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GENERAL FUND AND ROAD FUND RECEIPTS
FOR SEPTEMBER 2008

General Fund receipts fell 4.6 percent
Road Fund receipts fell 11.4 percent

FRANKFORT, Ky. – State Budget Director Mary Lassiter reported today that September's General Fund revenues fell by 4.6 percent compared to last year. Total revenues for the month were \$804.6 million, compared to \$843.9 million during September 2007. For the first quarter of Fiscal Year 2009, receipts have grown by 0.9 percent.

Road Fund receipts for September totaled \$96.5 million, a decrease of 11.4 percent from September 2007 levels. The Road Fund has declined 4.5 percent in the first quarter of the fiscal year.

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 nine months of FY09 to meet official budgeted General Fund revenues is 3.1 percent.

Lassiter said that the fall in September receipts was consistent with recent economic news. "We are all very aware that the national financial crisis and employment situation are worsening, so it is not surprising that Kentucky revenues are beginning to reflect the poor performance of the underlying economy. Our neighboring states have reported negative revenue

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growth for the last several months. Unfortunately no state economy is immune from cyclical downturns.”

Among other major accounts:

- Individual income tax receipts rose 3.2 percent.
- Corporation income tax receipts fell 45.2 percent, more than offsetting the modest gains in the individual income tax.
- Coal severance tax receipts grew by 45.3 percent in September and are up 36.0 percent for the first quarter of FY09.
- Property tax receipts fell 10.3 percent due to a reversal of the timing in the public service property account that inflated August collections.
- Cigarette tax receipts grew 8.2 percent.
- The Kentucky Lottery Corporation dividend payment was \$15.5 million, up from \$14.5 million last September.

Road Fund receipts fell 11.4 percent in September with receipts of \$96.5 million. Budgeted Road Fund revenues call for growth of 4.9 percent for the fiscal year. Based on year-to-date growth, revenues must increase by 8.2 percent for the remainder of FY09 to meet the estimate.

The motor fuels tax receipts fell by 16.2 percent resulting from both decreases in gallons sold and a reflection of strong receipts in September of last year. Motor vehicle usage tax revenue continued its slide, falling 5.5 percent reflecting fewer vehicle sales. License and privilege receipts fell 7.9 percent on weakness in the motor vehicle license account. Investment income was down 29.0 percent as a result of lower cash balances.

State Budget Director Lassiter expressed greater concern with the performance of the Road Fund. “The Road Fund has declined for two of the three months this fiscal year. Given the effect that the tougher credit markets have had on the ability of consumers to finance new cars, it is becoming increasingly difficult to envision a rapid recovery in the motor vehicle usage tax and the remainder of the Road Fund.”

The Office of State Budget Director updates unofficial revenue estimates for the General Fund and Road Fund on a quarterly basis. The quarterly report for the first quarter of FY09 will be made by October 31, 2008. Lassiter said: “We are somewhat concerned about the impact of the first quarter’s receipts and the signs of a weakening economy on our ability to achieve budgeted revenues in both the General Fund and Road Fund for this fiscal year. We will be in a better position to discuss our expectations at the end of this month.”

KENTUCKY STATE GOVERNMENT REVENUE
1. GENERAL FUND REVENUE

	SEPTEMBER			JULY THROUGH SEPTEMBER		
	2008	2007	% Change	FY 2009	FY 2008	% Change
TOTAL GENERAL FUND	\$804,638,967	\$843,856,140	-4.6%	\$2,084,910,078	\$2,067,111,590	0.9%
Tax Receipts	\$786,108,953	\$822,320,548	-4.4%	\$2,020,580,152	\$1,997,393,265	1.2%
Sales and Gross Receipts	\$293,465,690	\$286,435,878	2.5%	\$870,858,767	\$840,733,564	3.6%
Beer Consumption	574,573	583,705	-1.6%	1,754,302	1,841,929	-4.8%
Beer Wholesale	4,816,411	5,051,500	-4.7%	14,550,916	14,195,303	2.5%
Cigarette	13,910,617	12,861,295	8.2%	41,412,129	43,773,840	-5.4%
Distilled Spirits Case Sales	8,856	8,003	10.7%	27,683	25,372	9.1%
Distilled Spirits Consumption	895,550	808,635	10.7%	2,895,426	2,564,003	12.9%
Distilled Spirits Wholesale	2,150,492	1,987,147	8.2%	7,138,166	6,336,080	12.7%
Insurance Premium	30,753,734	23,169,822	32.7%	31,198,941	24,057,543	29.7%
Pari-Mutuel	149,518	161,829	-7.6%	607,836	709,782	-14.4%
Race Track Admission	0	17,230	-100.0%	121,628	152,651	-20.3%
Sales and Use	233,588,843	235,466,206	-0.8%	751,428,090	728,207,530	3.2%
Wine Consumption	140,844	176,741	-20.3%	375,761	551,662	-31.9%
Wine Wholesale	896,944	851,180	5.4%	2,512,852	2,660,279	-5.5%
Telecommunications Tax	4,840,291	4,511,676	7.3%	14,562,276	13,325,831	9.3%
Other Tobacco Products	739,017	780,911	-5.4%	2,272,762	2,331,758	-2.5%
License and Privilege	\$48,367,700	\$38,626,558	25.2%	\$104,553,209	\$87,784,495	19.1%
Alc. Bev. License Suspension	41,900	121,050	-65.4%	101,400	318,770	-68.2%
Coal Severance	26,811,440	18,452,495	45.3%	72,674,552	53,432,118	36.0%
Corporation License	335,401	298,677	12.3%	1,089,515	1,902,281	-42.7%
Corporation Organization	4,210	78,852	-94.7%	12,615	88,057	-85.7%
Occupational Licenses	25,878	8,955	189.0%	62,480	40,595	53.9%
Oil Production	1,261,580	723,675	74.3%	4,004,923	2,039,617	96.4%
Race Track License	0	8,050	-100.0%	172,500	186,575	-7.5%
Bank Franchise Tax	48,498	37,871	28.1%	(3,376,114)	(45,848)	---
Driver License Fees	49,961	62,059	-19.5%	160,551	176,915	-9.2%
Minerals Severance	1,521,006	1,381,060	10.1%	4,190,886	4,577,349	-8.4%
Natural Gas Severance	6,505,159	2,363,853	175.2%	13,570,778	6,466,697	109.9%
Limited Liability Entity	11,762,667	15,089,962	-22.0%	11,889,122	18,601,369	-36.1%
Income	\$416,969,533	\$466,694,590	-10.7%	\$959,032,081	\$986,684,703	-2.8%
Corporation	73,391,897	133,820,748	-45.2%	82,372,047	163,972,164	-49.8%
Individual	343,577,637	332,873,843	3.2%	876,660,034	822,712,539	6.6%
Property	\$20,292,307	\$22,618,980	-10.3%	\$63,763,104	\$58,819,593	8.4%
Building & Loan Association	0	5,045	-100.0%	228,467	93,832	143.5%
General - Real	96,425	109,783	-12.2%	270,689	576,149	-53.0%
General - Tangible	13,444,849	8,593,861	56.4%	37,703,936	26,264,166	43.6%
Omitted & Delinquent	5,224,688	4,636,631	12.7%	12,240,028	19,557,415	-37.4%
Public Service	1,056,455	9,172,009	-88.5%	12,738,260	12,164,491	4.7%
Other	469,890	101,651	362.3%	581,724	163,541	255.7%
Inheritance	\$3,992,399	\$4,774,107	-16.4%	\$13,019,297	\$14,061,662	-7.4%
Miscellaneous	\$3,021,324	\$3,170,435	-4.7%	\$9,353,695	\$9,309,248	0.5%
Legal Process	1,966,163	2,251,795	-12.7%	6,180,588	6,553,328	-5.7%
T. V. A. In Lieu Payments	1,055,161	918,640	14.9%	3,165,484	2,755,921	14.9%
Other	0	0	---	7,623	0	---
Nontax Receipts	\$18,378,458	\$20,553,191	-10.6%	\$64,610,930	\$67,977,075	-5.0%
Departmental Fees	2,135,839	2,760,066	-22.6%	6,111,819	7,352,300	-16.9%
PSC Assessment Fee	10,732	27,608	-61.1%	9,354,102	10,529,657	-11.2%
Fines & Forfeitures	2,348,433	2,537,745	-7.5%	7,562,086	7,616,003	-0.7%
Interest on Investments	407,693	160,048	154.7%	1,155,631	436,629	164.7%
Lottery	15,500,000	14,500,000	6.9%	43,000,000	41,500,000	3.6%
Sale of NOx Credits	0	0	---	0	0	---
Miscellaneous	(2,024,239)	567,723	---	(2,572,708)	542,485	---
Redeposit of State Funds	\$151,556	\$982,401	-84.6%	(\$281,005)	\$1,741,250	---

2. ROAD FUND REVENUE

	<u>SEPTEMBER</u>			<u>JULY THROUGH SEPTEMBER</u>		
	<u>2008</u>	<u>2007</u>	<u>% Change</u>	<u>FY 2009</u>	<u>FY 2008</u>	<u>% Change</u>
TOTAL STATE ROAD FUND	\$96,490,134	\$108,895,185	-11.4%	\$311,972,993	\$326,655,562	-4.5%
Tax Receipts-	93,635,272	106,527,263	-12.1%	\$303,190,348	\$316,854,726	-4.3%
Sales and Gross Receipts	\$85,405,420	\$97,592,315	-12.5%	\$257,971,666	\$270,389,961	-4.6%
Motor Fuels Taxes	53,566,943	63,904,277	-16.2%	157,975,206	160,215,349	-1.4%
Motor Vehicle Usage	31,838,477	33,688,038	-5.5%	99,996,460	110,174,612	-9.2%
License and Privilege	\$8,229,852	\$8,934,948	-7.9%	\$45,218,682	\$46,464,765	-2.7%
Motor Vehicles	5,652,769	6,326,792	-10.7%	17,644,064	18,542,154	-4.8%
Motor Vehicle Operators	1,396,447	1,368,396	2.0%	4,255,424	4,006,702	6.2%
Weight Distance	488,517	508,529	-3.9%	20,713,520	22,058,728	-6.1%
Truck Decal Fees	11,559	4,419	161.6%	43,810	36,052	21.5%
Other Special Fees	680,560	726,813	-6.4%	2,561,864	1,821,129	40.7%
Nontax Receipts	\$2,633,950	\$2,361,979	11.5%	\$8,487,536	\$9,740,611	-12.9%
Departmental Fees	1,636,054	880,818	85.7%	5,397,125	5,769,404	-6.5%
In Lieu of Traffic Fines	71,573	93,356	-23.3%	245,178	293,569	-16.5%
Investment Income	881,718	1,241,037	-29.0%	2,694,178	3,359,254	-19.8%
Miscellaneous	44,605	146,768	-69.6%	151,055	318,384	-52.6%
Redeposit of State Funds	\$220,912	\$5,943	3617.2%	\$295,108	60,225	390.0%

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