



Office of State Budget Director

284 Capitol Annex, 702 Capitol Avenue
Frankfort, Kentucky 40601

Matthew G. Bevin
Governor

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

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
June 10, 2019

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

GENERAL FUND AND ROAD FUND RECEIPTS
FOR MAY 2019

General Fund receipts through 11 months have risen 6.0 Percent
Road Fund receipts through 11 months have risen 3.7 Percent

FRANKFORT, Ky. (Monday, May 10, 2019) - State Budget Director John Chilton reported today that General Fund receipts jumped 20.9 percent in May with revenues of \$850.0 million. May's receipts compare favorably to the \$703.1 million collected in May 2018. Through the first eleven months of FY19, the General Fund has grown 6.0 percent. The official General Fund revenue estimate for FY19 calls for revenue to grow 3.3 percent compared to FY18 actual receipts. After May's collections are included, General Fund revenues could fall 20.6 percent in June and still meet the official estimate.

Chilton has identified the primary driver of the May outburst of revenue. "As mentioned in recent months, 2018 tax reform contributed to the increase in General Fund revenue. The sales and cigarette taxes produced large increases (16.8 percent and 67.9 percent, respectively) due to the 83.3 percent increase in the cigarette tax rate and the extension of sales taxes to selected services. Aside from growth in those consumption taxes, total income taxes grew 17.1 percent -- largely due to a timing issue that overstated the net returns portion of the individual income tax in April 2018, and understated May 2018, by \$41.2 million. Notwithstanding the timing issues, the trend in FY19 has shown net increases in the amount paid on filed individual income tax returns. The large swing in net amount paid on individual income tax returns, and smaller refunds, is attributable to the income tax changes that eliminated certain deductions, thereby increasing the amount of individual income subject to the tax -- albeit at the reduced

income tax rate. The growth in tax revenues has put the General Fund in excellent position to exceed the official budgeted estimate of fiscal year revenue of \$11,198.2 million. Kentucky is not alone among states that are also well poised to exceed their FY19 estimates, due in large part to a continued strong economy.”

Among the major General Fund accounts:

- Individual income taxes grew 14.9 percent, largely due to a timing issue that overstated April 2018, and understated May 2018, by \$41.2 million. Year-to-date collections are down 0.9 percent. This annual decline was expected due to the reduction of the top income tax rate from 6 percent to 5 percent. That tax-rate decline was partially offset by increased profitability of small businesses in Kentucky and the elimination of certain itemized deductions.
- Corporation income tax receipts and the limited liability entity tax (LLET) grew by \$6.7 million for the month and have risen 9.8 percent thus far in FY19.
- Sales tax revenues grew by a bountiful 16.8 percent in May. Sales tax collections have increased 9.5 percent through the first eleven months of FY19, a pace slightly ahead of the official projections. In 2018, the sales tax was expanded to include many services that were not previously subject to tax.
- Cigarette taxes were up 67.9 percent for the month and have grown 70.3 percent through the first eleven 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 2018 HB 487.
- Property tax receipts rose 14.1 percent in May and are up 4.9 percent for the year.
- Coal severance tax receipts grew 44.5 percent in May. Year-to-date collections are actually 2.3 percent higher than the same period in FY18.
- Lottery revenues in May exceeded last year’s dividend payment by \$0.5 million and are up 4.2 percent for the fiscal year.

Road Fund receipts rose 6.1 percent in May with collections of \$143.8 million. Year-to-date collections have grown 3.7 percent compared to last year’s total. 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 42.0 percent in June and still meet that estimate.

Among the Road Fund accounts:

- Motor fuels receipts grew 3.3 percent in May due to an increase in gallons purchased.
- Motor vehicle usage collections from vehicle sales rose 1.3 percent for the month with receipts of \$43.0 million. Year-to-date collections are up 4.5 percent.
- License and privilege taxes were up 11.3 percent in May. Year-to-date growth is a healthy 5.2 percent.
- Nontax receipts continued a high rate of growth, primarily due to income on investments. Growth in nontax receipts is a robust 39.9 percent through the first 11 months of FY19.

KENTUCKY STATE GOVERNMENT REVENUE
1. GENERAL FUND REVENUE

	<u>MAY</u> <u>2019</u>	<u>MAY</u> <u>2018</u>	<u>% Change</u>	<u>JULY THROUGH MAY</u> <u>FY 2019</u>	<u>FY 2018</u>	<u>% Change</u>
TOTAL GENERAL FUND	\$849,982,428	\$703,119,517	20.9%	\$10,341,125,190	\$9,758,794,834	6.0%
Tax Receipts	\$794,084,238	\$680,268,694	16.7%	\$9,984,878,777	\$9,459,670,760	5.6%
Sales and Gross Receipts	\$430,037,392	\$369,647,424	16.3%	\$4,307,191,734	\$3,834,196,382	12.3%
Beer Consumption	552,132	490,123	12.7%	5,458,507	5,528,163	-1.3%
Beer Wholesale	5,003,638	4,593,231	8.9%	51,827,330	52,990,839	-2.2%
Cigarette	32,169,796	19,163,474	67.9%	324,194,347	190,329,906	70.3%
Distilled Spirits Case Sales	14,873	13,261	12.2%	149,577	141,855	5.4%
Distilled Spirits Consumption	1,321,622	1,217,443	8.6%	13,492,132	13,002,979	3.8%
Distilled Spirits Wholesale	4,604,653	4,063,315	13.3%	44,918,149	41,389,818	8.5%
Insurance Premium	34,704,544	38,767,141	-10.5%	146,350,932	145,363,864	0.7%
Pari-Mutuel	1,940,392	1,219,783	59.1%	13,014,903	7,160,719	81.8%
Race Track Admission	61,070	32,120	---	214,345	195,837	9.5%
Sales and Use	339,929,310	291,058,929	16.8%	3,595,822,748	3,283,049,025	9.5%
Wine Consumption	273,662	271,608	0.8%	2,881,840	2,868,280	0.5%
Wine Wholesale	1,542,746	1,596,613	-3.4%	16,016,576	15,939,691	0.5%
Telecommunications Tax	6,057,169	5,380,590	12.6%	51,347,008	56,458,080	-9.1%
Other Tobacco Products	1,857,298	1,779,845	4.4%	20,219,846	19,778,049	2.2%
Floor Stock Tax	4,487	(51)	---	21,283,496	(725)	---
License and Privilege	\$371,595	\$172,850	115.0%	\$120,710,055	\$117,072,308	3.1%
Alc. Bev. License Suspension	36,250	23,000	57.6%	295,007	471,200	-37.4%
Corporation License	410	(139)	---	63,079	6,629	851.5%
Corporation Organization	0	1,650	---	311,587	49,771	526.0%
Occupational Licenses	42,042	39,450	6.6%	160,610	180,151	-10.8%
Race Track License	50,500	40,000	---	268,875	278,500	-3.5%
Bank Franchise Tax	184,197	10,027	1737.0%	118,986,310	115,459,061	3.1%
Driver License Fees	58,197	58,862	-1.1%	624,587	626,995	-0.4%
Natural Resources	\$12,589,164	\$9,680,626	30.0%	\$115,972,888	\$112,340,602	3.2%
Coal Severance	8,869,042	6,136,610	44.5%	83,705,152	81,857,815	2.3%
Oil Production	706,304	520,950	35.6%	5,473,473	4,751,534	15.2%
Minerals Severance	2,152,103	1,789,203	20.3%	17,454,737	16,631,655	4.9%
Natural Gas Severance	861,714	1,233,863	-30.2%	9,339,525	9,099,597	2.6%
Income	\$317,364,668	\$270,986,083	17.1%	\$4,748,967,597	\$4,729,168,330	0.4%
Corporation	3,385,708	(2,398,221)	---	439,384,751	382,100,225	15.0%
Individual	306,529,955	266,882,205	14.9%	4,121,891,051	4,158,064,957	-0.9%
Limited Liability Entity	7,449,005	6,502,099	14.6%	187,691,795	189,003,148	-0.7%
Property	\$27,703,052	\$24,272,318	14.1%	\$630,655,492	\$601,203,646	4.9%
Building & Loan Association	677,497	578,389	17.1%	933,826	609,790	53.1%
General - Real	2,720,658	2,720,322	0.0%	293,681,470	283,305,097	3.7%
General - Tangible	15,614,233	16,451,834	-5.1%	246,818,380	242,397,506	1.8%
Omitted & Delinquent	5,178,268	2,597,859	99.3%	17,559,740	13,302,421	32.0%
Public Service	3,510,997	1,917,845	83.1%	69,623,886	59,756,071	16.5%
Other	1,399	6,070	---	2,038,192	1,832,760	11.2%
Inheritance Tax	\$3,839,631	\$3,498,280	9.8%	\$41,157,655	\$44,052,687	-6.6%
Miscellaneous	2,178,736	2,011,112	8.3%	20,223,356	21,636,806	-6.5%
Legal Process	1,237,177	1,131,566	9.3%	11,903,930	11,898,678	0.0%
T. V. A. In Lieu Payments	941,559	877,300	7.3%	8,309,691	9,698,311	-14.3%
Other	0	2,246	-100.0%	9,735	39,818	-75.6%
Nontax Receipts	\$55,350,566	\$22,475,597	146.3%	\$345,774,258	\$293,828,559	17.7%
Departmental Fees	2,477,118	2,418,923	2.4%	13,702,618	19,554,519	-29.9%
PSC Assessment Fee	1,601	0	---	16,143,977	15,840,076	1.9%
Fines & Forfeitures	1,543,460	1,342,738	14.9%	18,447,831	16,327,193	13.0%
Income on Investments	(795,667)	(1,038,824)	---	(11,246,357)	(7,633,942)	---
Lottery	21,500,000	21,000,000	2.4%	226,646,017	217,500,000	4.2%
Miscellaneous	30,624,053	(1,247,240)	---	82,080,171	32,240,713	154.6%
Redeposit of State Funds	\$547,624	\$375,227	45.9%	\$10,472,155	\$5,295,515	97.8%

2. ROAD FUND REVENUE

	<u>MAY</u> <u>2019</u>	<u>MAY</u> <u>2018</u>	<u>% Change</u>	<u>JULY THROUGH MAY</u>		<u>% Change</u>
				<u>FY 2019</u>	<u>FY 2018</u>	
TOTAL STATE ROAD FUND	\$143,773,925	\$135,570,475	6.1%	\$1,430,672,051	\$1,380,079,386	3.7%
Tax Receipts-	\$138,295,425	\$132,456,916	4.4%	\$1,396,260,569	\$1,355,713,147	3.0%
Sales and Gross Receipts	\$105,704,894	\$103,171,447	2.5%	\$1,170,785,766	\$1,141,360,130	2.6%
Motor Fuels Taxes	62,905,704	60,924,453	3.3%	701,851,986	692,725,645	1.3%
Motor Vehicle Usage	42,799,190	42,246,994	1.3%	468,933,780	448,634,485	4.5%
License and Privilege	\$32,590,531	\$29,285,469	11.3%	\$225,474,803	\$214,353,017	5.2%
Motor Vehicles	12,369,030	11,824,523	4.6%	110,172,020	105,051,781	4.9%
Motor Vehicle Operators	1,411,685	1,416,128	-0.3%	15,286,832	15,376,938	-0.6%
Weight Distance	14,666,957	14,903,252	-1.6%	83,165,383	81,224,166	2.4%
Truck Decal Fees	129,300	90,600	42.7%	305,024	283,989	7.4%
Other Special Fees	4,013,559	1,050,966	281.9%	16,545,545	12,416,143	33.3%
Nontax Receipts	\$5,673,825	\$3,004,065	88.9%	\$32,841,546	\$23,470,891	39.9%
Departmental Fees	3,134,244	1,553,378	101.8%	19,368,681	17,835,256	8.6%
In Lieu of Traffic Fines	32,910	30,266	8.7%	378,969	320,428	18.3%
Income on Investments	2,029,072	924,686	119.4%	9,523,745	2,836,044	235.8%
Miscellaneous	477,599	495,736	-3.7%	3,570,151	2,479,163	44.0%
Redeposit of State Funds	(\$195,325)	\$109,494	-278.4%	\$1,569,935	\$895,349	75.3%

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>.