
EARMARKED FUNDS

Earmarked funds are reserved to be spent only on a particular program. The taxpayer is still liable for the tax, and the state is still collecting these revenues. The fact that the revenues are earmarked for special purposes does not qualify them as tax expenditures.

Earmarked funds are included for informational purposes in this report because they do have an impact on the amount of usable funds collected by the General Fund and the Road Fund.

Table 21. Total Earmarked Funds

FY 2008	FY 2009	FY 2010
\$40.3 million	\$70.5 million	\$72.4 million

Earmarked Funds

1. Thoroughbred Development Fund - Pari-Mutuel Tax

Kentucky Revised Statute 138.510, effective 1990

Three-quarters of one percent (0.75%) of all pari-mutuel wagering at thoroughbred horse tracks under the jurisdiction of the Kentucky Horse Racing Authority, and 2 percent of wagering at receiving tracks in intertrack wagering as well as telephone account wagering, is deducted from the pari-mutuel tax and deposited in this fund.

FY 2008	FY 2009	FY 2010
\$6.8 million	\$6.8 million	\$6.8 million

2. Equine Industry Program Trust and Revolving Fund - Pari-Mutuel Tax*Kentucky Revised Statute 138.510(3), effective 1990*

One-fifth of one percent (0.2%) of the total amount wagered on live racing in Kentucky and .05 percent of the total amount wagered on intertrack wagering are deducted from the pari-mutuel tax and deposited in this fund. The fund is used for the equine industry program at the University of Louisville.

FY 2008	FY 2009	FY 2010
\$490,000	\$490,000	\$490,000

3. Higher Education Equine Trust and Revolving Fund - Pari-Mutuel Tax*Kentucky Revised Statute 138.510(4), effective 1992*

One-tenth of one percent (0.1%) of the total amount wagered in Kentucky is deducted from the pari-mutuel tax to be deposited in this fund. The fund is used for construction, expansion or renovation of facilities or the purchase of equipment for equine programs at state universities.

FY 2008	FY 2009	FY 2010
\$460,000	\$460,000	\$460,000

4. Standardbred Development Fund - Pari-Mutuel Tax*Kentucky Revised Statute 230.265(3), effective 1990*

One percent of all pari-mutuel wagering at harness host tracks under the jurisdiction of the Kentucky Horse Racing Authority, and 2 percent of wagering at receiving tracks in intertrack wagering as well as telephone account wagering, are deducted from the tax and deposited in this fund.

FY 2008	FY 2009	FY 2010
\$180,000	\$180,000	\$180,000

5. Tobacco Enforcement Program - Cigarette Tax

Kentucky Revised Statute 438.335 and 438.337, effective 1996

One-twentieth of one cent of the three-cent per pack state excise tax on cigarettes is earmarked for the Department of Agriculture to enforce the laws aimed at the prevention of sales of tobacco products to minors.

FY 2008	FY 2009	FY 2010
\$590,000	\$590,000	\$590,000

6. Kentucky Transportation Center - Motor Fuels Tax

Kentucky Revised Statute 177.320(4), effective 1986

The Kentucky Transportation Center receives 0.1 percent of all revenues arising from the imposition of taxes on gasoline, special fuels and liquefied petroleum gas. The receipts are limited to \$190,000 in any fiscal year.

FY 2008	FY 2009	FY 2010
\$190,000	\$190,000	\$190,000

7. Tobacco Research Trust Fund - Cigarette Tax

Kentucky Revised Statute 248.540, effective 1970

One-sixth of the tax collected is earmarked for the Tobacco Research Trust Fund.

FY 2008	FY 2009	FY 2010
\$2.7 million	\$2.7 million	\$2.7 million

8. Equine Drug Research - Pari-Mutuel Tax

Kentucky Revised Statute 230.265(3), effective 1982

An amount equal to 0.1 percent of the total amount wagered in Kentucky is deducted from the pari-mutuel tax to be used in financing drug research and testing.

FY 2008	FY 2009	FY 2010
\$450,000	\$450,000	\$450,000

9. Kentucky Aviation Economic Development Fund - Sales Tax

Kentucky Revised Statute 183.525, effective July 1, 2000

All sales and use tax collected on the sale of aircraft fuel is deposited in this fund.

FY 2008	FY 2009	FY 2010
\$5.6 million	\$5.7 million	\$5.8 million

10. Tax Increment Financing - Various Taxes

*Kentucky Revised Statute 65.495, effective July 14, 2000 and
Kentucky Revised Statute 65.703, effective June 21, 2001*

A locality may create a development area and, with state approval, receive payment of part of the increase in tax revenues within the development area to help offset the cost of development. Potentially all taxes could be involved, although sales, property and income taxes are most utilized because of the dollar volume.

FY 2008	FY 2009	FY 2010
\$3.3 million	\$32.8 million	\$34.0 million

11. Equine Breeder Development Funds - Sales Tax

Kentucky Revised Statute 230.800, 230.802 and 230.804, effective June 1, 2005

Sales tax receipts from stud fees for breeding of horses in this state are earmarked for use in creating breeder incentives. The sales tax is deposited into special funds for future disbursement by the Kentucky Horse Racing Authority. Eighty percent of the receipts are dedicated to the “Kentucky Thoroughbred Breeders Incentive Fund”; thirteen percent to the “Kentucky Standardbred Breeders Incentive Fund”; and 7 percent to the “Kentucky Horse Breeders Incentive Fund.”

Kentucky Thoroughbred Breeders Incentive Fund

FY 2008	FY 2009	FY 2010
\$15.6 million	\$16.0 million	\$16.5 million

Kentucky Horse Breeders Incentive Fund

FY 2008	FY 2009	FY 2010
\$2.5 million	\$2.6 million	\$2.7 million

Kentucky Horse Breeders Incentive Fund

FY 2008	FY 2009	FY 2010
\$1.4 million	\$1.5 million	\$1.6 million

12. County Clerk Share for Collection of Sales Tax on Nonresident Sales

Kentucky Revised Statute 139.778, effective January 1, 2007

In return for collecting sales and use taxes due on tangible personal property purchased out of state at the time of registration or titling, county clerks may retain three percent of the tax collected.

FY 2008	FY 2009	FY 2010
\$100,000	\$150,000	\$150,000