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**GENERAL AND ROAD FUND RECEIPTS REPORTED FOR
FISCAL YEAR 2024**

General Fund receipts total \$15.6 billion
Road Fund revenue \$121.3 million more than prior year
General Fund receipts increased 2.8 percent
Road Fund receipts increased 6.9 percent

FRANKFORT, KY – (Thursday, July 11, 2024) - The Office of State Budget Director reported today that General Fund receipts for Fiscal Year 2024 (FY24) totaled \$15,571.3 million, exceeding FY23 total revenue by \$423.6 million, or 2.8 percent. General Fund revenues narrowly exceeded the revised, official revenue estimates by \$16.8 million in FY24, the most accurate revenue forecast since Kentucky's consensus forecasting process began in 1996. Final General Fund receipts were \$1.4 billion more than the original estimate used when the FY24 budget was set in the 2022 legislative session. That estimate was revised in December 2023 and the General Assembly appropriated all of that forecasted revenue surplus to the Budget Reserve Trust Fund in the 2024 legislative session. Once the fiscal year's accounting records are closed later this month, FY24 will reflect the fourth consecutive year with a surplus over \$1 billion.

Road Fund revenues totaled \$1,874.6 million, \$121.3 million, or 6.9 percent greater than the FY23 total. Road Fund revenues narrowly differed from the revised, official FY24 Road Fund estimate, coming in \$7.1 million less. The Road Fund receipts for FY24 were \$195 million more than the original estimate used when the FY24 budget was set in the 2022 legislative session. That forecasted surplus was appropriated to the Biennial Highway Plan in the 2024 legislative session.

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State Budget Director John Hicks stated, “The fiscal health of the Commonwealth is apparent when reviewing the FY24 final General Fund and Road Fund revenue totals. While both funds produced revenues nearly identical to the revised FY24 estimates, they resulted in a substantial surplus when compared to the revenue estimates used in the development of the original FY24 budget. Beyond the economic gains underlying the revenues, the emergence of investment income as a significant General Fund revenue source has occurred in a span of just two fiscal years: \$300 million in FY24 and \$150 million in FY23, due to higher investible balances and favorable rates of return. By way of comparison, for the ten-year period from FY13 until FY22, investment income averaged negative \$2.4 million annually.”

Table 1 compares General Fund collections to the revised, official amounts.

Table 1
Summary of FY24 General Fund Receipts
Actual vs. Official Estimate

	FY 24	FY 24	Difference	Difference
	<u>Actual</u>	<u>Estimate</u>	<u>(\$ mil)</u>	<u>(%)</u>
Sales and Use	5,802.6	5,828.4	-25.8	-0.4
Individual Income	5,807.5	5,778.3	29.2	0.5
Corp Inc & LLET	1,249.1	1,277.4	-28.3	-2.2
Coal Severance	77.8	84.9	-7.1	-8.3
Cigarette Taxes	270.5	272.2	-1.7	-0.6
Property	808.2	808.6	-0.4	-0.1
Lottery	343.6	343.6	0.0	0.0
Other	<u>1,212.0</u>	<u>1,161.2</u>	<u>50.8</u>	<u>4.4</u>
TOTAL	15,571.3	15,554.5	16.8	0.1

For the year, six of the eight major revenue accounts were within 2.2 percent of the official estimates. Overall, the forecasting differences mostly cancelled each other out, leaving the General Fund collections within 0.1 percent of the official estimate. The “Other” category, which contains investment income, had the largest difference. Individual income taxes were above the estimate by \$29.2 million. Corporate and the Limited Liability Entity (LLET) taxes were below the estimate by \$28.3 million.

A summary of General Fund collections for FY24 and FY23 is shown in Table 2. For the year, receipts grew 2.8 percent, or \$423.6 million over FY23 levels. Sales and use taxes as well as “Other” receipts both grew by over \$200 million while the remaining accounts had only modest changes.

Table 2
Summary of General Fund Receipts
FY24 and FY23

	Actual FY24	Actual FY23	Difference (\$ mil)	Difference (%)
Sales and Use	5,802.6	5,576.3	226.3	4.1
Individual Income	5,807.5	5,843.9	-36.4	-0.6
Corp Inc & LLET	1,249.1	1,221.6	27.5	2.3
Coal Severance	77.8	96.6	-18.7	-19.4
Cigarette Taxes	270.5	299.3	-28.8	-9.6
Property	808.2	774.4	33.8	4.4
Lottery	343.6	337.0	6.6	2.0
Other	<u>1,212.0</u>	<u>998.7</u>	<u>213.3</u>	<u>21.4</u>
TOTAL	15,571.3	15,147.7	423.6	2.8

Sales and Use Taxes: Sales and use tax receipts rose \$226.3 million over FY23 collections. Receipts were consistent over the first three quarters of the year with revenues growing in the five-to-six percent range in each quarter. The growth slowed over the final quarter. Growth rates for the quarters were 5.5 percent, 5.9 percent, 5.1 percent, and 0.0 percent.

Individual Income Tax: Individual income tax receipts declined due to the tax rate change from 4.5 percent to 4.0 percent as of January 2024, an 11.1 percent reduction. The 2024 rate change is the second tax rate reduction directly linked to House Bill 8 from the 2022 legislative session when the rate was 5.0 percent. While the tax rate was reduced by 11.1 percent, withholding receipts declined by only 6.5 percent, reflecting an increase in wages and salaries in Kentucky. Individual income tax collections were also impacted by the Pass-Through Entity Tax, or PTET, that was enacted in House Bill 5 from the 2023 legislative session. The PTET collects tax payments from a new entity-level tax, tied to the Kentucky individual income tax by a refundable credit that flows through to the members/owners of the pass-through entity. The PTET collections were \$791.9 million in FY24. The reductions to the individual income tax associated with the refundable credit are difficult to precisely quantify since they are transactions that are commingled with other tax accounts with activity other than the pass-through entity tax. Therefore, the amount of the PTET collections net of the credits is not available.

Business Taxes: Combined corporation income and Limited Liability Entity tax (LLET) collections grew 2.3 percent, or \$27.5 million, compared to last year. Receipts in these accounts were lower than FY23 in each of the first three quarters but grew strongly in the final quarter. Quarterly growth rates for the taxes were -4.4 percent, -4.8 percent, -25.8 percent, and 15.5 percent.

Coal Severance Taxes: After seeing exceptional growth in the past two years, coal severance tax revenues returned to their long-term trend as receipts declined by 19.4 percent. Receipts for the year were \$77.8 million, \$18.7 million less than what was collected last year. Quarterly growth rates for this account were 2.4 percent, -55.1 percent, -7.8 percent, and -15.9 percent.

Tobacco Taxes: Revenues from the cigarette tax declined for the fourth consecutive year in FY24, falling \$28.8 million, or 9.6 percent. Growth rates for this account were negative in all four quarters. The rates of growth were -7.3 percent, -13.1 percent, -9.4 percent, and -8.9 percent. Receipts from other tobacco products increased by 1.5 percent.

Property Taxes: Property tax receipts rose 4.4 percent in FY24 on the strength of real property which grew 6.6 percent. Growth was strongest in the second half of the year after growing only one percent during the first six months. Growth rates for the four quarters were 4.1 percent, 0.6 percent, 14.2 percent, and 3.7 percent.

Lottery and Other Revenues: Collections from the Kentucky Lottery Corporation rose \$6.6 million, or 2.0 percent for the year just ended. The “other” category, which includes multiple taxes and fees such as investment income, inheritance, and insurance premium taxes, grew 21.4 percent for the year. Growth in the “other” account was boosted by income on investments which nearly doubled FY23 collections of \$150.5 million. Quarterly growth rates for the “other” account were 22.0 percent, 31.9 percent, 19.5 percent, and 14.8 percent.

Road Fund

Road Fund revenues for FY24 totaled \$1.87 billion, an increase of 6.9 percent from the previous fiscal year. Total receipts were \$121.2 million more than FY23 levels as all but two of the major accounts had increases. Both motor fuels and motor vehicle usage revenues were historic highs. Revenue growth was strong in all four quarters. Growth rates for the four quarters were 10.2 percent, 7.4 percent, 5.4 percent, and 5.8 percent.

Details of Road Fund collections for FY24 and FY23 are shown in Table 3.

Table 3
Summary of Road Fund Receipts
FY24 vs. FY23

	Actual	Actual	Difference	Difference
	<u>FY24</u>	<u>FY23</u>	<u>(\$ mil)</u>	<u>(%)</u>
Motor Fuels	905.4	798.3	107.2	13.4
Motor Vehicle Usage	671.0	660.3	10.6	1.6
Motor Vehicle License	119.5	126.7	-7.2	-5.7
Motor Vehicle Operator	32.7	29.7	3.0	9.9
Weight Distance	86.8	87.7	-0.9	-1.1
Investment Income	14.6	6.3	8.3	131.7
Other	<u>44.5</u>	<u>44.2</u>	<u>0.3</u>	<u>0.7</u>
TOTAL	1,874.6	1,753.3	121.3	6.9

Motor fuels tax revenues easily exceeded FY23 totals and accounted for most of the increase in Road Fund revenues for FY24. Collections in FY24 were \$107.2 million, or 13.4 percent, greater than what was received in the prior fiscal year. Quarterly growth rates for motor fuels taxes were 14.0 percent, 12.2 percent, 19.4 percent, and 9.1 percent.

Motor vehicle usage tax collections reached an all-time high for the third consecutive year with receipts of \$671.0 million. Revenues were strong throughout the year with the exception of the third quarter. Growth rates for the four quarters were 3.4 percent, 6.5 percent, -5.9 percent, and 3.0 percent.

Motor vehicle license receipts declined \$7.2 million, or 5.7 percent while motor vehicle operators' receipts increased by \$3.0 million. Weight distance revenues fell \$0.9 million. Investment income continued to improve with receipts of \$14.6 million this year. Lastly, "other" income grew \$0.3 million.

Road Fund collections for FY24 were \$7.1 million short of the revised, official forecast as shown in Table 4. Lower than budgeted Road Fund spending will more than offset the \$7.1 million revenue variance.

Table 4
Summary of FY24 Road Fund Receipts
Actual vs. Official Estimate

	FY 24	FY 24	Difference	Difference
	<u>Actual</u>	<u>Estimate</u>	<u>(\$ mil)</u>	<u>(%)</u>
Motor Fuels	905.4	905.1	0.3	0.0
Motor Vehicle Usage	671.0	672.2	-1.2	-0.2
Motor Vehicle License	119.5	126.8	-7.3	-5.7
Motor Vehicle Operators	32.7	31.2	1.5	4.8
Weight Distance	86.8	87.7	-0.9	-1.0
Investment Income	14.6	11.8	2.8	23.9
Other	<u>44.5</u>	<u>46.8</u>	<u>-2.3</u>	<u>-4.8</u>
TOTAL	1,874.6	1,881.7	-7.1	-0.4

Four accounts were below the estimated amount while three accounts exceeded the official estimate. The differences ranged in magnitude from -\$7.3 million to \$2.8 million. Among the accounts, motor vehicle usage tax was \$1.2 million below estimate while motor fuels revenues were \$0.3 million above the estimate. All other accounts, taken together, were \$6.1 million below forecasted levels.

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KENTUCKY STATE GOVERNMENT REVENUE
1. GENERAL FUND REVENUE

	<u>JUNE</u> <u>2024</u>	<u>JUNE</u> <u>2023</u>	<u>% Change</u>	<u>JULY THROUGH JUNE</u> <u>FY 2024</u>	<u>JULY THROUGH JUNE</u> <u>FY 2023</u>	<u>% Change</u>
TOTAL GENERAL FUND	\$1,382,878,839	\$1,363,472,960	1.4%	\$15,571,258,639	\$15,147,662,170	2.8%
Tax Receipts	\$1,317,823,674	\$1,298,103,991	1.5%	\$14,792,490,987	\$14,527,687,760	1.8%
Sales and Gross Receipts	\$567,270,353	\$574,575,717	-1.3%	\$6,719,517,184	\$6,453,385,746	4.1%
Beer Consumption	684,994	518,587	32.1%	6,847,863	6,064,945	12.9%
Beer Wholesale	8,592,763	6,486,349	32.5%	69,087,217	69,440,398	-0.5%
Cigarette	24,286,186	29,547,475	-17.8%	270,459,361	299,280,936	-9.6%
Distilled Spirits Case Sales	10,397	21,417	-51.5%	300,887	234,898	28.1%
Distilled Spirits Consumption	1,269,021	1,736,242	-26.9%	19,217,935	18,828,726	2.1%
Distilled Spirits Wholesale	4,707,690	6,797,873	-30.7%	76,458,261	73,923,974	3.4%
Insurance Premium	23,188,963	16,627,650	39.5%	221,184,299	195,995,018	12.9%
Pari-Mutuel	5,825,353	5,867,346	-0.7%	65,586,754	56,281,309	16.5%
Race Track Admission	0	0	---	0	63,820	-100.0%
Sales and Use	482,981,415	491,464,996	-1.7%	5,802,582,156	5,576,312,025	4.1%
Wine Consumption	134,459	266,620	-49.6%	3,048,562	3,159,312	-3.5%
Wine Wholesale	941,411	1,796,225	-47.6%	20,126,299	20,382,672	-1.3%
Telecommunications Tax	6,556,737	5,787,910	13.3%	80,709,719	75,663,030	6.7%
Other Tobacco Products	3,972,944	3,939,774	0.8%	42,617,956	41,979,246	1.5%
Floor Stock Tax	37,872	24	---	39,359	2,666	1376.5%
Car Rental & Ride Sharing	4,080,147	3,717,230	9.8%	41,250,554	15,772,771	161.5%
Natural Resources	\$8,755,850	\$10,222,366	-14.3%	\$115,048,798	\$147,031,423	-21.8%
Coal Severance	5,813,387	6,353,314	-8.5%	77,833,048	96,553,542	-19.4%
Oil Production	582,219	847,742	-31.3%	6,024,470	7,565,799	-20.4%
Minerals Severance	2,028,042	2,458,909	-17.5%	27,600,394	26,321,853	4.9%
Natural Gas Severance	332,202	562,402	-40.9%	3,590,886	16,590,229	-78.4%
Individual Income Tax	\$487,667,448	\$481,534,308	1.3%	\$5,807,499,108	\$5,843,883,534	-0.6%
Withholding	390,799,994	405,164,668	-3.5%	4,774,724,862	5,108,675,646	-6.5%
Declarations	54,415,416	77,448,618	-29.7%	448,403,001	634,549,279	-29.3%
Net Returns	(22,717,039)	(1,165,830)	---	(188,086,505)	105,541,005	---
Fiduciary	(208,615)	(589,805)	---	(19,456,812)	(5,734,074)	---
Pass-Through Entity Tax	65,377,692	676,657	9561.9%	791,914,561	851,678	---
Major Business Taxes	\$221,512,063	\$203,148,182	9.0%	\$1,249,136,483	\$1,221,612,834	2.3%
Corporation Income	192,062,811	180,531,876	6.4%	913,372,008	1,006,250,613	-9.2%
LLET	29,449,252	22,616,306	30.2%	335,764,475	215,362,221	55.9%
Property	\$24,779,204	\$22,118,099	12.0%	\$808,162,087	\$774,375,669	4.4%
General - Real	127,373	26,349	383.4%	361,140,907	338,783,090	6.6%
General - Tangible	804,206	648,797	24.0%	136,767,551	136,505,807	0.2%
Tangible - Motor Vehicle	20,568,804	17,510,072	17.5%	198,448,597	197,506,861	0.5%
Omitted & Delinquent	2,364,550	4,013,872	-41.1%	20,797,642	17,215,367	20.8%
Public Service	914,271	(80,946)	---	86,054,426	80,924,768	6.3%
Other	0	(45)	---	4,952,963	3,439,776	44.0%
Inheritance Tax	\$4,947,514	\$5,577,915	-11.3%	\$75,635,004	\$71,809,112	5.3%
Miscellaneous	\$2,891,242	\$927,403	211.8%	\$17,492,324	\$15,589,443	12.2%
License and Privilege	\$317,261	\$520,002	-39.0%	1,944,461	2,268,760	-14.3%
Bank Franchise	\$800,810	(\$1,004,755)	---	542,654	(1,240,636)	---
Legal Process	793,967	429,100	85.0%	9,102,747	9,173,850	-0.8%
T. V. A. In Lieu Payments	969,320	969,576	0.0%	5,872,896	5,018,465	17.0%
Other	9,884	13,479	-26.7%	29,566	369,004	-92.0%
Nontax Receipts	\$64,872,122	\$65,141,214	-0.4%	\$776,477,108	\$611,879,618	26.9%
Departmental Fees	2,763,598	2,412,645	14.5%	18,050,560	15,961,962	13.1%
PSC Assessment Fee	2,912,265	1,696,005	71.7%	14,079,612	11,910,522	18.2%
Fines & Forfeitures	1,613,816	1,553,458	3.9%	21,926,522	19,798,963	10.7%
Income on Investments	29,767,610	23,769,014	25.2%	300,188,056	150,510,534	99.4%
Lottery	22,025,831	29,683,817	-25.8%	343,574,700	336,974,700	2.0%
Miscellaneous	5,789,001	6,026,274	-3.9%	78,657,657	76,722,937	2.5%
Redeposit of State Funds	\$183,043	\$227,755	-19.6%	\$2,290,543	\$8,094,791	-71.7%

2. ROAD FUND REVENUE

	<u>JUNE</u> <u>2024</u>	<u>JUNE</u> <u>2023</u>	<u>% Change</u>	<u>JULY THROUGH JUNE</u> <u>FY 2024</u>	<u>FY 2023</u>	<u>% Change</u>
TOTAL STATE ROAD FUND	\$170,884,577	\$163,542,694	4.5%	\$1,874,570,513	\$1,753,323,281	6.9%
Tax Receipts-	\$165,971,216	\$160,735,367	3.3%	\$1,830,583,626	\$1,717,417,646	6.6%
Sales and Gross Receipts	\$141,065,318	\$135,435,113	4.2%	\$1,576,573,167	\$1,458,609,862	8.1%
Motor Fuels Taxes	84,736,870	76,017,923	11.5%	905,442,929	798,263,863	13.4%
Motor Vehicle Usage	56,288,790	59,417,189	-5.3%	670,961,957	660,345,999	1.6%
EV Charging Station Tax	39,658	0	---	168,281	0	---
License and Privilege	\$24,905,898	\$25,300,254	-1.6%	\$254,010,459	\$258,807,784	-1.9%
Motor Vehicles	21,062,561	21,214,420	-0.7%	119,531,390	126,713,604	-5.7%
Motor Vehicle Operators	2,808,501	2,830,627	-0.8%	32,689,269	29,736,792	9.9%
Weight Distance	276,551	367,747	-24.8%	86,794,007	87,722,299	-1.1%
Truck Decal Fees	5,000	20,320	-75.4%	199,820	240,000	-16.7%
Other Special Fees	753,285	867,140	-13.1%	14,795,972	14,395,089	2.8%
Nontax Receipts	\$4,817,856	\$2,752,723	75.0%	\$42,039,415	\$35,523,095	18.3%
Departmental Fees	1,839,907	1,865,511	-1.4%	19,685,933	24,785,707	-20.6%
In Lieu of Traffic Fines	11,355	20,880	-45.6%	178,800	443,040	-59.6%
Income on Investments	2,245,449	478,912	368.9%	14,617,002	6,308,931	131.7%
Miscellaneous	452,465	387,419	16.8%	6,111,739	3,985,418	53.4%
Hybrid/Electric Annual Fee	268,680	0	---	1,445,941	0	---
Redeposit of State Funds	\$95,505	\$54,604	74.9%	\$1,947,472	\$382,540	409.1%

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