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**GENERAL FUND AND ROAD FUND RECEIPTS  
FOR AUGUST 2008**

***General Fund receipts grew 7.6 percent***  
***Road Fund receipts fell 0.3 percent***

**Frankfort, KY** - State Budget Director Mary Lassiter reported today that General Fund receipts grew 7.6 percent in August compared to last year. Total revenues for the month were \$633.7 million, compared to \$589.0 million during August 2007. In the first two months of the new fiscal year (FY09), the General Fund has grown at combined rate of 4.7 percent.

Road Fund receipts for August totaled \$116.9 million, a decrease of 0.3 percent from August 2007 levels. The Road Fund has declined 1.0 percent in the first two months of FY09.

Budgeted General Fund revenues for FY09 call for growth of 2.6 percent over FY08 actual receipts. Based on year-to-date collections, the rate of growth required in the final 10 months of FY09 to meet budgeted General Fund revenues is 2.2 percent.

Lassiter's reaction to the August receipts report was mixed. "While we are pleased to see revenue growth early in the new fiscal year, it is concerning that there seems to be a disconnect between the economic data we're seeing and receipts in some of the tax revenue accounts. With total employment growth being essentially flat and manufacturing employment falling, we are researching the high year-to-date growth in the individual income tax and the interplay with the corporation income tax due to the law changes in 2006."

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Among the major accounts:

- Individual income taxes rose 12.6 percent.
- Sales tax revenues climbed 4.1 percent, reflecting the impact of inflation on the cost of goods being purchased.
- Corporation income tax was down 98.1 percent reflecting both shifts to the individual income tax from pass-through entities and increased refunds over last year.
- Cigarette taxes fell by 22.1 percent.
- Property taxes grew 45.8 percent due to growth in tangible and public service company taxes, much of which reflects a shift in timing rather than a real increase in receipts.
- Coal severance tax rose 33.7%, chiefly attributable to high prices in the Kentucky coal markets.
- Lottery revenues were up 3.7 percent.

The Road Fund was essentially unchanged in August, falling 0.3 percent with revenues of \$116.9 million. The budgeted Road Fund revenues require growth of 4.9 percent for the entire fiscal year (FY09). Based on year-to-date growth, revenues must rise by 6.2 percent for the remainder of FY09 to meet the estimate.

State Budget Director Lassiter was more concerned by the Road Fund performance to date. “Even though we are only two months into the new fiscal year, the growth needed over the next ten months is large, especially given the trends we are seeing in decreasing fuel and vehicle sales. We will be monitoring the Road Fund closely in the coming months.”

Among the accounts, motor fuels grew strongly due to the statutory increase in the tax rate and timing issues. Motor fuels accounts were weak in July, but the averaging of July and August performance yields a sum more in line with expectations. The motor vehicle usage tax continued its decline, falling 17.3 percent compared to August last year, reflecting lower vehicle sales. License and privilege tax fell 3.1 percent, primarily due to weakness in the weight distance tax. Nontax receipts fell 11.2 percent, largely due to lower investment income resulting from declining cash balances in the Road Fund.

KENTUCKY STATE GOVERNMENT REVENUE  
1. GENERAL FUND REVENUE

	AUGUST			JULY THROUGH AUGUST		
	2008	2007	% Change	FY 2009	FY 2008	% Change
<b>TOTAL GENERAL FUND</b>	<b>\$633,699,082</b>	<b>\$589,017,447</b>	<b>7.6%</b>	<b>\$1,280,271,110</b>	<b>\$1,223,255,450</b>	<b>4.7%</b>
Tax Receipts	\$614,544,483	\$566,481,370	8.5%	\$1,234,471,199	\$1,175,072,717	5.1%
Sales and Gross Receipts	\$281,077,665	\$273,527,983	2.8%	\$577,393,077	\$554,297,686	4.2%
Beer Consumption	610,602	623,863	-2.1%	1,179,728	1,258,225	-6.2%
Beer Wholesale	5,046,231	4,518,584	11.7%	9,734,505	9,143,803	6.5%
Cigarette	13,122,404	16,835,866	-22.1%	27,501,512	30,912,544	-11.0%
Distilled Spirits Case Sales	8,917	7,377	20.9%	18,828	17,369	8.4%
Distilled Spirits Consumption	995,832	744,022	33.8%	1,999,877	1,755,368	13.9%
Distilled Spirits Wholesale	2,572,970	1,826,978	40.8%	4,987,674	4,348,933	14.7%
Insurance Premium	397,170	609,464	-34.8%	445,207	887,721	-49.8%
Pari-Mutuel	161,447	189,328	-14.7%	458,318	547,953	-16.4%
Race Track Admission	150	26,725	-99.4%	121,628	135,421	-10.2%
Sales and Use	251,721,337	241,757,000	4.1%	517,839,247	492,741,325	5.1%
Wine Consumption	80,311	170,412	-52.9%	234,916	374,921	-37.3%
Wine Wholesale	623,914	824,148	-24.3%	1,615,908	1,809,099	-10.7%
Telecommunications Tax	4,956,855	4,621,377	7.3%	9,721,985	8,814,155	10.3%
Other Tobacco Products	779,525	772,838	0.9%	1,533,745	1,550,847	-1.1%
License and Privilege	\$28,836,621	\$23,348,286	23.5%	\$56,185,509	\$49,157,937	14.3%
Alc. Bev. License Suspension	50,500	45,750	10.4%	59,500	197,720	-69.9%
Coal Severance	23,227,845	17,377,555	33.7%	45,863,112	34,979,623	31.1%
Corporation License	722,407	1,417,307	-49.0%	754,114	1,603,605	-53.0%
Corporation Organization	8,405	5,813	44.6%	8,405	9,205	-8.7%
Occupational Licenses	12,507	18,364	-31.9%	36,603	31,640	15.7%
Oil Production	1,411,798	696,734	102.6%	2,743,343	1,315,942	108.5%
Race Track License	0	37,500	-100.0%	172,500	178,525	-3.4%
Bank Franchise Tax	(3,323,187)	(53,228)	---	(3,424,613)	(83,719)	---
Driver License Fees	57,424	57,047	0.7%	110,591	114,856	-3.7%
Minerals Severance	1,265,169	1,514,738	-16.5%	2,669,880	3,196,289	-16.5%
Natural Gas Severance	2,614,673	1,737,420	50.5%	7,065,619	4,102,844	72.2%
Limited Liability Entity	2,789,079	493,286	465.4%	126,455	3,511,407	-96.4%
Income	\$270,926,782	\$244,518,590	10.8%	\$542,062,548	\$519,990,112	4.2%
Corporation	75,992	3,918,664	-98.1%	8,980,150	30,151,416	-70.2%
Individual	270,850,790	240,599,926	12.6%	533,082,397	489,838,696	8.8%
Property	\$25,714,912	\$17,639,129	45.8%	\$43,470,797	\$36,200,614	20.1%
Building & Loan Association	0	1,260	-100.0%	228,467	88,787	157.3%
General - Real	100,844	35,787	181.8%	174,264	466,366	-62.6%
General - Tangible	12,980,038	9,618,451	34.9%	24,259,087	17,670,305	37.3%
Omitted & Delinquent	2,528,287	5,749,334	-56.0%	7,015,340	14,920,785	-53.0%
Public Service	9,993,909	2,172,407	360.0%	11,681,805	2,992,482	290.4%
Other	111,834	61,890	80.7%	111,834	61,890	80.7%
Inheritance	\$4,743,415	\$4,404,322	7.7%	9,026,898	\$9,287,555	-2.8%
Miscellaneous	\$3,245,089	\$3,043,061	6.6%	\$6,332,371	\$6,138,813	3.2%
Legal Process	2,189,927	2,124,420	3.1%	4,214,425	4,301,532	-2.0%
T. V. A. In Lieu Payments	1,055,161	918,640	14.9%	2,110,323	1,837,280	14.9%
Other	0	0	---	7,623	0	---
Nontax Receipts	\$19,770,153	\$22,300,239	-11.3%	\$46,232,472	\$47,423,884	-2.5%
Departmental Fees	1,779,677	2,340,697	-24.0%	3,975,981	4,592,233	-13.4%
PSC Assessment Fee	491,543	1,010,445	-51.4%	9,343,370	10,502,049	-11.0%
Fines & Forfeitures	2,563,397	2,504,212	2.4%	5,213,653	5,078,258	2.7%
Interest on Investments	626,299	139,997	347.4%	747,938	276,581	170.4%
Lottery	14,000,000	13,500,000	3.7%	27,500,000	27,000,000	1.9%
Sale of NOx Credits	0	0	---	0	0	---
Miscellaneous	309,237	2,804,889	-89.0%	(548,470)	(25,238)	---
Redeposit of State Funds	(\$615,554)	\$235,838	---	(432,561)	\$758,849	---

**2. ROAD FUND REVENUE**

	<u>2008</u>	<u>AUGUST</u>	<u>% Change</u>	<u>JULY THROUGH AUGUST</u>		<u>% Change</u>
		<u>2007</u>		<u>FY 2009</u>	<u>FY 2008</u>	
<b>TOTAL STATE ROAD FUND</b>	<b>\$116,941,899</b>	<b>\$117,288,994</b>	<b>-0.3%</b>	<b>\$215,482,860</b>	<b>\$217,760,377</b>	<b>-1.0%</b>
Tax Receipts	\$112,713,095	\$112,486,300	0.2%	\$209,555,076	\$210,327,463	-0.4%
Sales and Gross Receipts	\$85,793,187	\$84,706,222	1.3%	\$172,566,246	\$172,797,647	-0.1%
Motor Fuels Taxes	50,299,074	44,519,282	13.0%	97,741,076	93,126,593	5.0%
Motor Fuels Use & Surtax	2,818,676	662,991	325.1%	6,615,587	3,142,879	110.5%
Truck Trip Permits (fuel)	24,880	21,720	14.5%	51,600	41,600	24.0%
Motor Vehicle Usage	32,650,557	39,502,229	-17.3%	68,157,983	76,486,575	-10.9%
License and Privilege	\$26,919,908	\$27,780,079	-3.1%	\$36,988,830	\$37,529,817	-1.4%
Motor Vehicles	7,448,921	7,320,697	1.8%	11,991,295	12,215,362	-1.8%
Motor Vehicle Operators	1,501,603	1,392,190	7.9%	2,858,977	2,638,306	8.4%
Weight Distance	16,959,724	18,474,419	-8.2%	20,225,003	21,550,199	-6.1%
Truck Decal Fees	15,403	12,430	23.9%	32,250	31,634	1.9%
Other Special Fees	994,256	580,342	71.3%	1,881,304	1,094,316	71.9%
Nontax Receipts	\$4,225,467	\$4,760,956	-11.2%	\$5,853,587	\$7,378,632	-20.7%
Departmental Fees	2,788,760	2,861,911	-2.6%	3,761,071	4,888,586	-23.1%
In Lieu of Traffic Fines	83,862	100,711	-16.7%	173,605	200,213	-13.3%
Investment Income	1,314,029	1,660,032	-20.8%	1,812,461	2,118,217	-14.4%
Miscellaneous	38,815	138,301	-71.9%	106,451	171,615	-38.0%
Redeposit of State Funds	\$3,338	\$41,738	-92.0%	74,197	\$54,282	36.7%

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