Office of State Budget Director
200 Mero Street, 5th Floor
Frankfort, Kentucky 40622

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

Andy Beshear
Governor

John Hicks
State Budget Director

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

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Contact: John Hicks
502-564-7300

GENERAL AND ROAD FUND RECEIPTS REPORTED FOR FISCAL YEAR 2026

General Fund receipts exceed budgeted estimates
General Fund receipts total almost $16.0 billion
Road Fund collections total $1,821.9 million
General Fund receipts increased 1.7 percent over prior year
Road Fund receipts decreased 2.2 percent compared to prior year

FRANKFORT, KY – (Friday, July 10, 2026) - The Office of State Budget Director reported today that General Fund receipts for fiscal year 2026 (FY26) totaled $15,975.5 million, a 1.7 percent increase over the prior fiscal year. The official revenue estimate determined in December 2025 called for a $156 million revenue shortfall. Instead revenues came in $320.6 million more than originally budgeted and exceeded the December 2025 official revenue estimate by $476.6 million, indicating better than expected performance of Kentucky's economy.

The final budget surplus amount for FY26 will be known once the accounting records for expenditures are completed later this month. Road Fund revenues totaled $1,821.9 million, 2.2 percent less than the FY25 total. Compared to the originally budgeted FY26 Road Fund estimate of $1,894.3 million, actual revenues fell short of the estimate by $72.4 million, and are less than the December 2025 official revenue estimate by $22.1 million.

Surplus revenues in the General Fund are largely tied to the sales tax and the individual income tax. For the year, sales tax receipts were 6.4 percent higher than the prior year. Performance of the sales tax improved in each quarter throughout FY26, with percentage growth of 3.9, 6.7, 7.2, and 8.0 percent, respectively for the four quarters.

Individual income tax receipts rose 4.6 percent in FY26 on the strength of estimated payments and net returns. Receipts for the year were $247.3 million more than FY25 collections. Estimated payments grew 29.4 percent. Individual income tax revenues increased 8.7 percent in the first six months of the year before easing over the next two quarters due to the tax rate cut from 4.0 percent to 3.5 percent that became effective on January 1, 2026. Withholding collections grew by 6.1 percent in the first half of the year. After the 12.5 percent tax rate cut, withholding collections fell only 6.3 percent in the second half of the year. For the year withholding collections declined by 0.4 percent.

State Budget Director John Hicks remarked that “General Fund growth of 6.2 percent in June capped off a very strong fourth quarter when receipts climbed 7.2 percent. The growth rates for the sales and income taxes, our largest revenue sources, and better than expected business tax collections, reflect strength in the earnings of both Kentuckians and Kentucky businesses. The FY26 annual growth rate of 1.7 percent outperformed the official estimate which called for a 1.3 percent decline.”

Table 1 compares General Fund collections to the official and enacted estimates.

Table 1
Summary of FY26 General Fund Receipts
Actual vs. Official and Enacted Estimates

	FY 26 Enacted Estimate	**FY 26 Official Estimate**	**FY26 Actual**	**Actual vs Enacted Estimate**	**Actual vs Official Estimate**
Individual Income	5,381.1	5,382.8	5,566.4	185.3	183.6
Sales & Use	6,299.1	6,047.7	6,196.6	(102.5)	148.9
Corp. Inc. & LLET	1,352.9	1,347.1	1,432.7	79.8	85.6
Property	861.9	864.2	853.0	(8.9)	(11.2)
Lottery	370.0	370.0	370.0	-	-
Cigarettes	231.7	224.7	246.1	14.4	21.4
Coal Severance	47.9	55.1	63.0	15.1	7.9
Other	1,110.3	1,207.3	1,247.7	137.4	40.4
Total General Fund	**15,654.9**	**15,498.9**	**15,975.5**	**320.6**	**476.6**

Actual General Fund receipts exceeded the enacted estimates in five of the eight major accounts with one account hitting the estimate exactly. Actual receipts were within 2.0 percent of the FY26 enacted General Fund estimates.

A summary of General Fund collections for FY26 and FY25 is shown in Table 2. For the year, receipts grew 1.7 percent, or $272.3 million over FY25.

Table 2
Summary of General Fund Receipts
FY26 and FY25

	Actual FY26	Actual FY25	Difference %
Individual Income	5,566.4	5,319.2	4.6
Sales & Use	6,196.6	5,821.3	6.4
Corp. Inc. & LLET	1,432.7	1,834.5	(21.9)
Property	853.0	839.3	1.6
Lottery	370.0	350.7	5.5
Cigarettes	246.1	243.6	1.1
Coal Severance	63.0	56.1	12.3
Other	1,247.7	1,238.6	0.7
TOTAL	**15,975.5**	**15,703.2**	**1.7**

Individual Income Tax:

Individual income tax receipts rose 4.6 percent on the strength of declarations and net returns. Receipts for the year were $247.3 million more than FY25 collections. Among the accounts, declarations grew by $100.6 million, net returns grew by $153.6 million, and withholding and Pass-Through Entity tax revenue were essentially flat. Withholding collections grew by 6.1 percent in the first half of the year. After the January 2026 12.5 percent tax rate cut, withholding collections fell only 6.3 percent in the second half of the year. For the year withholding collections declined by 0.4 percent.

Sales and Use Taxes:

Sales and use tax receipts were 6.4 percent higher than FY25 levels on growth of $375.3 million. The 6.0 percent leap in sales tax collections in FY26 breaks a streak of declining growth in fiscal years 2024 and 2025, where growth was a modest 4.1 percent in FY24 followed by 0.3 percent in FY25.

Business Taxes:

Combined corporation income and the Limited Liability Entity taxes (LLET) collections fell 21.9 percent, or $401.8 million, compared to last year, but were still better than estimated. The drop in revenues can be attributed to unusually high nonrecurring estimated payments received last year.

Property Taxes:

Property tax receipts rose 1.6 percent in FY26 on the strength of real property which grew by nearly $16 million. Property tax receipts can vary greatly due to timing issues in the billing and collection cycle.

Cigarette Taxes:

Revenues from the cigarette tax reversed a five-year slide and rose 1.1 percent, or $2.6 million, in FY26. Collections fell in the first and fourth quarters but growth in the middle six months of the year more than compensated for those declines.

Coal Severance Taxes:

After declining sharply over the past two years, coal severance collections grew 12.3 percent in FY26. All three categories of severance taxes exceeded the official estimates. Coal Severance tax collections in FY26 were $63.0 million, $7.9 million higher than the official estimate of $55.1 million.

Lottery and Other Revenues:

Collections from the Kentucky Lottery Corporation rose $19.3 million, or 5.5 percent for the year just ended. The "other" category, which includes multiple taxes and fees such as inheritance taxes, gross receipts and excise taxes, and insurance premium taxes grew 0.7 percent for the year.

Income on Investments:

General Fund income on investments totaled $244.1 million, $78.9 million lower than FY25. Declining balances led to the drop in receipts.

Road Fund

Road Fund revenues for FY26 totaled $1,821.9 million, a decrease of 2.2 percent from the previous fiscal year. Total receipts were $41.6 million less than FY25 levels, with a 1.4 cent tax rate reduction contributing to lower motor fuels tax collections. Revenues grew narrowly in the first two quarters of the year before dropping 4.6 percent in the second half of FY26. Growth rates for the four quarters were 0.1 percent, 0.3 percent, -2.0 percent and -6.8 percent, respectively.

Table 3 compares Road Fund collections to the official and enacted estimates.

Table 3
Summary of FY26 Road Fund Receipts
Actual vs. Official and Enacted Estimates

	FY 26 Enacted Estimate	FY 26 Official Estimate	FY26 Actual	Actual vs Enacted Estimate	Actual vs Official Estimate
Motor Fuels	923.6	806.2	790.7	(132.9)	(15.5)
Motor Vehicle Usage	660.3	737.6	734.2	73.9	(3.4)
Motor Vehicle License	130.9	120.4	121.1	(9.8)	0.7
Motor Vehicle Operators	32.3	34.6	31.3	(1.0)	(3.3)
Weight Distance	91.7	88.1	87.1	(4.6)	(1.0)
Investment	6.2	9.2	6.9	0.7	(2.3)
Other	49.3	47.9	50.6	1.3	2.7
Total Road Fund	**1,894.3**	**1,844.0**	**1,821.9**	**(72.4)**	**(22.1)**

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Motor fuels tax revenues had the largest change when compared to the budgeted estimate and the prior year, primarily because the actual tax rates were 4.1 cents lower than the rates in the budgeted estimate and were 5.0 percent lower than in FY25.

Motor vehicle usage tax collections are the second-largest revenue source in the Road Fund making up 40 percent of Road Fund revenues. Collections grew by 2.0 percent over the prior year. The $734.2 million annual amount set another all-time high.

Motor vehicle license receipts rose by 3.3 percent over the prior year.

Road Fund collections for FY26 were 2.2 percent less than the FY25 revenues as shown in Table 4.

Table 4
Summary of Road Fund Receipts
FY26 and FY25

	Actual FY26	**Actual FY25**	**Difference (%)**
Motor Fuels	790.7	836.4	(5.5)
Motor Vehicle Usage	734.2	719.5	2.0
Motor Vehicle License	121.1	117.3	3.3
Motor Vehicle Operators	31.3	33.7	(7.0)
Weight Distance	87.1	86.3	0.9
Investment	6.9	19.0	(63.6)
Other	50.6	51.4	(1.6)
TOTAL	**1,821.9**	**1,863.5**	**(2.2)**

Only three of the seven of the Road Fund major accounts exceeded FY25 totals; motor vehicle usage, motor vehicle license and weight distance. These accounts combined to grow by $19.4 million while the remaining accounts declined by $61.0 million. The largest of the declining revenue sources was motor fuels taxes, which dropped by $45.7 million.

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KENTUCKY STATE GOVERNMENT REVENUE
1. GENERAL FUND REVENUE

	JUNE 2026	JUNE 2025	% Change	JULY THROUGH JUNE FY 2026	FY 2025	% Change
TOTAL GENERAL FUND	**$1,515,193,660**	**$1,427,226,367**	**6.2%**	**$15,975,510,533**	**$15,703,197,887**	**1.7%**
Tax Receipts	$1,462,377,884	$1,319,727,168	10.8%	$15,188,797,690	$14,897,416,750	2.0%
Sales and Gross Receipts	$626,664,113	$538,984,392	16.3%	$7,125,390,638	$6,717,904,749	6.1%
Beer Consumption	311,422	519,044	-40.0%	5,280,650	4,683,885	12.7%
Beer Wholesale	3,640,594	6,496,759	-44.0%	65,512,086	68,631,695	-4.5%
Cigarette	21,507,956	23,793,557	-9.6%	246,146,573	243,555,668	1.1%
Distilled Spirits Case Sales	18,869	17,638	7.0%	235,431	223,105	5.5%
Distilled Spirits Consumption	1,451,558	1,551,508	-6.4%	18,833,437	17,232,813	9.3%
Distilled Spirits Wholesale	5,479,342	5,290,515	3.6%	72,496,394	68,455,252	5.9%
Insurance Premium	42,174,345	18,731,653	125.2%	249,474,587	239,227,488	4.3%
Pari-Mutuel	9,289,331	6,529,924	42.3%	84,044,404	74,157,769	13.3%
Race Track Admission	0	0	---	0	0	---
Sales and Use	525,449,037	469,845,624	11.8%	6,196,599,167	5,821,340,448	6.4%
Wine Consumption	208,170	108,144	92.5%	2,698,674	2,509,228	7.5%
Wine Wholesale	1,448,477	770,277	88.0%	19,045,329	17,019,953	11.9%
Telecommunications Tax	6,725,645	(2,452,468)	---	83,548,583	79,821,646	4.7%
Other Tobacco Products	3,020,215	3,616,119	-16.5%	34,544,363	38,286,213	-9.8%
Floor Stock Tax	23	0	---	749	311	141.0%
Car Rental & Ride Sharing	5,939,127	4,166,097	42.6%	46,930,211	42,759,273	9.8%
Natural Resources	$11,766,860	$8,407,752	40.0%	$107,997,118	$93,593,346	15.4%
Coal Severance	6,837,489	4,688,493	45.8%	62,955,467	56,051,277	12.3%
Oil Production	574,974	295,321	94.7%	4,811,067	5,170,802	-7.0%
Minerals Severance	3,074,684	2,675,918	14.9%	32,785,243	27,521,517	19.1%
Natural Gas Severance	1,279,714	748,019	71.1%	7,445,341	4,849,750	53.5%
Individual Income Tax	$510,429,146	$507,992,531	0.5%	$5,566,407,417	$5,319,190,492	4.6%
Withholding	355,271,447	414,120,436	-14.2%	4,569,501,477	4,585,636,407	-0.4%
Declarations	79,751,713	65,629,490	21.5%	442,970,080	342,404,353	29.4%
Net Returns	9,050,395	(17,678,681)	---	41,369,493	(112,223,595)	---
Fiduciary	3,645,732	441,752	725.3%	777,287	(6,742,337)	---
Pass-Through Entity Tax	62,709,859	45,479,535	37.9%	511,789,080	510,115,663	0.3%
Major Business Taxes	$278,657,125	$239,529,414	16.3%	$1,432,727,055	$1,834,491,754	-21.9%
Corporation Income	205,246,399	211,699,555	-3.0%	649,595,200	1,213,673,240	-46.5%
LLET	73,410,727	27,829,859	163.8%	783,131,855	620,818,514	26.1%
Property	$24,367,661	$15,352,932	58.7%	$852,960,490	$839,307,942	1.6%
General - Real	(36,627)	26,597	---	384,401,993	368,481,106	4.3%
General - Tangible	1,300,593	838,012	55.2%	144,604,601	151,427,895	-4.5%
Tangible - Motor Vehicle	13,152,116	16,482,677	-20.2%	210,483,533	210,440,605	0.0%
Omitted & Delinquent	5,435,870	(2,875,761)	---	18,291,484	16,501,092	10.9%
Public Service	4,513,352	867,204	420.4%	90,129,046	87,955,067	2.5%
Other	2,357	14,202	-83.4%	5,049,833	4,502,177	12.2%
Inheritance Tax	$7,337,738	$6,551,996	12.0%	$84,331,959	$77,705,686	8.5%
Miscellaneous	$3,155,240	$2,908,150	8.5%	$18,983,013	$15,222,782	24.7%
License and Privilege	$142,123	$201,480	-29.5%	1,639,288	1,972,919	-16.9%
Bank Franchise	$0	$0	---	(5,946)	(3,135,516)	---
Legal Process	756,951	714,258	6.0%	10,114,621	9,298,450	8.8%
T. V. A. In Lieu Payments	2,203,853	1,985,545	11.0%	7,140,537	7,052,203	1.3%
Other	52,314	6,867	661.9%	94,513	34,726	172.2%
Nontax Receipts	$52,773,944	$107,314,038	-50.8%	$784,433,573	$803,667,038	-2.4%
Departmental Fees	2,663,167	3,568,332	-25.4%	21,491,039	20,267,397	6.0%
PSC Assessment Fee	25,845	50	51589.5%	14,708,654	10,903,018	34.9%
Fines & Forfeitures	1,686,391	1,592,553	5.9%	20,655,875	20,047,078	3.0%
Income on Investments	19,078,696	27,336,024	-30.2%	244,145,738	322,995,930	-24.4%
Lottery	27,613,936	17,707,480	55.9%	370,000,000	350,679,200	5.5%
Miscellaneous	1,705,910	57,109,599	-97.0%	113,432,268	78,774,414	44.0%
Redeposit of State Funds	$41,832	$185,160	-77.4%	$2,260,142	$2,114,099	6.9%

2. ROAD FUND REVENUE

	JUNE 2026	JUNE 2025	% Change	JULY THROUGH JUNE FY 2026	FY 2025	% Change
TOTAL STATE ROAD FUND	**$142,771,725**	**$165,018,687**	**-13.5%**	**$1,821,935,424**	**$1,863,514,808**	**-2.2%**
Tax Receipts-	$139,618,974	$160,349,369	-12.9%	$1,781,204,692	$1,807,699,895	-1.5%
Sales and Gross Receipts	$117,503,432	$137,095,535	-14.3%	$1,525,725,562	$1,556,494,900	-2.0%
Motor Fuels Taxes	53,938,518	74,323,043	-27.4%	790,695,433	836,423,221	-5.5%
Motor Vehicle Usage	63,487,552	62,714,209	1.2%	734,223,935	719,491,851	2.0%
EV Charging Station Tax	77,361	58,283	32.7%	806,194	579,828	39.0%
License and Privilege	$22,115,543	$23,253,833	-4.9%	$255,479,130	$251,204,994	1.7%
Motor Vehicles	18,026,916	18,903,163	-4.6%	121,165,674	117,298,059	3.3%
Motor Vehicle Operators	2,648,800	3,115,208	-15.0%	31,330,909	33,697,722	-7.0%
Weight Distance	422,053	389,063	8.5%	87,074,371	86,270,947	0.9%
Truck Decal Fees	14,860	12,400	19.8%	179,560	180,820	-0.7%
Other Special Fees	1,002,913	833,999	20.3%	15,728,616	13,757,447	14.3%
Nontax Receipts	$2,991,433	$4,638,293	-35.5%	$39,566,263	$52,316,307	-24.4%
Departmental Fees	1,826,907	1,862,198	-1.9%	22,671,976	23,421,143	-3.2%
In Lieu of Traffic Fines	13,425	14,400	-6.8%	168,000	164,955	1.8%
Income on Investments	396,840	2,125,856	-81.3%	6,908,676	18,965,486	-63.6%
Miscellaneous	376,799	484,367	-22.2%	6,704,128	6,666,689	0.6%
Hybrid/Electric Annual Fee	377,462	151,472	149.2%	3,113,482	3,098,034	0.5%
Redeposit of State Funds	$161,318	$31,025	420.0%	$1,182,035	$3,498,606	-66.2%

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