1,265,175,199</b>	<b>1,329,208,128</b>	<b>1,283,046,179</b>
Motor Fuels Taxes	732,826,112	790,229,379	838,344,373	886,161,042	850,276,246
Motor Vehicle Usage	381,767,869	416,852,951	426,830,826	443,047,087	432,769,932
<b>License and Privilege</b>	<b>200,536,031</b>	<b>209,415,340</b>	<b>206,418,590</b>	<b>206,519,436</b>	<b>218,621,482</b>
Motor Vehicles	97,812,587	107,836,554	102,256,080	101,879,541	107,554,129
Motor Vehicle Operators	15,736,805	15,737,651	16,049,755	16,150,032	15,958,491
Weight Distance	73,983,781	75,111,565	74,935,016	76,894,805	79,147,533
Truck Decal Fees	793,715	736,224	590,397	489,072	404,906
Other Special Fees	12,209,142	9,993,345	12,587,343	11,105,986	15,556,424
<b>Nontax Receipts</b>	<b>21,932,031</b>	<b>26,739,794</b>	<b>18,023,074</b>	<b>22,833,411</b>	<b>22,358,605</b>
Departmental Fees	18,167,778	21,879,481	17,094,723	17,368,008	17,766,834
In Lieu of Traffic Fines	779,828	769,405	702,451	544,637	465,304
Highway Tolls	-	-	-	-	-
Investment Income	1,995,228	3,081,180	-398,745	3,997,826	2,913,784
Miscellaneous	989,197	1,009,727	624,646	922,939	1,212,683
<b>Redeposit of State Funds</b>	<b>1,749,883</b>	<b>536,381</b>	<b>2,006,806</b>	<b>1,880,271</b>	<b>2,712,393</b>

**Road Fund Growth Rates**  
**Major Revenue Sources**  
**Fiscal Years 2006 – 2015**  
**(%)**



Fourth Quarter FY15

	FY06	FY07	FY08	FY09	FY10
<b>TOTAL STATE ROAD FUND</b>	<b>3.4%</b>	<b>5.2%</b>	<b>3.0%</b>	<b>-5.6%</b>	<b>1.2%</b>
<b>Tax Receipts-</b>	<b>3.6%</b>	<b>4.7%</b>	<b>2.8%</b>	<b>-4.9%</b>	<b>1.9%</b>
<b>Sales and Gross Receipts</b>	<b>2.8%</b>	<b>5.5%</b>	<b>4.1%</b>	<b>-5.5%</b>	<b>3.1%</b>
Motor Fuels Taxes	7.6%	6.7%	8.0%	2.3%	5.3%
Motor Vehicle Usage	-2.9%	4.0%	-1.3%	-17.1%	-1.0%
<b>License and Privilege</b>	<b>6.8%</b>	<b>0.9%</b>	<b>-3.1%</b>	<b>-2.0%</b>	<b>-3.9%</b>
Motor Vehicles	2.1%	8.3%	-8.0%	5.0%	-1.4%
Motor Vehicle Operators	146.7%	8.6%	-2.8%	1.0%	2.7%
Weight Distance	2.7%	0.1%	-1.3%	-10.6%	-6.6%
Truck Decal Fees	-8.4%	-11.8%	-8.1%	7.5%	-18.4%
Other Special Fees	3.9%	-48.1%	41.6%	-1.3%	-16.7%
<b>Nontax Receipts</b>	<b>-0.7%</b>	<b>30.7%</b>	<b>5.9%</b>	<b>-24.9%</b>	<b>-23.9%</b>
Departmental Fees	-6.4%	13.9%	14.1%	-5.8%	-3.2%
In Lieu of Traffic Fines	-4.3%	-7.5%	-5.2%	-13.8%	-18.7%
Highway Tolls	0.0%	-41.0%	-100.0%	---	---
Investment Income	15.4%	152.6%	20.9%	-45.2%	-65.9%
Miscellaneous	9.4%	6.5%	35.4%	-31.1%	49.9%
<b>Redeposit of State Funds</b>	<b>10.4%</b>	<b>-79.5%</b>	<b>310.9%</b>	<b>-25.3%</b>	<b>14.7%</b>
	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>
<b>TOTAL STATE ROAD FUND</b>	<b>11.0%</b>	<b>7.8%</b>	<b>3.3%</b>	<b>4.6%</b>	<b>-2.2%</b>
<b>Tax Receipts-</b>	<b>11.3%</b>	<b>7.7%</b>	<b>3.9%</b>	<b>4.4%</b>	<b>-2.2%</b>
<b>Sales and Gross Receipts</b>	<b>12.8%</b>	<b>8.3%</b>	<b>4.8%</b>	<b>5.1%</b>	<b>-3.5%</b>
Motor Fuels Taxes	11.8%	7.8%	6.1%	5.7%	-4.0%
Motor Vehicle Usage	14.7%	9.2%	2.4%	3.8%	-2.3%
<b>License and Privilege</b>	<b>4.0%</b>	<b>4.4%</b>	<b>-1.4%</b>	<b>0.0%</b>	<b>5.9%</b>
Motor Vehicles	1.0%	10.2%	-5.2%	-0.4%	5.6%
Motor Vehicle Operators	-1.3%	0.0%	2.0%	0.6%	-1.2%
Weight Distance	4.9%	1.5%	-0.2%	2.6%	2.9%
Truck Decal Fees	16.8%	-7.2%	-19.8%	-17.2%	-17.2%
Other Special Fees	38.1%	-18.1%	26.0%	-11.8%	40.1%
<b>Nontax Receipts</b>	<b>-8.1%</b>	<b>21.9%</b>	<b>-32.6%</b>	<b>26.7%</b>	<b>-2.1%</b>
Departmental Fees	-1.7%	20.4%	-21.9%	1.6%	2.3%
In Lieu of Traffic Fines	0.0%	-1.3%	-8.7%	-22.5%	-14.6%
Highway Tolls	---	---	---	---	---
Investment Income	-45.1%	54.4%	-112.9%	-1102.6%	---
Miscellaneous	1.9%	2.1%	-38.1%	47.8%	31.4%
<b>Redeposit of State Funds</b>	<b>24.2%</b>	<b>-69.3%</b>	<b>274.1%</b>	<b>-6.3%</b>	<b>44.3%</b>