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**GENERAL AND ROAD FUND RECEIPTS REPORTED FOR
FISCAL YEAR 2025**

General Fund receipts total \$15.7 billion

Road Fund collections total \$1,863.5 million

General Fund receipts increased 0.8 percent over prior year

Road Fund receipts decreased 0.6 percent compared to prior year

FRANKFORT, KY – (Thursday, July 10, 2025) - The Office of State Budget Director reported today that General Fund receipts for fiscal year 2025 (FY25) totaled \$15,703.2 million, exceeding FY24 total revenue by \$131.9 million, or 0.8 percent. General Fund revenues exceeded the official revenue estimates by a nearly identical amount, \$131.3 million. The final budget surplus amount for FY25 will be known once the accounting records for expenditures are completed later this month. Road Fund revenues totaled \$1,863.5 million, 0.6 percent less than the FY24 total. Compared to the official FY25 Road Fund estimate of \$1,825.0 million, actual revenues exceeded the estimate by \$38.5 million.

State Budget Director John Hicks stated, "Both funds produced revenues in excess of the enacted estimates. Major business taxes far exceeded the official estimates offsetting lower than forecasted income and sales tax receipts. Strength in business taxes demonstrates that Kentucky businesses are producing at a profitable level. On the Road Fund ledger, the use tax paid on the sales price of new and used vehicles provided the collections needed to surpass the official estimate by \$38.5 million. Car and truck sales are evidence that Kentucky consumers are earning working wages sufficient to finance these purchases."

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Table 1 compares General Fund collections to the official estimates.

Table 1
Summary of FY25 General Fund Receipts
Actual vs. Official Estimate

	FY 25	FY 25	Difference	Difference
	<u>Actual</u>	<u>Estimate</u>	<u>(\$ mil)</u>	<u>(%)</u>
Sales and Use	5,821.3	6,080.1	-258.8	-4.3
Individual Income	5,319.2	5,546.3	-227.1	-4.1
Corp Inc & LLET	1,834.5	1,327.8	506.7	38.2
Coal Severance	56.1	65.4	-9.4	-14.3
Cigarette Taxes	243.6	249.5	-5.9	-2.4
Property	839.3	837.2	2.1	0.3
Lottery	350.7	350.7	0.0	0.0
Other	<u>1,238.6</u>	<u>1,114.9</u>	<u>123.7</u>	<u>11.1</u>
TOTAL	15,703.2	15,571.9	131.3	0.8

Four accounts had differences that were within \$10 million of the actual amounts. Another four accounts had variations ranging from \$125 million to \$500 million. The larger differences cancelled each other out so that, in total, General Fund estimates were within 1 percent of actual receipts.

A summary of General Fund collections for FY25 and FY24 is shown in Table 2. For the year, receipts grew 0.8 percent, or \$131.9 million over FY24 levels. The accounts with significant changes were the individual income and the major business taxes. Individual income tax revenues were \$488.3 million less than what was collected last year while the major business tax collections exceeded FY24 receipts by \$585.4 million.

Table 2
Summary of General Fund Receipts
FY25 and FY24

	Actual	Actual	Difference	Difference
	<u>FY25</u>	<u>FY24</u>	<u>(\$ mil)</u>	<u>(%)</u>
Sales and Use	5,821.3	5,802.6	18.8	0.3
Individual Income	5,319.2	5,807.5	-488.3	-8.4
Corp Inc & LLET	1,834.5	1,249.1	585.4	46.9
Coal Severance	56.1	77.8	-21.8	-28.0
Cigarette Taxes	243.6	270.5	-26.9	-9.9
Property	839.3	808.2	31.1	3.9
Lottery	350.7	343.6	7.1	2.1
Other	<u>1,238.6</u>	<u>1,212.0</u>	<u>26.6</u>	<u>2.2</u>
TOTAL	15,703.2	15,571.3	131.9	0.8

Sales and Use Taxes:

Sales and use tax receipts were essentially unchanged from FY24 levels with growth of 0.3 percent. Growth rates were modest in all four quarters with growth in the first and fourth quarters and declines in the two middle periods. Growth rates for the quarters were 1.3 percent, -0.3 percent, -2.9 percent and 3.1 percent.

Individual Income Tax:

Individual income tax receipts experienced a sharp decline due to a drop in the tax rate as well as timing associated with the Pass-Through Entity Tax (PTET). Receipts for the year were \$488.3 million less than FY24 collections. The PTET created timing issues regarding payments and credits in FY24 and FY25. The result is that substantial PTET credits from prior tax years were taken in FY25 and caused a significant reduction to individual income tax receipts for the fiscal year. Additionally, the tax rate for the individual income tax declined from 4.5 to 4.0 percent effective on January 1, 2024. This rate reduction led to lower collections in the first half of FY25 from July through December. Among the accounts, withholding collections fell by 4.0 percent, declarations were down 23.6 percent and PTET revenue fell by 35.6 percent. The \$5.3 billion in individual income tax receipts compares to \$6.0 billion in FY22 when the tax rate was 5 percent.

Business Taxes:

Combined corporation income tax and the Limited Liability Entity Tax (LLET) collections grew 46.9 percent, or \$585.4 million, compared to last year. The \$1.8 billion in receipts from these two accounts shattered the previous fiscal year record of \$1.25 billion set in FY24. The strong growth in FY25 can be attributed to estimated payments. Quarterly growth rates for the taxes were 73.5 percent, 79.3 percent, 124.4 percent and 9.6 percent.

Coal Severance Taxes:

After temporarily rebounding in FY23, coal severance tax revenues returned to their long-term trend declining 19.4 percent in FY24 and 28.0 percent in FY25. Receipts for the year were \$56.1 million, \$21.8 million less than what was collected last year. Quarterly growth rates for this account were -27.5 percent, 66.4 percent, -47.2 percent and -58.1 percent.

Tobacco Taxes:

Revenues from the cigarette tax declined for the fifth consecutive year in FY25, falling \$26.9 million, or 9.9 percent. Cigarette tax revenues declined in all four quarters. The rates were -6.8 percent, -10.9 percent, -15.0 percent and -8.0 percent.

Property Taxes:

Property tax receipts rose 3.9 percent in FY25 on the strength of motor vehicles and tangible property which combined to grow by \$26.7 million. Growth was strongest in the first and fourth quarters of the year. Growth rates for the four quarters were 11.1 percent, 0.8 percent, 0.6 percent and 22.5 percent.

Lottery and Other Revenues:

Collections from the Kentucky Lottery Corporation that are deposited into the General Fund rose \$7.1 million, or 2.1 percent for the year just ended. The “other” category – which includes multiple taxes, fees, and nontax revenues – grew 2.2 percent in FY25. Accounts such as investment income, inheritance taxes, and insurance premium taxes are included in this category of General Fund Revenues. Investment income exceeded \$300 million for the second straight year, driven by historically high reserve balances. Quarterly growth rates for the “other” account were 23.0 percent, -0.9 percent, -1.9 percent and -7.5 percent.

Road Fund

Road Fund revenues for FY25 totaled \$1,863.5 million, a decrease of 0.6 percent from the previous fiscal year. Total receipts were \$11.1 million less than FY24 levels, but four of the seven major accounts had increases. Revenues grew only in the first quarter of the year. Growth rates for the four quarters were 3.6 percent, -3.3 percent, -2.2 percent and -0.6 percent.

Details of Road Fund collections for FY25 and FY24 are shown in Table 3.

Table 3
Summary of Road Fund Receipts
FY25 vs. FY24

	Actual	Actual	Difference	Difference
	<u>FY25</u>	<u>FY24</u>	<u>(\$ mil)</u>	<u>(%)</u>
Motor Fuels	836.4	905.4	-69.0	-7.6
Motor Vehicle Usage	719.5	671.0	48.5	7.2
Motor Vehicle License	117.3	119.5	-2.2	-1.9
Motor Vehicle Operator	33.7	32.7	1.0	3.1
Weight Distance	86.3	86.8	-0.5	-0.6
Investment Income	19.0	14.6	4.3	29.7
Other	<u>51.4</u>	<u>44.5</u>	<u>6.8</u>	<u>15.3</u>
TOTAL	1,863.5	1,874.6	-11.1	-0.6

Motor fuels tax revenues had the largest change when compared to FY24 receipts. The decrease was largely the result of a 7.6 percent drop in the tax rate per gallon. Collections were \$69.0 million, or 7.6 percent, less than what was received in the prior year. Quarterly growth rates for motor fuels taxes were -2.1 percent, -8.1 percent, -12.4 percent and -8.2 percent.

Motor vehicle usage tax collections reached an all-time high for the fourth consecutive year with receipts of \$719.5 million, a 7.2 percent increase over FY24. Revenues were strong throughout the year with growth rates of 9.4 percent, 3.1 percent, 6.1 percent and 9.8 percent for the four quarters.

Motor vehicle license receipts declined \$2.2 million, or 1.9 percent while motor vehicle operators' receipts increased by \$1.0 million. Weight distance revenues fell \$0.5 million. Investment income continued to improve with receipts of \$19.0 million this year. Lastly, "other" income grew \$6.8 million.

Road Fund collections for FY25 were \$38.5 million more than the official revenue estimate as shown in Table 4.

Table 4
Summary of FY25 Road Fund Receipts
Actual vs. Official Estimate

	FY 25	FY 25	Difference	Difference
	<u>Actual</u>	<u>Estimate</u>	<u>(\$ mil)</u>	<u>(%)</u>
Motor Fuels	836.4	866.8	-30.4	-3.5
Motor Vehicle Usage	719.5	650.1	69.4	10.7
Motor Vehicle License	117.3	128.1	-10.8	-8.4
Motor Vehicle Operators	33.7	32.0	1.7	5.3
Weight Distance	86.3	89.7	-3.4	-3.8
Investment Income	19.0	9.5	9.5	99.6
Other	<u>51.4</u>	<u>48.8</u>	<u>2.6</u>	<u>5.3</u>
TOTAL	1,863.5	1,825.0	38.5	2.1

Three accounts were below the estimated amount while four accounts exceeded the official estimate. The forecasting differences ranged in magnitude from -\$30.4 million to \$69.4 million. Among the accounts, motor vehicle usage tax was \$69.4 million over the official estimate while motor fuels revenues came in \$30.4 million under the estimate. All other accounts, taken together, were \$0.5 million below forecasted levels.

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KENTUCKY STATE GOVERNMENT REVENUE
1. GENERAL FUND REVENUE

	<u>JUNE</u> <u>2025</u>	<u>JUNE</u> <u>2024</u>	<u>% Change</u>	<u>JULY THROUGH JUNE</u> <u>FY 2025</u>	<u>JULY THROUGH JUNE</u> <u>FY 2024</u>	<u>% Change</u>
TOTAL GENERAL FUND	\$1,427,226,367	\$1,382,877,103	3.2%	\$15,703,197,887	\$15,571,256,903	0.8%
Tax Receipts	\$1,319,727,168	\$1,317,823,674	0.1%	\$14,897,416,750	\$14,792,490,987	0.7%
Sales and Gross Receipts	\$538,984,392	\$567,270,353	-5.0%	\$6,717,904,749	\$6,719,517,184	0.0%
Beer Consumption	519,044	684,994	-24.2%	4,683,885	6,847,863	-31.6%
Beer Wholesale	6,496,759	8,592,763	-24.4%	68,631,695	69,087,217	-0.7%
Cigarette	23,793,557	24,286,186	-2.0%	243,555,668	270,459,361	-9.9%
Distilled Spirits Case Sales	17,638	10,397	69.6%	223,105	300,887	-25.9%
Distilled Spirits Consumption	1,551,508	1,269,021	22.3%	17,232,813	19,217,935	-10.3%
Distilled Spirits Wholesale	5,290,515	4,707,690	12.4%	68,455,252	76,458,261	-10.5%
Insurance Premium	18,731,653	23,188,963	-19.2%	239,227,488	221,184,299	8.2%
Pari-Mutuel	6,529,924	5,825,353	12.1%	74,157,769	65,586,754	13.1%
Race Track Admission	0	0	---	0	0	---
Sales and Use	469,845,624	482,981,415	-2.7%	5,821,340,448	5,802,582,156	0.3%
Wine Consumption	108,144	134,459	-19.6%	2,509,228	3,048,562	-17.7%
Wine Wholesale	770,277	941,411	-18.2%	17,019,953	20,126,299	-15.4%
Telecommunications Tax	(2,452,468)	6,556,737	---	79,821,646	80,709,719	-1.1%
Other Tobacco Products	3,616,119	3,972,944	-9.0%	38,286,213	42,617,956	-10.2%
Floor Stock Tax	0	37,872	-100.0%	311	39,359	-99.2%
Car Rental & Ride Sharing	4,166,097	4,080,147	2.1%	42,759,273	41,250,554	3.7%
Natural Resources	\$8,407,752	\$8,755,850	-4.0%	\$93,593,346	\$115,048,798	-18.6%
Coal Severance	4,688,493	5,813,387	-19.4%	56,051,277	77,833,048	-28.0%
Oil Production	295,321	582,219	-49.3%	5,170,802	6,024,470	-14.2%
Minerals Severance	2,675,918	2,028,042	31.9%	27,521,517	27,600,394	-0.3%
Natural Gas Severance	748,019	332,202	125.2%	4,849,750	3,590,886	35.1%
Individual Income Tax	\$507,992,531	\$487,667,448	4.2%	\$5,319,190,492	\$5,807,499,108	-8.4%
Withholding	414,120,436	390,799,994	6.0%	4,585,636,407	4,774,724,862	-4.0%
Declarations	65,629,490	54,415,416	20.6%	342,404,353	448,403,001	-23.6%
Net Returns	(17,678,681)	(22,717,039)	---	(112,223,595)	(188,086,505)	---
Fiduciary	441,752	(208,615)	---	(6,742,337)	(19,456,812)	---
Pass-Through Entity Tax	45,479,535	65,377,692	-30.4%	510,115,663	791,914,561	-35.6%
Major Business Taxes	\$239,529,414	\$221,512,063	8.1%	\$1,834,491,754	\$1,249,136,483	46.9%
Corporation Income	211,699,555	192,062,811	10.2%	1,213,673,240	913,372,008	32.9%
LLET	27,829,859	29,449,252	-5.5%	620,818,514	335,764,475	84.9%
Property	\$15,352,932	\$24,779,204	-38.0%	\$839,307,942	\$808,162,087	3.9%
General - Real	26,597	127,373	-79.1%	368,481,106	361,140,907	2.0%
General - Tangible	838,012	804,206	4.2%	151,427,895	136,767,551	10.7%
Tangible - Motor Vehicle	16,482,677	20,568,804	-19.9%	210,440,605	198,448,597	6.0%
Omitted & Delinquent	(2,875,761)	2,364,550	---	16,501,092	20,797,642	-20.7%
Public Service	867,204	914,271	-5.1%	87,955,067	86,054,426	2.2%
Other	14,202	0	---	4,502,177	4,952,963	-9.1%
Inheritance Tax	\$6,551,996	\$4,947,514	32.4%	\$77,705,686	\$75,635,004	2.7%
Miscellaneous	\$2,908,150	\$2,891,242	0.6%	\$15,222,782	\$17,492,324	-13.0%
License and Privilege	\$201,480	\$317,261	-36.5%	1,972,919	1,944,461	1.5%
Bank Franchise	\$0	\$800,810	-100.0%	(3,135,516)	542,654	---
Legal Process	714,258	793,967	-10.0%	9,298,450	9,102,747	2.1%
T. V. A. In Lieu Payments	1,985,545	969,320	104.8%	7,052,203	5,872,896	20.1%
Other	6,867	9,884	-30.5%	34,726	29,566	17.5%
Nontax Receipts	\$107,314,038	\$64,872,122	65.4%	\$803,667,038	\$776,477,108	3.5%
Departmental Fees	3,568,332	2,763,598	29.1%	20,267,397	18,050,560	12.3%
PSC Assessment Fee	50	2,912,265	-100.0%	10,903,018	14,079,612	-22.6%
Fines & Forfeitures	1,592,553	1,613,816	-1.3%	20,047,078	21,926,522	-8.6%
Income on Investments	27,336,024	29,767,610	-8.2%	322,995,930	300,188,056	7.6%
Lottery	17,707,480	22,025,831	-19.6%	350,679,200	343,574,700	2.1%
Miscellaneous	57,109,599	5,789,001	886.5%	78,774,414	78,657,657	0.1%
Redeposit of State Funds	\$185,160	\$181,307	2.1%	\$2,114,099	\$2,288,807	-7.6%

2. ROAD FUND REVENUE

	<u>JUNE</u> <u>2025</u>	<u>JUNE</u> <u>2024</u>	<u>% Change</u>	<u>JULY THROUGH JUNE</u> <u>FY 2025</u>	<u>FY 2024</u>	<u>% Change</u>
TOTAL STATE ROAD FUND	\$165,018,687	\$170,963,158	-3.5%	\$1,863,514,808	\$1,874,575,513	-0.6%
Tax Receipts-	\$160,349,369	\$165,976,216	-3.4%	\$1,807,699,895	\$1,830,515,044	-1.2%
Sales and Gross Receipts	\$137,095,535	\$141,065,318	-2.8%	\$1,556,494,900	\$1,576,499,586	-1.3%
Motor Fuels Taxes	74,323,043	84,736,870	-12.3%	836,423,221	905,369,348	-7.6%
Motor Vehicle Usage	62,714,209	56,288,790	11.4%	719,491,851	670,961,957	7.2%
EV Charging Station Tax	58,283	39,658	47.0%	579,828	168,281	244.6%
License and Privilege	\$23,253,833	\$24,910,898	-6.7%	\$251,204,994	\$254,015,459	-1.1%
Motor Vehicles	18,903,163	21,067,561	-10.3%	117,298,059	119,536,390	-1.9%
Motor Vehicle Operators	3,115,208	2,808,501	10.9%	33,697,722	32,689,269	3.1%
Weight Distance	389,063	276,551	40.7%	86,270,947	86,794,007	-0.6%
Truck Decal Fees	12,400	5,000	148.0%	180,820	199,820	-9.5%
Other Special Fees	833,999	753,285	10.7%	13,757,447	14,795,972	-7.0%
Nontax Receipts	\$4,638,293	\$4,891,437	-5.2%	\$52,316,307	\$42,112,996	24.2%
Departmental Fees	1,862,198	1,839,907	1.2%	23,421,143	19,685,933	19.0%
In Lieu of Traffic Fines	14,400	11,355	26.8%	164,955	178,800	-7.7%
Income on Investments	2,125,856	2,245,449	-5.3%	18,965,486	14,617,002	29.7%
Miscellaneous	484,367	526,046	-7.9%	6,666,689	6,185,320	7.8%
Hybrid/Electric Annual Fee	151,472	268,680	-43.6%	3,098,034	1,445,941	114.3%
Redeposit of State Funds	\$31,025	\$95,505	-67.5%	\$3,498,606	\$1,947,472	79.6%

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