



Office of State Budget Director

284 Capitol Annex, 702 Capitol Avenue
Frankfort, Kentucky 40601

(502) 564-7300

Internet: osbd.ky.gov

Matthew G. Bevin
Governor

John E. Chilton
State Budget Director

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

For Immediate Release
February 11, 2019

Contact: John E. Chilton
Greg Harkenrider
502-564-7300

GENERAL FUND AND ROAD FUND RECEIPTS
FOR JANUARY 2019

General Fund receipts declined 3.4 Percent
Road Fund receipts rose 2.5 Percent

FRANKFORT, Ky. (Monday, February 11, 2019) - State Budget Director John Chilton reported today that General Fund receipts fell 3.4 percent in January with revenues of \$924.6 million. January's receipts declined modestly compared to the \$956.8 million collected in January 2018. Through the first half of FY19, the General Fund has grown 2.6 percent.

The official General Fund revenue estimate for FY19 calls for revenue to grow 3.3 percent compared to FY18 actual receipts. After January's results are considered, General Fund revenues must increase 4.4 percent for the remainder of the fiscal year to meet the official estimate.

While a January reduction in the General Fund was not unexpected, Chilton noted that the income-based taxes were particularly weak. "January's decline in General Fund receipts is primarily due to broadly-based weakness in the individual income tax. The monthly setback was anticipated in part due to a spike in estimated tax payments made in January of 2018, where taxpayers were adjusting estimated taxes in response to the state and local provisions of the Federal tax reform act in December 2017. However, withholding payments fell 8.7 percent as well, pushing the individual income tax down 19.3 percent for the month. Corporation income taxes fell by a larger percentage, 60.7 percent,

-more-

but the nominal loss was only \$8.0 million compared to \$82.5 million decrease in the individual income tax collections. The sales and use tax grew by 9.8 percent in January, partially offsetting the income tax losses. This surge in consumption taxes is directly attributable to the expansion of the sales tax base and our ongoing efforts to capture a higher percentage of online sales. December and January losses in the General Fund have created a more formidable challenge to hitting the official revenue estimate, but our latest internal estimates for FY19 still project receipts somewhat less than the budgeted levels.”

Among the major General Fund accounts:

- Individual income taxes fell 19.3 percent in January. Year-to-date collections are down 5.0 percent. In 2018, the top corporate and individual income tax rates were decreased from 6.0 percent to 5.0 percent.
- Sales tax revenues grew 9.8 percent in January following double-digit growth in November and December. The surge in the sales tax is partially attributable to the October 1 implementation of sales tax collections on internet sales made possible by the U.S. Supreme Court’s *Wayfair* decision. Sales tax collections have increased 8.8 percent through the first seven months of FY19, roughly congruous with the projections.
- Corporation income tax receipts fell \$8.0 million in January but have risen 1.9 percent so far in FY19.
- The Limited Liability Entity Tax (LLET) declined 6.6 percent and has now dropped 24.7 percent thus far in FY19.
- Cigarette taxes were up 105.0 percent for the month and have grown 71.4 percent for the first seven months of the fiscal year. The revenue increase coincides with the 83.3 percent increase in the cigarette tax from \$0.60 per pack to \$1.10 per pack HB 487.
- Property taxes grew 6.3 percent in January and are up 4.0 percent for the year.
- Coal severance tax receipts fell 16.4 percent for the month. Year-to-date collections are down 15.0 percent.
- Lottery revenues were equal to last year’s dividend payment but are up 4.5 percent for the year.

Road Fund receipts grew 2.5 percent in January with collections of \$126.3 million. Year-to-date collections have grown 4.0 percent compared to last year’s total. Despite declines in Road Fund revenue in FY15 and FY16, followed by anemic growth in FY17 and FY18, receipts have now risen in nine of the past eleven months. The official Road Fund revenue estimate calls for a 0.3 percent decrease in receipts for the entire FY19. Based on year-to-date collections, revenues can fall 6.1 percent for the remainder of the fiscal year to meet that estimate.

-more-

Among the Road Fund accounts:

- Motor fuels receipts fell 2.7 percent in January but have grown 1.2 percent thus far in FY19.
- Motor vehicle usage collections increased 3.2 percent for the month. Year-to-date collections are up 5.3 percent.
- License and privilege rose 15.6 percent in January following December's setback. For the first half of the fiscal year, receipts are up 7.4 percent.
- Nontax receipts climbed sharply in January and have grown 39.6 percent for the year.

KENTUCKY STATE GOVERNMENT REVENUE
1. GENERAL FUND REVENUE

	<u>JANUARY</u> <u>2019</u>	<u>JANUARY</u> <u>2018</u>	<u>% Change</u>	<u>JULY THROUGH JANUARY</u> <u>FY 2019</u>	<u>FY 2018</u>	<u>% Change</u>
TOTAL GENERAL FUND	\$924,550,410	\$956,832,030	-3.4%	\$6,521,676,376	\$6,356,718,492	2.6%
Tax Receipts	\$901,968,824	\$936,189,458	-3.7%	\$6,303,957,956	\$6,154,050,197	2.4%
Sales and Gross Receipts	\$441,620,954	\$387,709,134	13.9%	\$2,768,329,075	\$2,468,186,088	12.2%
Beer Consumption	399,295	420,944	-5.1%	3,730,414	3,677,839	1.4%
Beer Wholesale	4,506,851	4,541,425	-0.8%	34,465,643	35,952,317	-4.1%
Cigarette	29,386,807	14,336,094	105.0%	206,433,747	120,472,666	71.4%
Distilled Spirits Case Sales	24,407	16,074	51.8%	99,501	94,442	5.4%
Distilled Spirits Consumption	2,137,169	1,468,278	45.6%	8,993,528	8,667,287	3.8%
Distilled Spirits Wholesale	7,259,038	4,878,436	48.8%	29,975,308	27,665,223	8.4%
Insurance Premium	63,419	55,479	14.3%	48,037,581	46,314,952	3.7%
Pari-Mutuel	1,538,325	686,077	124.2%	6,356,292	3,499,186	81.7%
Race Track Admission	0	1,307	-100.0%	153,276	159,457	-3.9%
Sales and Use	386,784,682	352,274,475	9.8%	2,350,255,520	2,159,931,850	8.8%
Wine Consumption	478,193	368,994	29.6%	1,934,756	1,913,350	1.1%
Wine Wholesale	2,689,449	2,040,547	31.8%	10,676,963	10,609,313	0.6%
Telecommunications Tax	4,612,179	4,945,573	-6.7%	32,901,765	36,329,011	-9.4%
Other Tobacco Products	1,712,121	1,675,173	2.2%	13,095,825	12,899,870	1.5%
Floor Stock Tax	29,019	257	11169.8%	21,218,958	(673)	---
License and Privilege	\$2,360,726	\$2,149,052	9.8%	\$2,278,188	\$3,541,146	-35.7%
Alc. Bev. License Suspension	32,500	28,333	14.7%	212,757	303,700	-29.9%
Corporation License	12,263	(345)	---	58,706	11,741	---
Corporation Organization	0	23,395	-100.0%	107,040	41,035	160.8%
Occupational Licenses	9,707	10,359	-6.3%	65,421	77,941	-16.1%
Race Track License	0	3,150	-100.0%	218,375	232,200	-6.0%
Bank Franchise Tax	2,262,168	2,035,740	11.1%	1,213,300	2,481,388	---
Driver License Fees	44,089	48,419	-8.9%	402,589	393,141	2.4%
Natural Resources	\$8,590,267	\$10,305,790	-16.6%	\$67,211,631	\$74,557,071	-9.9%
Coal Severance	6,246,161	7,469,654	-16.4%	46,005,394	54,097,120	-15.0%
Oil Production	540,093	455,261	18.6%	3,716,560	2,873,500	29.3%
Minerals Severance	1,299,777	988,904	31.4%	12,123,345	11,935,635	1.6%
Natural Gas Severance	504,236	1,391,970	-63.8%	5,366,332	5,650,815	-5.0%
Income	\$358,282,146	\$449,394,004	-20.3%	\$2,909,586,476	\$3,066,626,417	-5.1%
Corporation	5,207,006	13,255,523	-60.7%	294,044,762	288,613,628	1.9%
Individual	345,584,347	428,122,163	-19.3%	2,529,893,717	2,664,248,139	-5.0%
Limited Liability Entity	7,490,793	8,016,318	-6.6%	85,647,996	113,764,650	-24.7%
Property	\$86,859,892	\$81,716,972	6.3%	\$517,674,875	\$497,536,535	4.0%
Building & Loan Association	(1,251)	0	---	256,328	9,883	2493.6%
General - Real	58,432,698	56,647,147	3.2%	274,639,182	266,049,052	3.2%
General - Tangible	22,841,623	24,050,432	-5.0%	170,810,004	173,113,465	-1.3%
Omitted & Delinquent	(1,488,594)	(315,087)	---	11,042,664	8,890,939	24.2%
Public Service	7,017,647	1,175,772	496.9%	59,860,004	48,254,564	24.1%
Other	57,769	158,708	-63.6%	1,066,692	1,218,632	-12.5%
Inheritance Tax	\$2,385,089	\$3,160,674	-24.5%	\$26,968,990	\$30,156,750	-10.6%
Miscellaneous	\$1,869,750	\$1,753,832	6.6%	\$11,908,722	\$13,446,191	-11.4%
Legal Process	922,251	872,322	5.7%	7,355,530	7,248,992	1.5%
T. V. A. In Lieu Payments	941,559	877,300	7.3%	4,543,457	6,189,109	-26.6%
Other	5,940	4,210	41.1%	9,735	8,090	20.3%
nontax Receipts	\$22,081,502	\$20,230,399	9.2%	\$214,807,510	\$200,065,010	7.4%
Departmental Fees	711,542	1,758,604	-59.5%	7,095,060	9,478,158	-25.1%
PSC Assessment Fee	(3,582)	862	-515.6%	16,136,027	15,826,299	2.0%
Fines & Forfeitures	1,295,466	1,302,979	-0.6%	11,685,673	9,911,752	17.9%
Income on Investments	(1,153,415)	(595,638)	---	(7,091,983)	(3,839,060)	---
Lottery	19,500,000	19,500,000	0.0%	142,146,017	136,000,000	4.5%
Miscellaneous	1,731,490	(1,736,408)	---	44,836,716	32,687,861	37.2%
Redeposit of State Funds	\$500,085	\$412,173	21.3%	\$2,910,909	\$2,603,285	11.8%

2. ROAD FUND REVENUE

	<u>JANUARY</u>	<u>JANUARY</u>	<u>% Change</u>	<u>JULY THROUGH JANUARY</u>		<u>% Change</u>
	<u>2019</u>	<u>2018</u>		<u>FY 2019</u>	<u>FY 2018</u>	
TOTAL STATE ROAD FUND	\$126,348,156	\$123,312,384	2.5%	\$897,666,742	\$862,826,397	4.0%
Tax Receipts-	\$123,421,124	\$121,345,835	1.7%	\$878,470,520	\$849,508,766	3.4%
Sales and Gross Receipts	\$105,422,595	\$105,777,889	-0.3%	\$756,181,599	\$735,623,483	2.8%
Motor Fuels Taxes	61,561,151	63,294,878	-2.7%	457,155,089	451,585,320	1.2%
Motor Vehicle Usage	43,861,444	42,483,011	3.2%	299,026,511	284,038,163	5.3%
License and Privilege	\$17,998,530	\$15,567,947	15.6%	\$122,288,920	\$113,885,283	7.4%
Motor Vehicles	8,855,777	8,535,839	3.7%	54,294,469	49,823,659	9.0%
Motor Vehicle Operators	1,081,278	1,137,941	-5.0%	9,449,707	9,522,873	-0.8%
Weight Distance	7,244,986	5,110,145	41.8%	49,530,035	46,542,957	6.4%
Truck Decal Fees	4,620	1,830	152.5%	32,285	27,190	18.7%
Other Special Fees	811,869	782,192	3.8%	8,982,423	7,968,604	12.7%
Nontax Receipts	\$2,436,942	\$1,951,555	24.9%	\$17,722,771	\$12,696,150	39.6%
Departmental Fees	1,129,114	1,696,636	-33.4%	10,616,712	10,488,954	1.2%
In Lieu of Traffic Fines	32,205	30,915	4.2%	212,308	199,811	6.3%
Income on Investments	922,211	(8,166)	---	4,721,443	1,029,565	358.6%
Miscellaneous	353,412	232,170	52.2%	2,172,308	977,820	122.2%
Redeposit of State Funds	\$490,090	\$14,994	3168.6%	\$1,473,452	\$621,481	137.1%

An electronic version of this report is available for viewing and downloading in PDF format at the Office of the State Budget Director's web site. To access this report, set your browser to <http://www.osbd.ky.gov>.