

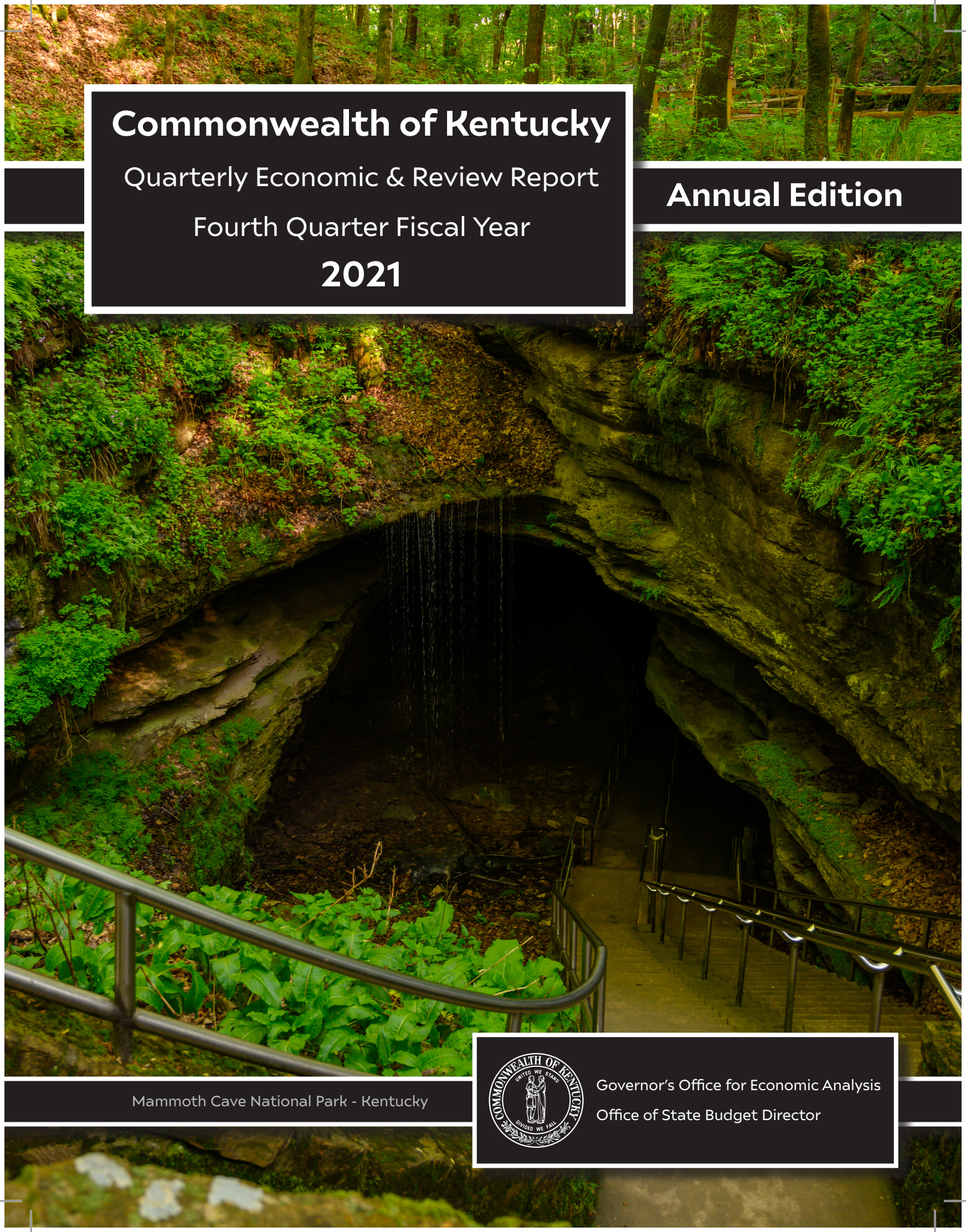
Commonwealth of Kentucky

Quarterly Economic & Review Report

Fourth Quarter Fiscal Year

2021

Annual Edition



Mammoth Cave National Park - Kentucky



Governor's Office for Economic Analysis
Office of State Budget Director



Office of State Budget Director

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Andy Beshear
Governor

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John T. Hicks
State Budget Director

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

July 30, 2021

The Honorable Andy Beshear
Governor
Commonwealth of Kentucky
State Capitol Building
Frankfort, Kentucky 40601

Mr. Jay Hartz, Director
Legislative Research Commission
Room 300, State Capitol
Frankfort, Kentucky 40601

Ms. Laurie Dudgeon, Director
Administrative Office of the Courts
1001 Vandalay Drive
Frankfort, Kentucky 40601

Dear Honorable Governor Beshear, Mr. Hartz and Ms. Dudgeon:

In accordance with KRS 48.400(2), the Office of State Budget Director (OSBD) is directed to continuously monitor the financial situation of the Commonwealth. In furtherance of this directive, OSBD submits this *Quarterly Economic and Revenue Report* for the fourth quarter of fiscal year 2021 (FY21) to the three branches of government.

This report includes the actual revenue receipts for the fourth quarter, the annual review of FY21, and an unofficial forecast for the first three quarters of FY22 (the forecast horizon). The report also provides updates on the national and Kentucky economic landscapes.



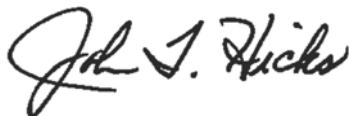
Governor Beshear, Mr. Hartz, Ms. Dudgeon
July 30, 2021
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The current official estimate for FY22 is the enacted projection of \$11,849.8 million, which is 7.6 percent less than actual FY21 General Fund collections. Projected General Fund revenues for the forecasting horizon are displayed in Table 1. This unofficial, interim outlook calls for a 3.3 percent increase in General Fund revenues for the first three quarters of FY22 compared to the same three quarters in FY21. Full year planning estimates for FY22 through FY26 will be available after the Consensus Forecasting Group meets in August.

Road Fund revenues are forecasted to return to a more normal growth pattern after two years of large quarterly fluctuations. It is estimated that revenues will grow 4.6 percent over the first nine months of FY22. All the major accounts are forecasted to increase, with growth rates ranging from 0.6 percent to 11.1 percent.

This office will continue to closely monitor Kentucky's economic and revenue conditions and will provide updates at the appropriate times.

Sincerely,

A handwritten signature in black ink that reads "John T. Hicks". The signature is written in a cursive, flowing style.

John T. Hicks
State Budget Director

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EXECUTIVE SUMMARY

In accordance with KRS 48.400(2), the Office of State Budget Director (OSBD) is directed to continuously monitor the financial situation of the Commonwealth. In fulfillment of this mandate, OSBD submits this *Quarterly Economic and Revenue Report* for the fourth quarter of fiscal year 2021 (FY21). This report includes the actual revenue receipts for the fourth quarter, the annual review of FY21, and an unofficial forecast for the first three quarters of FY22 (the forecast horizon). The report also provides updates on the national and Kentucky economic landscapes. Appendices at the end of the report show General Fund and Road Fund receipts for the prior ten-year period.

Since the previous edition of the quarterly report, the Commonwealth registered very positive collections in both the General and Road funds during the final quarter of FY21. General Fund receipts grew by 10.9 percent in FY21, the highest annual growth rate in 26 years. For the year, actual revenues exceeded the official estimate by \$1.1 billion with all eight major accounts exceeding the estimate. Vaccination progress, federal government aid to individuals and businesses, and increasing consumer confidence have all contributed to an improved Kentucky economy which resulted in higher tax receipts.

The largest three tax types, individual income, sales, and business tax receipts accounted for \$994.3 million of the \$1.1 billion of the revenue surplus. Sales tax receipts grew by 12.0 percent, the highest annual growth rate since the tax rate was raised from five percent to six percent in 1990. Individual income taxes grew by 7.9 percent. Business tax receipts from the corporation income tax and the limited liability entity tax grew 38.1 percent, after yearly growth was below two percent each year for the prior five years.

Projected General Fund Growth for the first three quarters of FY22

Growth in General Fund revenue is expected to continue throughout the forecast horizon, albeit at a slower pace than FY21. The unofficial, interim estimate calls for growth of 3.3 percent over the three-quarter forecast horizon— anchored by solid growth in the largest two revenue sources, the individual income tax and the sales tax. The individual income tax is expected to grow 5.2 percent while the sales and use tax grows by 3.9 percent. Those two revenue accounts comprise 76.1 percent of General Fund expected revenues received in the first three quarters of FY22. Six of the eight major tax accounts are expected to increase, with the lone exceptions being the cigarette tax and the “other” set of accounts.

Projected Road Fund Growth for the first three quarters of FY22

Road Fund revenues are forecasted to return to a more normal growth pattern after two years of large quarterly fluctuations. It is estimated that revenues will grow 4.6 percent over the first nine months of FY22. All the major accounts are forecasted to increase, with growth rates ranging from 0.6 percent to 11.1 percent. Motor fuels tax receipts are expected to increase 6.2 percent over the forecast horizon due to higher demand for fuel. Motor vehicle usage taxes are forecasted to increase 2.8 percent over the same period. Collections in the motor vehicle usage tax account were extremely strong in FY21 with annual collections exceeding the all-time high by over \$106 million. The motor fuels and motor vehicle usage tax accounts comprised over 83 percent of total Road Fund revenues in FY21.

FY21 Surplus Revenues, General Fund and Road Fund

Kentucky's General Fund receipts for FY21 ended much better than expected. The FY21 General Fund revenue surplus is over \$1.1 billion, the highest ever by a multiple of three. The revenue surplus will be deposited into Kentucky's Rainy Day Fund, the Budget Reserve Trust Fund, bringing it up to nearly \$1.9 billion, or over 16 percent of General Fund spending. The \$1.9 billion balance is up from just \$303 million at the end of last year.

Road Fund revenues bounced back in FY21, growing by 10.1 percent over the previous year, after last year's 4.8 percent drop which was due to a large fourth-quarter decline in vehicle travel and sales due to COVID-19. A record year for the motor vehicle usage tax receipts accounted for most of the Road Fund's revenue increase this year. The \$64.6 million Road Fund revenue surplus will be deposited into the highway's budget and used to support projects in the 2020-2022 biennial highway construction program.

Summary of Projected Major Economic Factors

Real GDP surpassed its pre-recession peak in the fourth quarter of FY21. Modest growth is expected throughout the forecast horizon. Among the five components of real GDP, real consumption is poised to grow the most in absolute terms, gaining a robust \$996.1 billion, or 7.6 percent, compared to the same period one year prior – driven over the forecast horizon primarily by increased demands for recreational items, furniture, household goods, and pharmaceuticals. Real investment is poised to increase the fastest in percentage terms, gaining 13.9 percent or \$480.7 billion during the first three quarters of FY22.

It is anticipated that Kentucky's job market will recapture a large portion of the 2020 recession job losses during the forecast period. Total nonfarm payroll employment is projected to increase 4.6 percent, adding 85,000 positions back to the Commonwealth's economy. By the end of the forecast horizon, Kentucky is expected to have recovered 96.7 percent of the job losses from the beginning of the pandemic. Employment is expected to rise in 10 of Kentucky's 11 major nonfarm job sectors over the next nine months. Adding in the projected employment growth, the total nonfarm employment for the third quarter of FY22 will be 7,900 jobs below the peak established in the third quarter of FY20.

High growth in wages and salaries is expected to continue and surge by an additional 7.4 percent during the forecast horizon. As the economy bounces back and employers need to acquire additional workers, companies are facing very tight labor markets requiring higher compensation to attract and retain employees. The robust labor demand will continue to put upward pressure on wages for both skilled and unskilled labor in the near-term.

Kentucky personal income is expected to fall a modest 0.7 percent over the forecast horizon. This was caused primarily by the loss of significant amounts of transfer receipts income which occurred from the fourth quarter of FY20 to the third quarter of FY21.

Summary of the Economy from the Fourth Quarter of FY21

Real GDP grew by 13.4 percent in the fourth quarter of FY21. The base from the prior year (fourth quarter of FY20) occurred during the very depth of the 2020 recession. The fourth quarter of FY21 is the first quarter that real GDP has surpassed its previous pre-recession peak. All five components of real GDP rose in the fourth quarter compared to the fourth quarter a year ago. US personal income increased by 2.1 percent in the fourth quarter relative to the fourth quarter of FY20. US transfer receipts continue to be the primary driver of all growth (and losses) in personal income. US non-farm employment rose by 8.5 percent in the fourth quarter of FY21. Despite the solid growth over the last four quarters, non-farm employment still remains far below its pre-recession level. Employment in leisure and hospitality services has been the most improved sector for several quarters.

Kentucky personal income declined by 0.6 percent in the fourth quarter of FY21. Like the US, transfers income continues to be primary driver of growth and losses in Kentucky personal income. Kentucky transfer payments declined 21.2 percent in the fourth quarter of FY21. Kentucky wages and salaries rose by 13.1 percent over the same span. Kentucky non-farm employment rose by 9.8 percent in the fourth quarter but still remains below its pre-recession level. Leisure and hospitality employment was the best performing sector in the fourth quarter, growing 38.7 percent compared to the fourth quarter of FY20.

REVENUE & ECONOMIC OUTLOOK

GENERAL FUND

The Interim Outlook represents unofficial estimates prepared pursuant to KRS 48.400(2). Forecasted revenues presented in Table 1 were projected using the June 2021 “control scenario” economic forecast from both IHS Markit and the Kentucky MAK model as the primary inputs. IHS Markit has placed a 50 percent probability on their "control scenario". In addition, the revenue estimates incorporate various tax law changes enacted during recent sessions of the General Assembly. All estimates in this outlook extend through the third quarter of FY22 (the forecasting horizon).

General Fund receipts finished the year 10.9 percent over FY20 levels, which was the highest annual rate of growth in over a quarter of a century. A resurgent Kentucky economy helped lift individual income, sales and use, and business tax receipts to robust annual increases. Collections for FY21 were \$12,827.4 million, which is \$1,260.8 million more than FY20 receipts.

Final FY21 General Fund revenues exceeded the enacted estimate by \$1,123.4 million as all the major accounts surpassed the official forecast. The three largest accounts, individual income, sales and use, and the business taxes combined to exceed the enacted amount by \$994.3 million. Of the remaining taxes, lottery receipts and the cigarette tax were within 1.4 percent of the official estimates.

The current official estimate for FY22 is the enacted projection of \$11,849.8 million, or 7.6 percent less than actual FY21 General Fund collections. The \$11,849.8 million also accommodated an estimated \$161.5 million in tax reductions enacted by the 2021 Regular Session of the General Assembly. Projected General Fund revenues for the forecasting horizon are displayed in Table 1. This unofficial, interim outlook calls for a 3.3 percent increase in General Fund revenues for the first three quarters of FY22, using the control scenario. Full year planning estimates for FY22 through FY26 will be available after the Consensus Forecasting Group meets in August.

During the forecast horizon, over 76 percent of projected General Fund revenues are attributable to two tax accounts – individual income and the sales tax. In FY21, both taxes grew robustly on an annual basis. The individual income tax rose 7.9 percent while the sales and use tax grew 12.0 percent. Growth is expected to continue into FY22 even though the FY21 level of receipts established a high bar of comparison.

Individual income receipts are projected to rise 5.2 percent during the three-quarter forecast horizon. The individual income tax is composed of four parts: withholding,

declaration payments, net returns, and fiduciary. Withholding is by far the largest component, making up over 88 percent of the total individual income tax. The withholding component is expected to increase 6.6 percent in the next three quarters, primarily driven by the 7.4 percent forecasted growth in Kentucky wages and salaries (Table 5). Declarations are made by some individual income tax filers based on their expected tax liability for tax year 2022. This component of the individual income tax is forecasted to decrease by 5.1 percent due primarily to the high FY21 base. Net returns are the combination of pay returns less refunds, with the sum being historically a negative number. Net returns are also projected to worsen in FY22 with a balance of -\$148.9 million over the forecast horizon.

Table 1
General Fund Interim Forecast
\$ millions

	FY21				FY21		FY22	
	Q4		Full Year		Official CFG		Q1-Q3	
	Actual	% Chg	Estimate	% Chg	Estimate	\$ Diff	Estimate	% Chg
Individual Income	1,623.3	15.1	5,143.8	7.9	4,813.0	330.8	3,702.2	5.2
Sales & Use	1,293.0	31.4	4,561.0	12.0	4,232.8	328.2	3,395.1	3.9
Corp. Inc. & LLET	405.9	51.6	882.8	38.1	547.5	335.3	505.7	6.0
Property	79.2	63.7	702.5	9.2	663.7	38.8	655.8	5.2
Lottery	83.0	18.6	289.1	6.5	286.1	3.0	212.3	3.0
Cigarettes	91.1	4.7	349.9	-1.4	345.2	4.7	255.0	-1.5
Coal Severance	13.8	29.2	56.1	-4.7	52.4	3.7	54.2	28.2
Other	214.8	26.4	842.2	10.4	763.3	78.9	544.3	-13.2
General Fund	3,804.1	24.8	12,827.4	10.9	11,704.0	1,123.4	9,324.6	3.3

Sales and use tax receipts are expected to rise 3.9 percent over the forecasting horizon. Growth through the first three quarters of FY21 was 5.9 percent. Modest increases are expected early in FY22 as business activity resumes and consumers resume normal spending habits. Disposable income for consumers is likely to be similar to levels seen in FY21. Kentucky wage and salary income is expected to rise \$7.3 billion during the forecasting horizon but transfer payments are projected to decline by \$11.4 billion over the same time span. US real consumption is predicted to rise 7.6 percent, suggesting that the increase net impact on Kentucky disposable income is positive.

Business taxes (corporation income tax plus the limited liability entity tax) grew 38.1 percent in FY21, or \$243.7 million more than FY20. The 38.1 percent increase was the highest business tax growth rate since 2006, improving after yearly growth of no more than two percent over the most recent five years. The corporation income tax and the LLET are now reported and estimated in combination due to their interrelationship of the tax credit that flows between the two revenue sources. Corporate and business taxes are expected to increase another 6.0 percent during the forecasting horizon. Corporate profits in FY22 are the main predictor that is used to

project business taxes in Kentucky. Corporate profits grew 14.3 percent in the first three quarters of FY21 on a year-over-year basis. Corporate profits are expected to remain strong with expected growth of 13.1 percent over the forecast horizon.

Total property tax receipts had a breakout year in FY21, posting annual growth of 9.2 percent, after falling in FY20 due primarily to a weak fourth quarter. The two largest categories of property, real and tangible property, expanded by 4.4 and 15.9 percent in FY21, respectively. Growth in the property tax is expected to moderate to 5.2 percent for the forecasting horizon in FY22.

Lottery revenues deposited into the General Fund for FY21 were \$289.1 million, or 6.5 percent over last year, and \$3.0 million in excess of the budgeted estimate. An additional \$58 million in lottery revenues was deposited into a holding account until the next budget cycle. Together, lottery revenues would have jumped to \$347.1 million in FY21 compared to \$271.4 million in FY20. Nearly all games grew sharply as the federal stimulus money is believed to have injected consumers with disposable income. Looking ahead, the interim forecast does not include the expectation of an additional \$58 million extra in distributed income in the month of June, but for the forecasting horizon, 3.0 percent dividend growth is projected.

Cigarette tax receipts continue to be collected at the rate of \$1.10 per pack, effective July 1, 2018. Cigarette taxes were one of two accounts to decline in FY21, falling \$5.0 million, or 1.4 percent. Other tobacco products grew by \$19.0 million with the new vaping tax bringing in \$17.6 million. Cigarette taxes are expected to continue sliding in FY22 with a projected decline of 1.5 percent through the forecasting horizon.

Coal severance tax receipts dipped by 4.7 percent in FY21 following annual decline of 36.7 percent in FY20. Coal severance revenues have fallen in eight of the previous nine fiscal years. The forecast for the forecasting horizon in FY22 calls for a rebound of 28.2 percent. Coal severance tax receipts grew by 29.2 percent in the fourth quarter of FY21 and this recent momentum is expected to continue through the first three quarters of FY22.

The “other” category contains dozens of smaller accounts, which make up the remainder of the General Fund. Insurance premiums tax, alcohol taxes, telecommunication taxes, inheritance taxes, and abandoned property receipts are the five largest accounts in the “other” category forecast. The bank franchise tax made the list of the largest other taxes in historical years, but the FY22 receipts are expected to fall to nearly zero since the tax was repealed effective January 1, 2021. The “other” accounts totaled \$842.2 million in FY21, a sum \$78.9 million higher than the enacted estimate for the fiscal year. Each account was re-examined and the resulting forecast for the forecasting horizon sums to \$544.3 million, a decline of 13.2 percent. The sharp rate of decline in “other” collections is solely attributable to the bank franchise tax. Receipts in FY21 for the bank franchise tax were \$116.0 million,

where most of annual collections occur on the March 15th historical due date for the prior year's obligation.

ROAD FUND

Road Fund receipts grew strongly in the fourth quarter of FY21 due primarily to the low level of revenues collected last year. Revenues increased 43.8 percent in the quarter with collections in the two largest categories, motor fuels and motor vehicle usage taxes, increasing 24.5 percent and 80.9 percent, respectively. The sharp increase enabled total Road Fund revenues to end the year up 10.1 percent over the FY20 total. For the year, total collections were \$1,642.3 million and exceeded the official estimate by \$64.6 million.

Looking ahead, Road Fund revenues are forecasted to return to a more normal growth pattern after two years of large quarterly fluctuations. It is estimated that revenues will grow 4.6 percent over the first nine months of FY22. All the major accounts are forecasted to increase, with growth rates ranging from 0.6 percent to 11.1 percent.

Motor fuels tax receipts are expected to increase 6.2 percent over the first nine months of FY22. A shift from the work-at-home model to a return to the office for many workers should propel the demand for gasoline with more commuter travel. In addition, pent-up demand for leisure travel accumulated during the pandemic that should create additional recreational travel.

Motor vehicle usage taxes are forecasted to increase 2.8 percent over the first three quarters of FY22. Collections in this account were extremely strong in FY21 with receipts exceeding the all-time high by over \$100 million as pent-up demand and federal stimulus helped drive vehicle sales. Expectations are that automobile sales will cool off, but receipts in this account will still increase 2.8 percent through the first three quarters of the fiscal year.

To estimate growth of the other components of the Road Fund, OSBD consulted with officials in the Transportation Cabinet and the Department of Revenue to assess recent growth patterns as well as administrative factors in developing an updated estimate. Motor vehicle license fees are expected to increase 1.3 percent as FY22. Weight distance taxes are expected to grow 7.6 percent, motor vehicle operators' license (driver's license) taxes are forecasted to rise 11.1 percent and investment income collections are projected to be less than \$100,000. The "other" category is expected to increase 0.6 percent.

Table 2
Road Fund Interim Forecast
\$ millions

	FY21				FY21		FY22	
	Q4		Full Year		Official CFG		Q1-Q3	
	Actual	% Chg	Actual	% Chg	Estimate	\$ Diff	Estimate	% Chg
Motor Fuels	199.6	24.5	748.4	0.9	756.2	-7.8	583.0	6.2
Motor Vehicle Usage	180.4	80.9	620.9	24.4	568.6	52.3	452.9	2.8
Motor Vehicle License	48.2	54.0	125.5	15.5	117.2	8.3	78.3	1.3
Motor Vehicle Operators	6.7	650.5	22.1	70.8	17.2	4.9	17.1	11.1
Weight Distance	21.0	6.0	83.2	-0.2	79.7	3.5	66.9	7.6
Income on Investments	0.0	-102.1	-0.1	-101.8	0.2	-0.3	0.0	-100.0
Other	10.8	-7.3	42.5	8.8	38.6	3.9	31.9	0.6
Road Fund	466.7	43.8	1,642.3	10.1	1,577.7	64.6	1,230.1	4.6

NATIONAL OUTLOOK

The June IHS Markit outlook incorporates all pandemic relief measures of 2020 and the \$1.9 trillion American Recovery Plan enacted in March 2021 but remains silent on the infrastructure bill that is still being negotiated. The June forecast also assumes the termination of 25 states' participation in pandemic-related emergency unemployment benefits originally enacted under the CARES Act effective June or July, with the remainder of states slated to sunset UI benefits in early September. IHS Markit's June forecast also includes the early monthly payments of the refundable child tax credits expanded in the American Recovery Plan. The outlook does not include any portion of the proposed \$4 trillion in spending and taxes proposed in the American Jobs Plan and American Families Plan.

Economic growth figures will continue to reflect positive momentum, as the US economy is poised for strong growth spanning the first, second and third quarters of FY22. The overall unemployment rate is expected to continue to fall, reaching an average of 4.6 percent during the forecast horizon. Real GDP surpassed its pre-recession peak in the fourth quarter of FY21. Modest growth in real GDP is expected throughout the forecast horizon. If the economy continues to expand at this pace into the final quarter of the fiscal year, it could likely result in the most robust calendar-year growth since 1984 when the economy grew by 7.2 percent during the expansion period immediately following the 1981 recession.

Among the five components of real GDP, real consumption is poised to grow the most in absolute terms, gaining a robust \$996.1 billion compared to the same periods one year prior – driven primarily by increased demands for recreational items, furniture, household goods, and pharmaceuticals. Real investment is poised to increase the fastest in percentage terms, gaining 13.9 percent or \$480.7 billion over the fiscal three quarters of FY22. The four categories driving the demand for capital goods include sectors that have been subject to supply-chain shortages, such as computers, computer accessories, semiconductors, medical and hospital equipment. Real exports and real imports are both forecasted to rise sharply, with exports growing 8.9 percent and real imports growing 8.3 percent over the next three quarters. The strength in imports is attributable to the domestic demand for capital and consumer goods.

Domestic businesses have been struggling to accommodate the surge in recent consumer demand, due in large part to supply-chain disruptions. The ongoing impact of supply chain disruptions are expected to resolve slowly over the forecast horizon. However, strong demand and constraints on supply have led to the anticipation of higher inflation across a number of metrics in the outlook periods. Sharp increases in price indices for used cars and trucks, paired with other components that are tied to travel, such as airline fares, lodging, and car rentals have contributed. The twelve-month change in the Consumer Price Index is an anticipated 3.3 percent in the first

three fiscal quarters of FY22. The Federal Reserve has extended the period in which they expect inflation to be above targeted long-run levels.

While not specifically included in the economic analysis used in this report, risks to the baseline forecast on the pessimistic side include a slowing in the pace of vaccinations that will delay progress toward herd immunity. The appearance of new, more contagious strains of the virus may halt the trend of localized relaxation of COVID containment policies. These factors can contribute to more caution on the part of consumers. If containment policies return and the pace of the recovery wanes, the pace of consumer spending compared to the control forecast weakens in the short run. The drop in consumer spending diminishes support for the recovery by slowing the rise of production and the demand for labor. Notwithstanding the plausibility of downside risks, IHS Markit places the probability of such a scenario at 20 percent, less than the 30 percent weight it places on a forecast that is more optimistic than the control scenario used in this report.

Table 3
US Economic Outlook
Interim Forecast

	Q1, Q2, & Q3			
	FY22	FY21	\$ Chg	% Chg
Real GDP	20,331.1	18,826.3	1,504.7	8.0
Real Consumption	14,088.1	13,092.0	996.1	7.6
Real Investment	3,936.4	3,455.7	480.7	13.9
Real Govt. Expenditures	3,447.7	3,338.2	109.5	3.3
Real Exports	2,435.6	2,235.7	200.0	8.9
Real Imports	3,626.3	3,347.3	279.1	8.3
CPI all goods (% chg)	3.3	1.5	NA	NA
CPI Food (% chg)	2.2	3.9	NA	NA
CPI Energy (% chg)	9.7	-4.7	NA	NA
CPI Core (% chg)	3.1	1.6	NA	NA
Industrial Production Index (% chg)	6.8	-4.3	NA	NA
Unemployment Rate (%)	4.6	7.3	NA	NA
Housing Starts (\$ millions, NSA)	1.5	1.5	0.0	-0.5

Table 4
US Labor and Income Outlook
Interim Forecast

	Q1, Q2, & Q3			
	FY22	FY21	\$ Chg	% Chg
Non-farm Employment (millions, NSA)	149.2	142.3	7.0	4.9
Goods-producing	14.4	15.2	-0.8	-5.3
Construction	1.3	2.4	-1.1	-47.0
Mining	0.7	0.6	0.1	9.3
Manufacturing	12.4	12.2	0.3	2.2
Service-providing	106.4	100.6	5.9	5.8
Trade, Transportation & Utilities	27.6	26.8	0.8	2.8
Information	2.8	2.7	0.2	6.9
Finance	9.0	8.7	0.3	2.9
Business Services	22.0	20.3	1.7	8.2
Educational Services	23.8	23.2	0.6	2.6
Leisure and Hospitality Services	15.3	13.3	2.0	15.0
Other Services	5.8	5.5	0.4	7.0
Government	22.2	21.6	0.6	2.8
Personal Income (\$ billions, AR)	20,678.7	20,531.1	147.6	0.7
Wages and Salaries	10,531.0	9,651.8	879.2	9.1
Transfer Receipts	3,749.1	4,737.2	-988.1	-20.9
Dividends, Interest, and Rents	3,876.5	3,690.9	185.6	5.0
Supplements to Wages and Salaries	2,303.5	2,167.1	136.4	6.3
Proprietors' Income	1,816.0	1,766.6	49.4	2.8
Social Insurance	1,597.3	1,482.5	114.8	7.7
Residence Adjustment	0.0	0.0	0.0	-8.0

KENTUCKY OUTLOOK

Based on the economic outlook for Kentucky, the pace of total personal income growth appears to be weakening entering the new fiscal year. Kentuckians' personal income is poised to contract 0.9 percent over the forecasted quarters, lagging the personal income growth projections on a national level by 1.6 percentage points over the same period.

Kentucky personal income is expected to decline as a result of the losses from stimulus and unemployment insurance payments. This loss of transfer payment income is being partially offset by the early payment of the refundable child tax credits set forth by the American Rescue Plan and increases in wage and salary income. Kentucky personal income is expected to fall a modest 0.9 percent over the forecast horizon. This was caused primarily by the loss of significant amounts of transfer receipts income which occurred from the fourth quarter of FY20 to the third quarter of FY21. High wages and salaries growth is expected to continue and surge by an additional 7.4 percent during the forecast horizon. As the economy bounces back and employers need to find workers, companies are being pushed to pay more to

attract and retain employees. The robust labor demand will continue to put upward pressure on wages for both skilled and unskilled labor in the near-term.

Kentucky's job market is anticipated to recover most of the job losses from the 2020 recession over the forecasted quarters. Total nonfarm payroll employment is anticipated to increase 4.6 percent over the three fiscal quarters, adding 85,000 positions back to the Commonwealth's economy. Employment is expected to rise in 10 of Kentucky's 11 major nonfarm job sectors over the next nine months. By the end of the forecast horizon, total Kentucky nonfarm payroll employment is expected to have recovered 96.7 percent of the job losses from the beginning of the pandemic.

Notable job gains are expected in the service-providing sector, accounting for roughly 72 percent of the job gains in the outlook periods. In percentage and absolute terms, leisure and hospitality services employment is anticipated to grow the quickest among all supersectors. Over the next three quarters, the leisure and hospitality services employment sector is on track to add 23,900 jobs, accounting for a 14.4 percent change compared to the same three quarters in FY21. Employment in business services is forecasted to increase by 18,900 jobs, or 9.0 percent compared to the first three quarters a year prior.

Leisure and hospitality employment was among the hardest hit supersector over the course of the pandemic, losing 74,000 jobs during the first quarter of the most recent recession. The rising share of vaccinated Kentuckians and concurrent easing of restrictions continues to contribute to a rapid recovery in many consumer service sector activities such as dining out, travel, sports, and entertainment events. Notwithstanding the projected uptick, leisure and hospitality employment levels will remain lower than the pre-recession peak even at the end of the forecasting period.

Growth in the goods-producing sector is expected to be slightly weaker than the service-providing sectors. The 4.4 percent change reflected in the first, second and third quarters of FY22 accounts for a total gain of 14,400 goods-producing jobs, compared to the same periods one year prior. The government sector is forecasted to continue the trend of modest growth, increasing 3.3 percent over the forecast horizon.

Table 5
KY Labor and Income Outlook
Interim Forecast

	Q1, Q2, & Q3			
	FY22	FY21	\$ Chg	% Chg
Non-farm Employment (thousands, NSA)	1,930.9	1,845.9	85.0	4.6
Goods-producing	339.4	324.9	14.4	4.4
Construction	80.5	77.9	2.6	3.3
Mining	8.6	7.3	1.2	16.9
Manufacturing	250.3	239.6	10.6	4.4
Service-providing	1,287.8	1,227.0	60.8	5.0
Trade, Transportation & Utilities	407.2	401.1	6.1	1.5
Information	19.9	20.1	-0.2	-1.0
Finance	96.2	93.7	2.5	2.7
Business Services	228.5	209.6	18.9	9.0
Educational Services	281.2	275.0	6.2	2.2
Leisure and Hospitality Services	190.1	166.2	23.9	14.4
Other Services	64.7	61.3	3.4	5.5
Government	303.8	294.0	9.8	3.3
Personal Income (\$ billions, AR)	215.1	217.0	-1.9	-0.9
Wages and Salaries	106.1	98.8	7.3	7.4
Transfer Receipts	54.4	65.8	-11.4	-17.3
Dividends, Interest, and Rents	34.2	32.6	1.6	4.9
Supplements to Wages and Salaries	26.4	24.7	1.7	6.8
Proprietors' Income	14.1	13.9	0.2	1.2
Social Insurance	17.5	16.3	1.2	7.5
Residence Adjustment	-2.5	-2.5	0.0	1.5

REVENUE RECEIPTS

GENERAL FUND Fourth Quarter, FY21

After exhibiting solid growth through the first three quarters of FY21, General Fund revenues jumped in the fourth quarter, increasing 24.8 percent as all the major accounts increased. This growth was led by the individual income, sales and use, and business taxes. Revenues totaled \$3,804.1 million, a \$755.8 million difference from the \$3,048.3 million collected in the fourth quarter of FY20. Detailed information on these and other accounts is available in Appendix A.

Table 6				
Summary General Fund Receipts				
\$ millions				
	FY21	FY20	Diff	Diff
	Q4	Q4	\$	%
Individual Income	1,623.3	1,410.2	213.1	15.1
Sales & Use	1,293.0	984.4	308.7	31.4
Corp. Inc. & LLET	405.9	267.7	138.2	51.6
Property	79.2	48.4	30.8	63.7
Lottery	83.0	70.0	13.0	18.6
Cigarettes	91.1	87.0	4.1	4.7
Coal Severance	13.8	10.7	3.1	29.2
Other	214.8	169.9	44.8	26.4
Total	3,804.1	3,048.3	755.8	24.8

Individual income tax receipts rose 15.1 percent in the quarter to \$1,623.3 million as three of the components of the tax increased. Withholding, estimated payments and net payments with returns, all had increases while fiduciary payments were lower.

Sales and use tax revenue rose 31.4 percent in the fourth quarter of FY21 due to weak collections last year as the governor ordered many retail restrictions as a result of the pandemic.

Combined corporation income and limited liability entity tax (LLET) collections increased 51.6 percent in the fourth quarter of FY21. Receipts totaled \$405.9 million and were \$138.2 million more than collected a year earlier.

Property tax collections increased \$30.8 million, or 63.7 percent, in the fourth quarter of FY21. Tangible property taxes (mostly motor vehicles) and public service property, as well as omitted and delinquent collections, accounted for the majority of the gains. Collections in the final three months were \$79.2 million compared to \$48.4 million received in the fourth quarter of the prior fiscal year.

Lottery receipts increased 18.6 percent, or \$13.0 million, to \$83.0 million in the fourth quarter of the year.

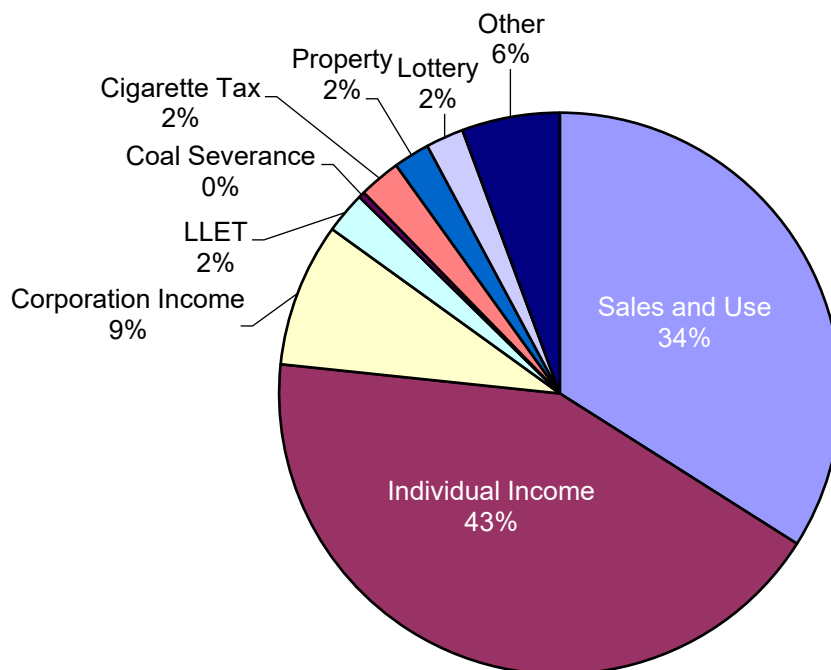
Cigarette tax revenue grew 4.7 percent in the final quarter of the FY21. Receipts of \$91.1 million were \$4.1 million more than collected in the fourth quarter of FY20.

Coal severance tax collections rose 29.2 percent in the fourth quarter to \$13.8 million. This represents a \$3.1 million rise over prior year receipts.

The “other” category encompasses the remaining General Fund taxes and fees. Collections in this account increased 26.4 percent, or \$44.8 million over FY20 levels. Fourth quarter receipts were \$214.8 million and compare to \$169.9 million collected in the prior year.

Figure A details the composition of fourth quarter General Fund receipts by tax type. Seventy-seven percent of General Fund revenues were in the areas of the individual income tax and the sales tax. The next-largest source of revenue was the corporation and LLET taxes at 11 percent followed by the “other” account at six percent. The largest components in this category include the insurance premium taxes, the telecommunications tax, and the alcohol taxes. Cigarette taxes accounted for two percent while property and lottery were each at two percent as well. Finally, coal severance taxes accounted for less than one percent.

Figure A
Composition of Fourth Quarter FY21
General Fund Revenues



ROAD FUND

Fourth Quarter, FY21

Road Fund receipts had a record-breaking quarter with total collections of \$466.7 million. This surpassed the previous high of \$424.8 million from the final quarter of FY19. Revenues were 43.8 percent, or \$142.1 million, greater than in the same quarter last year. The gains were broad-based as all the major categories had increases. Motor vehicle usage tax receipts, motor fuels and motor vehicle license tax receipts accounted for nearly all the revenue gains. It was expected that there would be a substantial revenue increase in the fourth quarter given the problems the Commonwealth faced last year from the coronavirus. In the final quarter of FY20, receipts fell by just over \$100 million as the effects of the pandemic effectively shut down the Kentucky economy. Summary data are contained in Table 7 and detailed data are shown in Appendix A.

Table 7				
Summary Road Fund Receipts				
\$ millions				
	FY21	FY20	Diff	Diff
	Q4	Q4	\$	%
Motor Fuels	199.6	160.3	39.3	24.5
Motor Vehicle Usage	180.4	99.7	80.7	80.9
Motor Vehicle License	48.2	31.3	16.9	54.0
Motor Vehicle Operators	6.7	0.9	5.8	650.5
Weight Distance	21.0	19.8	1.2	6.0
Income on Investments	0.0	1.0	-1.0	-102.1
Other	10.8	11.6	-0.8	-7.3
Total	466.7	324.6	142.1	43.8

Motor fuels tax receipts increased 24.5 percent, or \$39.3 million, during the fourth quarter of FY21 as people began to resume travel and returned to work. Receipts were \$199.6 million compared to \$160.3 million collected during the fourth quarter last fiscal year.

Motor vehicle usage tax receipts totaled \$180.4 million for the quarter which is the highest

quarterly total on record. Collections were 80.9 percent, or \$80.7 million, more than the same period last year. The surge in auto sales was aided by pent-up demand as well as federal stimulus payments.

Like motor vehicle usage tax receipts, motor vehicle license tax collections were strongly impacted by conditions last year. Revenues in this account grew 54.0 percent during the final quarter of the year. Receipts of \$48.2 million compare to \$31.3 million received during the fourth quarter of FY20.

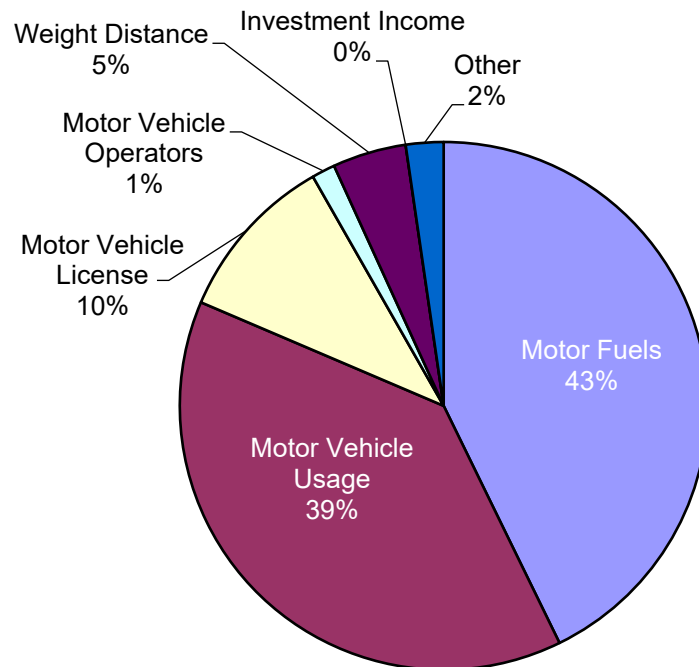
Motor vehicle operator's license fees totaled \$6.7 million in the just completed quarter, a 650.5 percent increase compared to the level observed a year ago. Receipts in FY20 were adversely affected both by government offices being closed as well as by a 90-day extension to renew Kentucky driver's licenses, ID cards and permits.

Weight distance tax receipts were only mildly affected by the novel coronavirus last year, so revenues were comparable, increasing 6.0 percent to \$21.0 million.

The remainder of the accounts in the Road Fund combined to total \$10.8 million, a decline of 7.3 percent.

Figure B details the composition of Road Fund revenues by tax type in the fourth quarter of FY21. Motor fuels taxes and motor vehicle usage taxes comprised 82 percent of Road Fund revenues in the fourth quarter. The next-largest source of revenue was the motor vehicle license tax with 10 percent, followed by weight distance taxes with five percent. The “other” category accounted for two percent while motor vehicle operators accounted for one percent of the total Road Fund receipts.

Figure B
Composition of Fourth Quarter FY21
Road Fund Revenues



ANNUAL TOTALS, FY21

General Fund

General Fund receipts grew for the 11th consecutive year and finished the year 10.9 percent over FY20 levels, which was the highest annual rate of growth in over a quarter of a century. A resurgent Kentucky economy helped lift individual income, sales and use, and business tax receipts to robust annual increases. Collections for FY21 were \$12,827.4 million, which is \$1,260.8 million more than FY20 receipts.

Revenue collections grew steadily in the first three quarters of the fiscal year before shooting up in the final three months of the year. Growth rates for the four quarters of FY21 were 5.8, 5.3, 6.7, and 24.8 percent, respectively. For the year, revenue from all but two of the major accounts increased over prior year totals. The decliners were the coal severance and cigarette taxes.

Final FY21 General Fund revenues exceeded the enacted estimate by \$1,123.4 million as all the major accounts outperformed the estimates. The three largest accounts, individual income, sales and use, and the business taxes combined to exceed the enacted amount by \$994.3 million. Of the remaining taxes, lottery receipts and the cigarette tax were within 1.4 percent of the official estimates.

Individual income tax receipts grew strongly for the year, increasing 7.9 percent, or \$378.5 million, over FY20 levels. The major components of the tax, withholding, declarations and net tax returns were up sharply. Withholding receipts, which make up over 88 percent of individual income tax collections, grew 5.9 percent. Growth rates for the individual income account for the four quarters were 4.5, 5.5, 4.8, and 15.1 percent, respectively.

Sales and use tax receipts increased 12.0 percent for the year which was the largest annual increase since 1990 when the tax rate was increased from five percent to six percent. Quarterly growth rates were 7.0, 4.8, 5.8, and 31.4 percent, respectively.

Corporation income and LLET tax collections taken together rose 38.1 percent, or \$243.7 million, in FY21. Revenue collections from this account declined in the first quarter before growing sharply in the final three quarters of the year. Growth rates for these taxes were -5.3, 41.3, 146.6 and 51.6 percent, respectively.

Property tax receipts increased 9.2 percent, or \$59.4 million, in FY21. Much of that growth was from motor vehicle property tax collections which grew by nearly 25 percent. Growth rates for the four quarters were 23.5, 1.6, 7.4, and 63.7 percent, respectively.

Lottery revenues deposited into the General Fund were \$289.1 million, or 6.5 percent over last year, and \$3.0 million more than the budgeted estimate. An additional \$58 million in lottery revenues was deposited into a holding account until the next budget cycle. Together, these lottery revenues jumped to \$347.1 million compared to \$271.4 million last year.

Cigarette taxes were one of two accounts to decline in FY21, falling \$5.0 million, or 1.4 percent. Other tobacco products grew by \$19.0 million with the new vaping tax bringing in \$17.6 million. Revenues were alternately positive and negative over the course of the year. Quarterly growth rates for the year were -3.3, 4.5, -11.5, and 4.7 percent, respectively.

After increasing last year, coal severance tax collections reverted to their long-run trend, falling \$2.7 million, or 4.7 percent. Quarterly growth rates for this account were -31.1, 12.7, -14.5, and 29.2 percent, respectively.

The “other” category, which includes multiple taxes and fees such as insurance premium taxes, bank franchise taxes, telecommunication tax, alcohol taxes, and inheritance taxes, increased 10.4 percent and exceeded the budgeted estimate by \$78.9 million. Receipts of \$842.2 million compare to \$763.3 million collected in FY20. Quarterly growth rates for the “other” account were 30.1, -13.3, 7.6, and 26.4 percent, respectively.

Figure C details the composition of FY21 General Fund receipts by tax type. Seventy-six percent of General Fund revenues were in the areas of the individual income tax and the sales tax. The next-largest sources of revenue were the “other” category and the combined corporate and LLET taxes which each accounted for seven percent. Property tax collections were six percent, cigarette tax made up three percent followed by lottery dividends at two percent. Finally, coal severance taxes accounted for less than one percent.

Figure C
Composition of FY21 General Fund Revenues

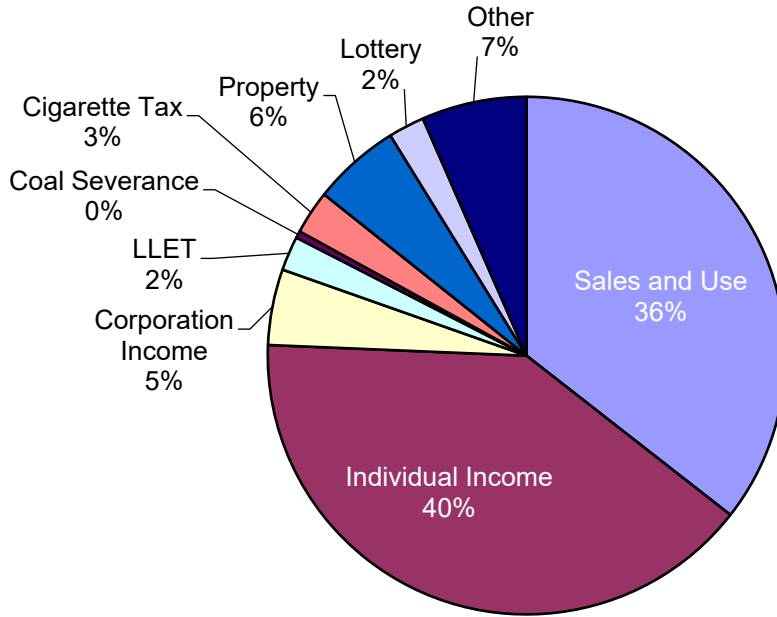


Table 8
General Fund Quarterly Growth Rates
percents

	FY21				
	Q1	Q2	Q3	Q4	Full Year
Individual Income	4.5	5.5	4.8	15.1	7.9
Sales & Use	7.0	4.8	5.8	31.4	12.0
Corp. Inc. & LLET	-5.3	41.3	146.6	51.6	38.1
Property	23.5	1.6	7.4	63.7	9.2
Lottery	3.4	-3.5	8.7	18.6	6.5
Cigarettes	-3.3	4.5	-11.5	4.7	-1.4
Coal Severance	-31.1	12.7	-14.5	29.2	-4.7
Other	30.1	-13.3	7.6	26.4	10.4
Total	5.8	5.3	6.7	24.8	10.9

Figure D
FY21 General Fund Quarterly Growth Rates
 percent

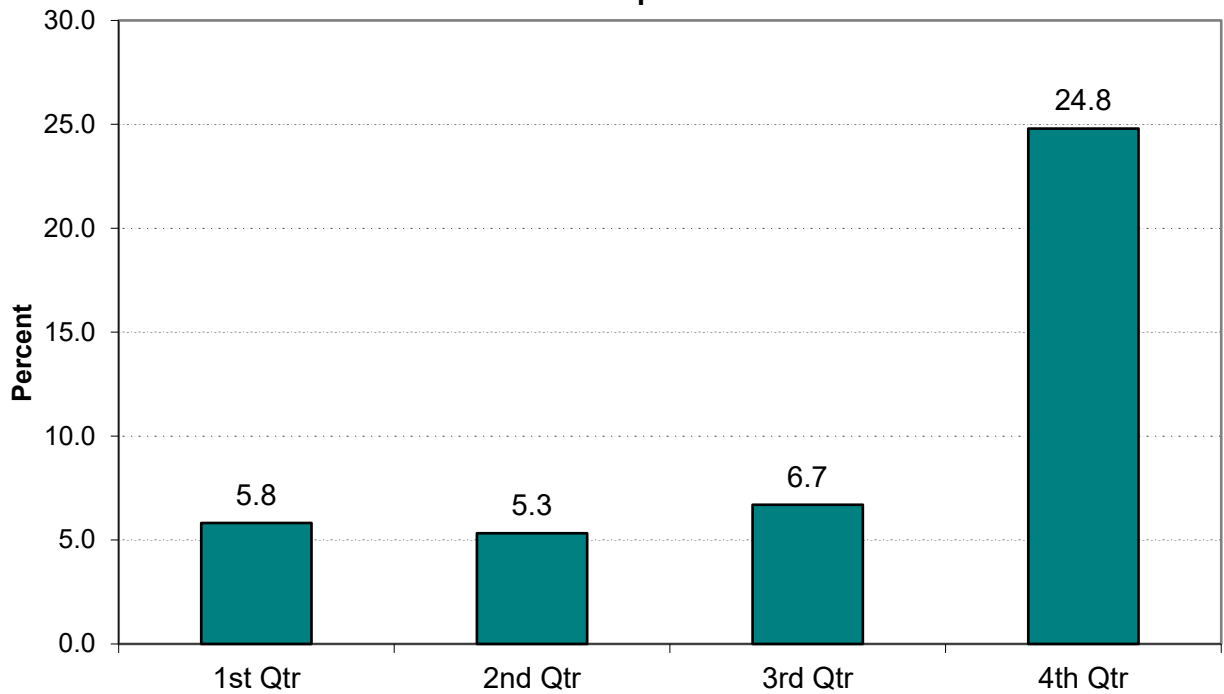


Table 9
General Fund Revenues Compared to Previous Years
 \$ millions

	Full Year			Growth Rates (%)		
	FY21	FY20	FY19	FY21	FY20	FY19
Individual Income	5,143.8	4,765.2	4,544.7	7.9	4.9	-1.3
Sales & Use	4,561.0	4,070.9	3,937.6	12.0	3.4	9.2
Corp. Inc. & LLET	882.8	639.2	762.7	38.1	-16.2	1.8
Property	702.5	643.0	647.0	9.2	-0.6	4.1
Lottery	289.1	271.4	263.9	6.5	2.8	4.3
Cigarettes	349.9	355.0	353.5	-1.4	0.4	66.9
Coal Severance	56.1	58.8	92.9	-4.7	-36.7	3.6
Other	842.2	763.1	790.4	10.4	-3.5	12.3
Total	12,827.4	11,566.6	11,392.7	10.9	1.5	5.1

Table 10
FY21 General Fund Receipts Compared to Official Estimate
\$ millions

	FY21		Difference	
	Actual	Estimate	\$	%
Individual Income	5,143.8	4,813.0	330.8	6.9
Sales & Use	4,561.0	4,232.8	328.2	7.8
Corp. Inc. & LLET	882.8	547.5	335.3	61.3
Property	702.5	663.7	38.8	5.8
Lottery	289.1	286.1	3.0	1.0
Cigarettes	349.9	345.2	4.7	1.4
Coal Severance	56.1	52.4	3.7	7.0
Other	842.2	763.3	78.9	10.3
Total	12,827.4	11,704.0	1,123.4	9.6

Table 11
General Fund Quarterly Revenue Receipts
\$ millions

	FY21				
	Q1	Q2	Q3	Q4	Full Year
Individual Income	1,184.7	1,153.2	1,182.6	1,623.3	5,143.8
Sales & Use	1,127.1	1,083.7	1,057.2	1,293.0	4,561.0
Corp. Inc. & LLET	165.1	233.8	78.1	405.9	882.8
Property	54.1	394.4	174.8	79.2	702.5
Lottery	60.5	76.6	69.0	83.0	289.1
Cigarettes	87.9	92.9	78.0	91.1	349.9
Coal Severance	12.1	16.7	13.5	13.8	56.1
Other	162.8	162.5	302.2	214.8	842.2
Total	2,854.3	3,213.7	2,955.4	3,804.1	12,827.4

ANNUAL TOTALS, FY21

Road Fund

Road Fund revenues for FY21 were \$1,642.3 million, an increase of 10.1 percent compared to FY20. Collections were weak for the first three quarters of the year and then grew sharply in the final quarter. Much of the fourth quarter increase was the result of depressed collections in FY20 as the pandemic severely limited economic activity. Road Fund collections for the year, particularly motor vehicle usage tax revenue, were much stronger than anticipated with total receipts exceeding the official estimate by \$64.6 million. Growth rates for the four quarters were 1.9, 0.7, -0.4, and 43.8 percent, respectively. Road Fund collections are detailed in Tables 13 and 14.

Motor fuels tax receipts were negative in each of the first three quarters of the year as Kentuckians limited their travel and more people opted to work from home. Collections rose sharply in the final quarter of the year, mainly due to the suppressed collections in FY20. The surge in receipts over the final three months was enough for revenues in this account to end the year with a positive balance. Total collections for the year were \$748.4 million, an increase of 0.9 percent over FY20 totals. Quarterly growth rates for motor fuels taxes were -5.3, -4.9, -6.6, and 24.5 percent, respectively.

In contrast to motor fuels tax receipts, motor vehicle usage tax receipts were strong throughout the year. Collections in this account grew by double digits in three of the four quarters with the low point being the third quarter where revenue grew only 8.3 percent. The sustained strength in auto sales was enough to lift revenues in this account to an all-time high of \$620.9 million, surpassing the previous high by over \$100 million. Growth rates for the four quarters were 12.1, 10.2, 8.3, and 80.9 percent, respectively.

Motor vehicle license tax receipts grew 15.5 percent for the year to \$125.5 million. Collections in the account had a strong beginning and ending to the year with declines in the second and third quarters. Growth rates were 24.7, -10.2, -8.4, and 54.0 percent, respectively.

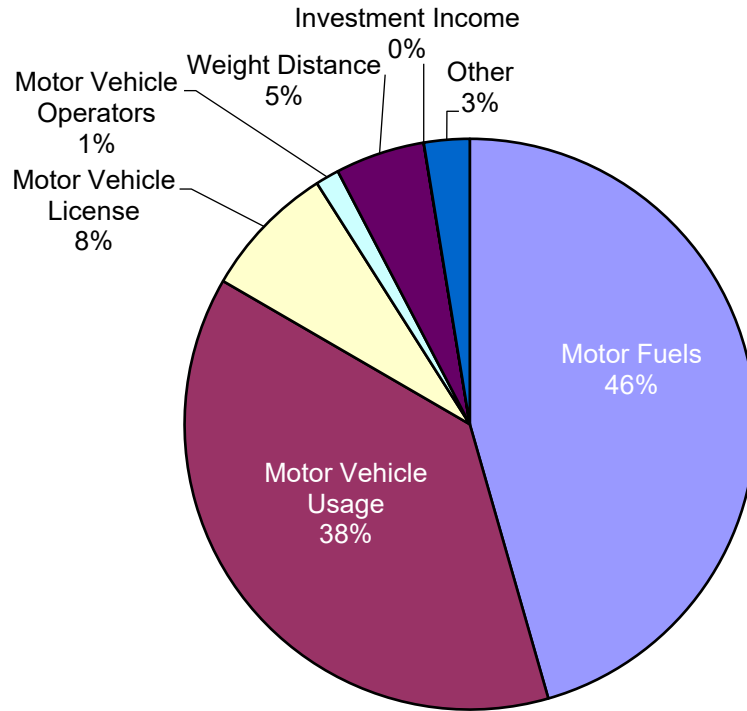
After a sharp drop in the first quarter, weight distance tax receipts grew progressively stronger throughout the year; however, that growth was not enough to overcome the first quarter decline. Revenues ended the year down 0.2 percent with collections of \$83.2 million. Growth rates for the four quarters were -12.0, 1.8, 3.9, and 6.0 percent, respectively.

While motor vehicle operators' receipts grew by only \$9.1 million for the year, the quarterly growth rates were strong. The growth rates for this account were 26.1, 17.6, 40.2, and 651.0 percent, respectively. Income on investment ended the year at -\$118,000 while "other" income rose 8.8 percent to \$42.5 million.

The much stronger than anticipated fourth quarter revenue total put Road Fund collections \$64.6 million over the enacted estimate with the motor vehicle usage tax revenue accounting for \$52.3 million of it. Each of the remaining accounts were each within \$8.3 million of estimated levels with two accounts being underestimated and four being overestimated.

Figure E details the composition of FY21 Road Fund receipts by tax type. Eighty-four percent of the Road Fund comes from motor vehicle usage and motor fuels tax receipts. Following these, the motor vehicle license tax revenue accounted for eight percent and the weight distance tax accounted for five percent. "Other" taxes combined to account for three percent. Motor vehicle operators tax receipts accounted for one percent while investment was less than one percent.

**Figure E
Composition of FY21 Road Fund Revenues**



**Table 12
Road Fund Quarterly Growth Rates
percents**

	FY21				
	Q1	Q2	Q3	Q4	Full Year
Motor Fuels	-5.3	-4.9	-6.6	24.5	0.9
Motor Vehicle Usage	12.1	10.2	8.3	80.9	24.4
Motor Vehicle License	24.7	-10.2	-8.4	54.0	15.5
Motor Vehicle Operators	26.1	17.6	40.2	651.0	70.8
Weight Distance	-12.0	1.8	3.9	6.0	-0.2
Income on Investments	-88.9	-89.4	-111.9	-102.1	-101.8
Other	-8.3	14.6	43.9	-7.3	8.8
Total	1.9	0.7	-0.4	43.8	10.1

Figure F
FY21 Road Fund Quarterly Growth Rates
 percent

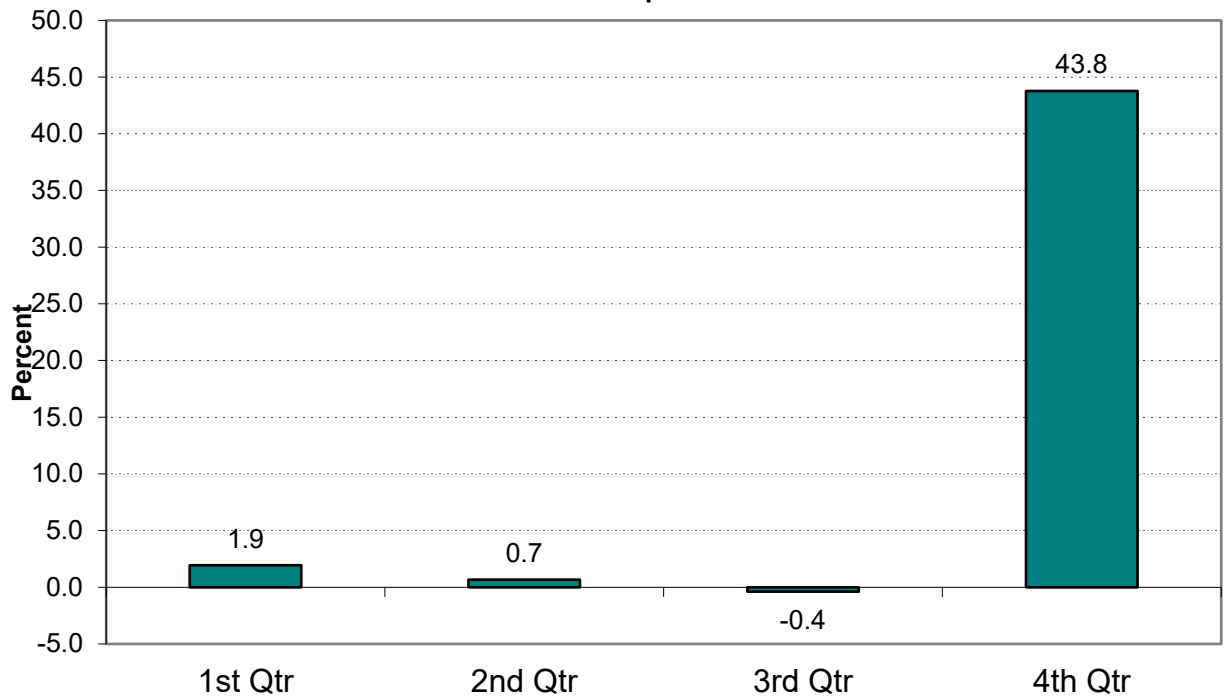


Table 13
Road Fund Revenues Compared to Previous Years
 \$ millions

	Full Year			Growth Rates (%)		
	FY21	FY20	FY19	FY21	FY20	FY19
Motor Fuels	748.4	741.6	773.2	0.9	-4.1	1.1
Motor Vehicle Usage	620.9	499.3	514.5	24.4	-3.0	4.3
Motor Vehicle License	125.5	108.6	120.9	15.5	-10.2	7.1
Motor Vehicle Operators	22.1	12.9	16.6	70.8	-22.3	-1.0
Weight Distance	83.2	83.4	83.7	-0.2	-0.4	2.5
Income on Investments	-0.1	6.7	11.9	-101.8	-43.9	320.2
Other	42.5	39.0	45.1	8.8	-13.5	16.5
Total	1,642.3	1,491.5	1,566.1	10.1	-4.8	3.6

Table 14
FY21 Road Fund Receipts Compared to Official Estimate
\$ millions

	FY21		Difference	
	Actual	Estimate	\$	%
Motor Fuels	748.4	756.2	-7.8	-1.0
Motor Vehicle Usage	620.9	568.6	52.3	9.2
Motor Vehicle License	125.5	117.2	8.3	7.1
Motor Vehicle Operators	22.1	17.2	4.9	28.4
Weight Distance	83.2	79.7	3.5	4.4
Income on Investments	-0.1	0.2	-0.3	-159.0
Other	42.5	38.6	3.9	10.0
Total	1,642.3	1,577.7	64.6	4.1

Table 15
Road Fund Quarterly Revenue Receipts
\$ millions

	FY21				Full Year
	Q1	Q2	Q3	Q4	
Motor Fuels	192.1	185.7	171.0	199.6	748.4
Motor Vehicle Usage	158.0	139.8	142.7	180.4	620.9
Motor Vehicle License	25.7	19.0	32.6	48.2	125.5
Motor Vehicle Operators	5.3	4.7	5.4	6.7	22.1
Weight Distance	18.9	21.6	21.6	21.0	83.2
Income on Investments	0.2	0.1	-0.4	0.0	-0.1
Other	9.3	9.7	12.8	10.8	42.5
Total	409.4	380.6	385.7	466.7	1,642.3

THE ECONOMY

FOURTH QUARTER FY21

NATIONAL ECONOMY

Real Gross Domestic Product (real GDP) grew by 13.4 percent in the fourth quarter of FY21. This is really a statement about the depth of the recession one year ago, rather than a real statement about real GDP growth currently. Adjacent-quarter growth rates for the last six quarters were: -1.3, -9.0, 7.5, 1.1, 1.6, and 2.8 percent, respectively. Growth of 2.8 percent is still solid adjacent-quarter growth and was created by solid growth in real consumption and real exports. The recession started in the third quarter of FY20 and ended in the fourth quarter of FY20. The recession resulted in real GDP falling a net 10.1 percent, or \$1.95 trillion from peak to trough. Since the trough, real GDP has risen by a net 13.4 percent, or \$2.32 trillion. Real GDP surpassed its previous peak during the fourth quarter of FY21, a span of five quarters since the previous peak. By comparison, it took one quarter for real GDP to surpass its previous peak following the 2001 recession and took eight quarters following the 2007 recession.

Real consumption rose by 16.2 percent in the fourth quarter of FY21. Real consumption followed a very similar path as real GDP. The last six adjacent-quarter growth rates for real consumption were: -1.8, -9.6, 9.0, 0.6, 2.7, and 3.2 percent, respectively. The real consumption peak right before the 2020 recession was \$13,353.7 billion. Real consumption fell to a trough of \$11,860.3 billion by the fourth quarter of FY20. This is a net decline of \$1,493.4 billion, or 11.2 percent from peak to trough. Real consumption is \$13,781.7 billion (annual rate) in the fourth quarter of FY21. Real consumption also surpassed its previous peak in the fourth quarter of FY21. Real consumption made up 70.2 percent of real GDP in the fourth quarter of FY21.

Real investment increased by 23.9 percent in the fourth quarter of FY21. Real investment has always been the most volatile component of real GDP. It is not uncommon for real investment to decline during expansion periods. This has been true for well over four decades. With that in mind, real investment was weak even before the 2020 recession hit. Real investment declined three times in the seven quarters prior to the onset of the 2020 recession, including the quarter before the official recession start quarter. So, the previous peak for real investment occurred in the third quarter of FY19. Real investment declined a net \$631.5 billion, or 18.1 percent from peak to trough. Real investment bounced back quickly regaining all the

losses and surpassing the previous peak by the second quarter of FY21. Real investment made up 18.0 percent of real GDP in the fourth quarter of FY21.

Real government expenditures rose by 2.3 percent in the fourth quarter of FY21. It is important to remember that transfers, money supply changes, and bond rate changes do not directly appear in real government expenditures. Therefore, significant, and large policy changes can have muted or zero impact on real government expenditures. Historically speaking, real government expenditures are considered to be a countercyclical series. That is, in general, real government expenditures rise during recessions and fall during expansion periods. This was not generally true during the last expansion period. Real government expenditures rose during most of the last expansion period, including the quarters leading up to the 2020 recession. Real government expenditures were rising in a consistent fashion for many years before the 2020 recession occurred. The last six adjacent-quarter growth rates were: 0.3, 0.6, -1.2, -0.2, 1.4, and 2.3 percent, respectively. Real government expenditures have effectively become a monotonic-increasing series, where each new quarter is a "new" record high. Real government expenditures in the fourth quarter of FY21 were \$3,444.7 billion, a new record high. Real government expenditures made up 17.6 percent of real GDP in the fourth quarter of FY21.

Real government expenditures do not include many expenditures of the federal government. Therefore, it is useful to examine total federal outlays to see the movement of those missing expenditure components. Total federal outlays decreased by 14.9 percent in the fourth quarter of FY21. This decline is almost entirely a function of the considerable amount of transfers that occurred in the fourth quarter of FY20. As those transfers to states and individuals are reduced, the outlays total is reduced commensurately. The last seven adjacent-quarter growth rates for total federal outlays were: 0.7, 1.8, 85.7, -20.9, -16.4, 35.6, and -5.2 percent, respectively. Total federal outlays, like real government expenditures, is also a monotonic increasing series. So, it is not unusual for a new total federal outlays amount to be the new record high. However, the last five outlays have increased over the previous record by significant amounts. Prior to the 2020 recession, total federal outlays were hovering near \$4,700 billion (annual rate). The last six total federal outlays (annual rate) were: \$4,903.9 billion, \$9,107.1 billion, \$7,205.6 billion, \$6,025.9 billion, \$8,171.3 billion, and \$7,749.5 billion, respectively.

Three components of total federal outlays were big movers in the fourth quarter of FY21. They are Federal Transfer Payments to Resident Persons (FTPRP), Non-Medicaid Grants to State and Local Governments, and Subsidies. Federal Transfer Payments to Resident Persons declined by 28.0 percent in the fourth quarter of FY21 compared to the fourth quarter of FY20. Most of the changes in total federal outlays has occurred in the FTPRP component over the last six quarters. In the fourth quarter of FY20, FTPRP nearly doubled to \$4,815.3 billion in just one quarter. Over the next two quarters, FTPRP dropped modestly. Then in the third quarter of FY21,

FTPRP rose sharply to a new record high of \$5,163.2 billion. So, while there have been some declines in the last three quarters, FTPRP is still elevated well above its previous peak. By comparison, Federal Transfer Payments to Resident Persons prior to the 2020 recession was \$2,347.7 billion and was \$3,465.8 billion in the fourth quarter of FY21. Federal Transfer Payments to Resident Persons made up 44.7 percent of total federal outlays in the fourth quarter of FY21.

Non-Medicaid Grants to State and Local Governments increased by 40.5 percent in the fourth quarter of FY21 compared to the fourth quarter of FY20. Non-Medicaid Grants to State and Local Governments quadrupled in the fourth quarter of FY20 to \$884.3 billion. It declined somewhat during the next two quarters. Grants rose by 16.2 percent on an adjacent-quarter basis in the third quarter of FY21 and then rose by a sizable 373.2 percent in the fourth quarter of FY21 to \$1,242.0 billion. This is over six times higher than the pre-recession peak. Non-Medicaid Grants to State and Local Governments made up 16.0 percent of total federal outlays in the fourth quarter of FY21.

Subsidies declined by 33.2 percent in fourth quarter of FY21 compared to the fourth quarter of FY20. Subsidies followed a very different path than the other noted accounts above. Subsidy expenditures sharply expanded from \$74.5 billion in the third quarter of FY20 to \$1,085.9 billion in the fourth quarter of FY20. Subsidies rose another 11.7 percent in the first quarter of FY21 over the fourth quarter of FY20 to a record \$1,212.9 billion. Subsidies tempered somewhat over the next two quarters to \$609.8 billion and \$402.7 billion respectively. Subsidies rose sharply again in the fourth quarter of FY21. Subsidies have historically been a very small share of total federal outlays, typically making up 1.3 to 1.5 percent of total federal outlays. Subsidies in the fourth quarter of FY21 were \$725.0 billion (annual rate) made up 9.4 percent in the fourth quarter of FY21. The net increase in Non-Medicaid Grants to State and Local Governments (+\$357.8 billion) and the net decrease in Subsidies (-\$360.9 billion) were nearly the same magnitude leaving the large FTPRP drop (-\$1,349.4 billion) as the main cause of the total federal outlays decrease (-\$1,357.6 billion).

Real exports rose 21.1 percent in the fourth quarter of FY21. The 2020 recession had a significant effect on real exports, dropping a net 24.6 percent during the recession. There was solid growth in the two quarters following the end of the recession, growing a net 18.2 percent during that time. Real exports declined slightly in the third quarter of FY21 and grew again by 3.2 percent on an adjacent-quarter basis in the fourth quarter of FY21. Real exports have now regained a net 64.6 percent of the 2020 recession losses. Real exports made up 11.9 percent of real GDP in the fourth quarter of FY21.

Real imports rose 30.8 percent in the fourth quarter of FY21. Real imports have risen on an adjacent-quarter basis in all four quarters since the 2020 recession ended.

Real imports were weak even before the 2020 recession began. The last 10 adjacent-quarter growth rates for real imports are: -0.5, 0.4, 0.1, -1.9, -4.0, -17.7, 17.9, 6.7, 1.6, and 2.3 percent, respectively. The previous peak occurred in the first quarter of FY20 and the previous trough occurred in the fourth quarter of FY20. The net peak to trough decline was \$784.3 billion, a 22.5 percent decline. Real imports surpassed its previous peak in the fourth quarter of FY21. Real imports, a deduction from real GDP, made up 18.0 percent of real GDP in the fourth quarter of FY21.

US personal income increased by 2.1 percent in the fourth quarter of FY21 over the fourth quarter of FY20. US personal income has been on somewhat of a rollercoaster ride during the last six quarters, with the addition of new transfer payment income. Adjacent-quarter personal income growth rates for the last six quarters are: 1.0, 7.9, -3.0, -1.0, 12.4, and -5.5 percent, respectively. The decline in the fourth quarter of FY21 is entirely the result of a decline in US transfer payments income during the fourth quarter over the third quarter of FY21.

US transfer receipts income has been the primary source of personal income changes for the last five quarters. US transfer receipts income fell by 23.1 percent in the fourth quarter of FY21 over the fourth quarter of FY20. Massive changes in US transfer receipts occurred in every quarter for the last five quarters. The last six adjacent-quarter growth rates for US transfer receipts income are: 2.5, 75.5, -23.0, -13.2, 59.6, and -27.8 percent, respectively. These transfer receipts income changes correspond with the stimulus checks expenditures which were parts of the CARES Act passed in March of 2020, the Consolidated Appropriations Act passed in December of 2020, and the American Rescue Plan passed in March of 2021. US transfers receipts income made up 16.8 percent of total US personal income in the quarter immediately before the 2020 recession. US transfers receipts income made up 20.9 percent of total US personal income in the fourth quarter of FY21. The last five quarters of US transfers receipts income are the five highest US transfers receipts in the history of the series.

Total non-farm employment in the US grew by 8.5 percent in the fourth quarter of FY21 over the fourth quarter of FY20. While this net growth over the last four quarters is solid growth, it has been insufficient to bring non-farm employment back to its pre-recession levels. The last six adjacent-quarter growth rates for non-farm employment are: 0.1, -12.0, 5.4, 1.2, 0.5, and 1.1 percent, respectively. The last peak for US non-farm employment was 151.9 million jobs and occurred in the third quarter of FY20. The last trough for US non-farm employment was 133.7 million jobs and occurred in the fourth quarter of FY20. US non-farm employment declined by 18.2 million jobs, or 12.0 percent, from peak to trough. Since that trough, non-farm employment has risen a net 11.3 million jobs, or 8.5 percent. US non-farm employment still lies 6.9 million jobs below the previous peak.

The biggest mover in absolute and percentage terms was leisure and hospitality services employment. Leisure and hospitality employment rose by a net 39.1 percent in the fourth quarter of FY21 over the fourth quarter of FY20, a net increase of 4.0 million jobs. The majority of this rebound for leisure and hospitality employment occurred in the first quarter of FY21, when employment grew by 26.3 percent compared to the fourth quarter of FY20. The last seven adjacent-quarter growth rates are: 1.1, -0.8, -37.9, 26.3, 3.2, 0.04, and 6.7 percent, respectively. Leisure and hospitality services employment made up 9.9 percent of total US non-farm employment in the fourth quarter of FY21.

Other services employment was also a significant mover over the last five quarters, gaining a net 15.9 percent in the fourth quarter of FY21 over the fourth quarter of FY20. Similar to leisure and hospitality employment, the majority of growth in other services occurred in the first quarter of FY21. The last seven adjacent-quarter growth rates are: 0.1, -0.2, -18.4, 11.7, 1.8, 0.5, and 1.4 percent, respectively. Other services employment is now just 300,000 jobs below its previous peak. Industries classified in the 'other services' employment sector are those service industries not specifically provided for elsewhere and include machinery repair, dry-cleaning and laundry services, personal care services, pet care services and dating services.

Table 16
History of US Economic Series

	FY20		FY21							
	Q4	% chg	Q1	% chg	Q2	% chg	Q3	% chg	Q4	% chg
Real GDP (\$ billions, AR)	17,302.5	-9.0	18,596.5	-2.8	18,794.4	-2.4	19,088.1	0.4	19,619.6	13.4
Real Consumption	11,860.3	-10.2	12,924.7	-2.8	12,999.1	-2.7	13,352.2	1.8	13,781.7	16.2
Real Investment	2,849.8	-16.9	3,329.6	-3.4	3,539.9	3.7	3,497.5	4.9	3,529.7	23.9
Real Government Expenditures	3,368.7	2.1	3,327.2	0.3	3,320.4	-0.5	3,367.1	0.6	3,444.7	2.3
Real Exports	1,927.4	-23.9	2,166.5	-14.6	2,278.5	-10.9	2,261.9	-9.3	2,334.5	21.1
Real Imports	2,702.5	-22.4	3,185.5	-8.6	3,400.5	-0.6	3,455.8	5.3	3,533.8	30.8
CPI - All Goods (% chg)	0.4	NA	1.3	NA	1.2	NA	1.9	NA	4.3	NA
CPI - Food (% chg)	4.0	NA	4.1	NA	3.9	NA	3.6	NA	2.0	NA
CPI - Energy (% chg)	-16.1	NA	-9.1	NA	-8.7	NA	3.7	NA	24.8	NA
Core CPI (% chg)	1.3	NA	1.7	NA	1.6	NA	1.4	NA	3.2	NA
Industrial Prod. Index (% chg)	-14.9	NA	-6.7	NA	-4.2	NA	-1.9	NA	14.6	NA
Working Population (millions, NSA)	260.0	0.5	260.6	0.4	261.1	0.4	260.9	0.5	261.2	0.4
Civilian Labor Force	158.2	-2.9	160.8	-2.1	160.5	-2.3	159.9	-2.2	161.1	1.8
Employed	137.9	-12.3	146.5	-7.4	150.1	-5.5	149.5	-4.6	151.7	10.1
Unemployed	20.4	255.6	14.3	135.4	10.4	90.1	10.4	55.5	9.3	-54.3
Not in Labor Force	101.8	6.2	99.8	4.9	100.6	5.1	101.0	5.0	100.2	-1.6
Labor Force Participation Rate (%)	60.8	NA	61.5	NA	61.5	NA	61.4	NA	61.6	NA
Unemployment Rate (%)	13.0	NA	8.8	NA	6.7	NA	6.2	NA	5.8	NA
Housing Starts (millions, AR)	1.1	-14.8	1.4	11.4	1.6	12.1	1.6	7.9	1.6	47.9

Table 17
History of US Labor and Income Data

	FY20		FY21							
	Q4	% chg	Q1	% chg	Q2	% chg	Q3	% chg	Q4	% chg
Non-farm Employment (millions, NSA)	133.7	-11.2	140.9	-6.8	142.6	-6.0	143.4	-5.6	145.0	8.5
Goods-producing	19.2	-8.7	19.9	-5.5	20.2	-4.3	20.3	-3.8	20.3	6.0
Mining	0.6	-17.6	0.6	-18.0	0.6	-15.7	0.6	-12.0	0.6	1.8
Construction	6.9	-7.7	7.2	-3.8	7.4	-2.5	7.4	-2.7	7.4	7.7
Manufacturing	11.7	-8.8	12.1	-5.8	12.2	-4.7	12.3	-4.0	12.3	5.1
Service-providing	93.0	-13.1	99.1	-7.7	101.0	-6.5	101.6	-6.0	103.0	10.8
Trade, Transportation & Utilities	25.1	-9.2	26.5	-4.5	26.9	-3.1	27.1	-2.6	27.2	8.3
Information	2.6	-8.6	2.6	-8.6	2.7	-8.1	2.7	-7.9	2.7	4.2
Finance	8.6	-1.3	8.7	-1.1	8.8	-0.7	8.8	-0.9	8.8	2.2
Business Services	19.3	-9.1	19.9	-6.7	20.4	-4.6	20.7	-3.2	20.8	7.7
Educational Services	22.2	-7.9	23.0	-5.0	23.3	-4.7	23.3	-4.8	23.5	6.1
Leisure and Hospitality Services	10.3	-37.4	13.0	-21.3	13.5	-19.7	13.5	-19.0	14.4	39.1
Other Services	4.8	-18.1	5.4	-8.9	5.5	-7.3	5.5	-6.7	5.6	15.9
Government	21.5	-4.7	21.8	-3.6	21.5	-5.3	21.5	-5.6	21.7	0.8
Personal Income (\$ billions, AR)	20,457.3	10.7	19,853.5	6.8	19,649.9	4.7	22,090.0	16.6	20,882.6	2.1
Wages and Salaries	8,908.8	-3.9	9,343.3	0.3	9,703.8	3.0	9,908.2	4.0	10,138.0	13.8
Transfer Receipts	5,678.0	82.1	4,369.3	39.1	3,792.1	20.2	6,050.4	87.0	4,366.2	-23.1
Dividends, Interest, and Rents	3,706.3	-1.3	3,656.7	-2.7	3,708.6	-1.8	3,707.3	-2.1	3,761.3	1.5
Supplements to Wages and Salaries	2,040.7	-3.6	2,122.9	-0.2	2,168.8	1.2	2,209.6	2.9	2,243.9	10.0
Proprietors' Income	1,511.9	-7.2	1,803.0	7.5	1,759.7	3.7	1,737.1	1.8	1,932.5	27.8
Social Insurance	1,388.4	-1.9	1,441.6	1.6	1,483.1	3.5	1,522.6	4.9	1,559.3	12.3
Residential Adjustment	0.0	NA	0.0	NA	0.0	NA	0.0	NA	0.0	NA

Table 18
US Federal Outlays
\$ billions, AR

	Q4			
	FY21	FY20	\$ Chg	% Chg
Federal Outlays excl. Gross Investment	7,749.5	9,107.1	-1,357.6	-14.9
National Defense	728.0	688.5	39.6	5.8
Non-Defense Consumption	488.3	479.7	8.7	1.8
Federal Transfer Payments to Resident Persons	3,465.8	4,815.3	-1,349.4	-28.0
Medicare	894.7	824.1	70.6	8.6
Social Security	1,112.3	1,075.4	36.9	3.4
Social Insurance to Rest of the World	26.0	34.1	-8.1	-23.8
Grants-in-Aid to State & Local Govts	1,748.7	1,396.9	351.8	25.2
Medicaid	506.7	512.6	-5.9	-1.2
Non-Medicaid Grants to State & Local Govts	1,242.0	884.3	357.8	40.5
Aid to Foreign Govts	43.3	47.7	-4.3	-9.1
Interest on the Debt	524.2	559.1	-34.9	-6.2
Subsidies	725.0	1,085.9	-360.9	-33.2

KENTUCKY ECONOMY

Kentucky personal income declined by 0.6 percent in the fourth quarter of FY21 compared to the fourth quarter of FY20. Kentucky personal income has experienced significant changes over the last five quarters, which was primarily caused by large changes in transfer receipts income. The last six adjacent-quarter growth rates are: 0.9, 10.7, -6.7, 0.2, 15.4, and -7.9 percent, respectively. The previous peak for Kentucky personal income was \$220.8 billion and occurred in the fourth quarter of FY20. The previous trough for Kentucky personal income was \$206.1 billion and occurred in the first quarter of FY21. Kentucky personal income declined by \$14.7 billion, or 6.7 percent, from peak to trough. Between the trough and the fourth quarter of FY21, Kentucky personal income has grown a net \$13.4 billion, or 6.5 percent. Therefore, Kentucky personal income is still \$1.3 billion below the previous peak.

The biggest mover in the fourth quarter of FY21 was transfer receipts, which declined a net 21.2 percent compared to the fourth quarter of FY20. Similar to US transfer receipts income, Kentucky transfer receipts income has been the primary driver of personal income changes over the last five quarters. The last six adjacent-quarter growth rates for Kentucky transfer receipts income are: 2.6, 63.7, -28.1, -4.2, 55.3, and 26.4 percent, respectively. Kentucky transfer receipts income made up 24.4 percent of total Kentucky personal income in the quarter immediately prior to the 2020 recession. Kentucky transfer receipts income made up 28.6 percent of total Kentucky personal income in the fourth quarter of FY21.

The biggest contributor to personal income growth in the fourth quarter of FY21 was proprietors' income. Proprietors' income is income from sole proprietorships, partnerships, and tax-exempt cooperatives, that excludes dividends and rental income (unless the entity is primarily engaged in the real estate industry). Proprietors' income grew by a net 21.1 percent in the fourth quarter of FY21 over the fourth quarter of FY20. The last six adjacent-quarter growth rates are: 1.1, -8.3, 12.9, 1.8, -1.8, and 7.2 percent, respectively. While proprietors' income lost 8.3 percent during the recession, it regained all those losses in the first quarter of FY21. Despite a modest drop in the third quarter of FY21, proprietors' income in the fourth quarter of FY21 is 11.1 percent above the previous peak. Proprietors' income made up 6.7 percent of total Kentucky personal income in the fourth quarter of FY21.

Kentucky wages and salaries has also made some notable gains in the last four quarters. Kentucky wages and salaries income grew a net 13.1 percent in the fourth quarter of FY21 compared to the fourth quarter of FY20. The last six adjacent-quarter growth rates are: 0.4, -7.7, 6.9, 2.1, 1.5, and 2.1 percent, respectively. The previous peak for Kentucky wages and salaries was \$98.2 billion and occurred in the third quarter of FY20. The previous trough for Kentucky wages and salaries was \$90.7 billion and occurred in the fourth quarter of FY20. This is a decline of \$7.5

billion or 7.7 percent from peak to trough. Kentucky wages and salaries rebounded quickly, regaining all those losses just two quarters following the end of the recession. Kentucky wages and salaries is now a net \$4.4 billion, or 4.4 percent, above its previous peak. Kentucky wages and salaries made up 49.2 percent of total Kentucky personal income in the quarter prior to the 2020 recession. Kentucky wages and salaries made up 46.7 percent of total Kentucky personal income in the fourth quarter of FY21.

Kentucky non-farm employment rose 9.8 percent in the fourth quarter of FY21 compared to the fourth quarter of FY20. Kentucky non-farm employment, which was experiencing weak growth even before the 2020 recession, lost 12.3 percent of total jobs during the recession. This was a significant loss of jobs historically-speaking. The last six adjacent-quarters growth rates are: 0.2, -12.3, 6.8, 1.2, 0.3, and 1.3 percent, respectively. Nearly 240,700 jobs were lost during the 2020 recession. Since the recession ended, 168,300 jobs have been regained to date. Therefore, 69.9 percent of recession losses have been regained as of the fourth quarter of FY21. The recession losses in employment occurred in all 11 supersectors.

Kentucky leisure and hospitality services employment was the biggest winner among all the supersectors in the fourth quarter of FY21. Leisure and hospitality employment grew by a net 38.7 percent over the fourth quarter of FY20. Perhaps it is fitting, since leisure and hospitality employment was also the biggest loser from the 2020 recession. The last seven adjacent-quarter growth rates for leisure and hospitality services employment are: 0.5, -0.4, -36.5, 28.4, 1.2, -0.1 and 6.9 percent, respectively. Despite having the most robust growth over the last four quarters, leisure and hospitality employment is still 24,900 jobs, or 12.3 percent, below its previous peak. Kentucky leisure and hospitality employment made up 9.5 percent of total Kentucky non-farm employment in the fourth quarter of FY21.

The second biggest winner in the fourth quarter is mining employment. Kentucky mining employment grew a net 20.4 percent in the fourth quarter compared to the fourth quarter of FY20. Kentucky mining employment growth has been weak for a long time before the 2020 recession. Apart from the brief periods of shallow growth in 2010, 2011, and 2018, Kentucky mining employment has been steadily declining since the end of the 2007 recession. The last nine adjacent-quarter mining employment growth rates are: -3.7, -6.7, 0.4, -10.6, -21.0, 5.8, 0.4, 0.5, and 12.7 percent, respectively. The previous peak for Kentucky mining employment was 10,800 jobs and occurred in the third quarter of FY19. The previous trough for Kentucky mining employment was 6,900 jobs and occurred in the fourth quarter of FY20. The peak to trough losses were 3,900 net jobs, or a 36.3 percent decline. Between the trough and the fourth quarter of FY21, mining employment has risen a net 1,400 jobs, or a 20.4 percent increase. Kentucky mining employment is still 2,500 jobs below its previous peak. Mining employment is the smallest of the supersectors

and made up 0.4 percent of total Kentucky non-farm employment in the fourth quarter of FY21.

Table 19
History of KY Labor and Income Data

	FY20		FY21							
	Q4	% chg	Q1	% chg	Q2	% chg	Q3	% chg	Q4	% chg
Non-farm Employment (thousands, NSA)	1,712.2	-11.9	1,829.0	-6.2	1,851.7	-5.0	1,857.0	-4.9	1,880.5	9.8
Goods-producing	297.2	-13.3	320.0	-6.8	327.0	-4.3	327.8	-3.7	332.8	12.0
Mining	6.9	-33.8	7.3	-25.0	7.3	-25.0	7.4	-15.6	8.3	20.4
Construction	74.8	-6.7	76.1	-5.7	79.0	-2.0	78.7	-3.4	79.9	6.7
Manufacturing	215.5	-14.6	236.6	-6.4	240.6	-4.2	241.7	-3.4	244.6	13.5
Service-providing	1,121.4	-12.9	1,214.4	-6.2	1,230.6	-5.1	1,236.0	-5.0	1,251.1	11.6
Trade, Transportation & Utilities	377.0	-6.6	397.5	-1.7	401.7	-0.9	404.0	-0.4	403.5	7.0
Information	19.5	-10.8	19.8	-8.6	20.2	-6.2	20.3	-5.7	19.9	2.3
Finance	90.8	-3.1	92.0	-1.9	93.7	-0.5	95.4	0.7	94.3	3.9
Business Services	192.6	-10.7	206.2	-5.1	210.4	-2.8	212.4	-2.4	214.6	11.4
Educational Services	257.7	-9.6	273.0	-5.1	276.3	-4.0	275.7	-5.1	278.4	8.1
Leisure and Hospitality Services	128.4	-36.3	164.9	-18.4	166.9	-17.8	166.7	-17.6	178.2	38.7
Other Services	55.4	-16.3	61.0	-9.3	61.5	-9.4	61.4	-10.4	62.1	12.1
Government	293.7	-5.8	294.6	-5.4	294.1	-5.7	293.3	-5.8	296.6	1.0
Personal Income (\$ billions, AR)	220.8	13.4	206.1	5.0	206.6	4.5	238.4	19.5	219.5	-0.6
Wages and Salaries	90.7	-5.7	96.9	0.4	98.9	1.2	100.5	2.3	102.6	13.1
Transfer Receipts	79.7	69.8	57.3	20.8	54.9	15.6	85.2	75.1	62.7	-21.2
Dividends, Interest, and Rents	32.7	-1.0	32.3	-2.4	32.7	-1.3	32.8	-1.5	33.3	1.7
Supplements to Wages and Salaries	22.9	-5.3	24.3	-0.2	24.7	0.5	25.2	3.0	25.7	12.1
Proprietors' Income	12.2	-1.6	13.8	5.9	14.1	6.6	13.8	3.6	14.8	21.1
Social Insurance	15.1	-3.7	16.0	1.7	16.2	2.2	16.7	4.2	17.1	12.9
Residential Adjustment	-2.2	NA	-2.4	NA	-2.5	NA	-2.5	NA	-2.5	NA

Table 20
History and Outlook
Annual Growth Rates (%)

	FY20				FY21				FY22		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
United States											
Real GDP	2.1	2.3	0.3	-9.0	-2.8	-2.4	0.4	13.4	7.6	8.5	7.8
Real Consumption	2.5	2.5	0.2	-10.2	-2.8	-2.7	1.8	16.2	7.8	8.4	6.6
Real Investment	0.9	-1.0	-4.2	-16.9	-3.4	3.7	4.9	23.9	14.0	12.8	14.9
Real Government Expenditures	2.2	3.0	2.7	2.1	0.3	-0.5	0.6	2.3	3.4	3.9	2.5
Real Exports	0.2	0.4	-2.6	-23.9	-14.6	-10.9	-9.3	21.1	9.8	7.0	10.1
Real Imports	1.0	-1.9	-5.3	-22.4	-8.6	-0.6	5.3	30.8	12.7	6.5	6.1
Personal Income	3.5	3.5	3.2	10.7	6.8	4.7	16.6	2.1	3.7	4.6	-5.4
Wage & Salary	3.9	4.5	3.2	-3.9	0.3	3.0	4.0	13.8	11.1	8.6	7.8
Industrial Production Index	-1.5	-2.1	-2.9	-14.9	-6.7	-4.2	-1.9	14.6	6.8	6.7	6.9
Total Non-farm Employment	1.3	1.3	1.1	-11.2	-6.8	-6.0	-5.6	8.5	4.9	4.7	5.0
Manufacturing Employment	0.8	0.1	-0.5	-8.8	-5.8	-4.7	-4.0	5.1	2.6	1.9	2.1
Unemployment Rate	3.6	3.6	3.8	13.0	8.8	6.7	6.2	5.8	5.1	4.5	4.2
Kentucky											
Personal Income	3.4	3.4	3.0	13.4	5.0	4.5	19.5	-0.6	4.4	3.5	-9.2
Wage & Salary	3.2	3.6	2.4	-5.7	0.4	1.2	2.3	13.1	8.3	7.4	6.5
Non-farm Employment	0.9	0.8	0.7	-11.9	-6.2	-5.0	-4.9	9.8	4.7	4.4	4.7
Goods Producing	1.1	0.2	-1.0	-13.3	-6.8	-4.3	-3.7	12.0	5.1	4.0	4.3
Service Providing	1.1	1.2	1.3	-12.9	-6.2	-5.1	-5.0	11.6	5.2	4.7	4.9
Government	-0.2	0.0	0.1	-5.8	-5.4	-5.7	-5.8	1.0	1.9	3.6	4.5

APPENDIX A

General Fund and Road Fund Revenue Receipts

Fourth Quarter FY21

KENTUCKY STATE GOVERNMENT GENERAL FUND REVENUE

	Fourth Quarter FY 2021	Fourth Quarter FY 2020	% Change	Year-To-Date FY 2021	Year-To-Date FY 2020	% Change
TOTAL GENERAL FUND	\$3,804,069,438	\$3,048,286,763	24.8%	\$12,827,432,329	\$11,566,621,672	10.9%
Tax Receipts	\$3,692,271,237	\$2,952,120,161	25.1%	\$12,414,752,386	\$11,185,135,285	11.0%
Sales and Gross Receipts	\$1,528,549,382	\$1,192,935,601	28.1%	\$5,407,385,853	\$4,859,752,240	11.3%
Beer Consumption	1,575,662	1,512,525	4.2%	6,200,831	6,147,066	0.9%
Beer Wholesale	16,335,023	15,897,622	2.8%	63,363,832	61,686,347	2.7%
Cigarette	91,106,329	86,999,082	4.7%	349,939,662	354,965,469	-1.4%
Distilled Spirits Case Sales	53,491	48,461	10.4%	202,034	180,755	11.8%
Distilled Spirits Consumption	4,617,701	4,294,349	7.5%	17,520,621	15,928,560	10.0%
Distilled Spirits Wholesale	17,011,248	14,014,450	21.4%	62,862,108	53,860,774	16.7%
Insurance Premium	56,220,417	55,839,354	0.7%	176,537,254	168,803,965	4.6%
Pari-Mutuel	11,679,925	896,812	1202.4%	31,229,897	15,771,742	98.0%
Race Track Admission	11,635	0	—	21,551	143,685	-85.0%
Sales and Use	1,293,030,020	984,350,742	31.4%	4,561,017,999	4,070,905,629	12.0%
Wine Consumption	854,556	879,998	-2.9%	3,461,261	3,261,354	6.1%
Wine Wholesale	5,038,693	4,643,227	8.5%	19,936,744	17,837,410	11.8%
Telecommunications Tax	18,470,172	17,741,641	4.1%	73,910,160	68,074,621	8.6%
Other Tobacco Products	12,544,418	5,813,133	115.8%	41,174,942	22,133,743	86.0%
Floor Stock Tax	93	4,204	-97.8%	6,958	51,120	-86.4%
License and Privilege	\$8,646,554	\$1,248,256	592.7%	\$117,938,539	\$125,203,420	-5.8%
Alc. Bev. License Suspension	118,100	31,400	276.1%	225,350	264,150	-14.7%
Corporation License	9,730	45,972	-78.8%	197,340	83,625	136.0%
Corporation Organization	6,249	9,660	-35.3%	35,791	65,992	-45.8%
Occupational Licenses	143,468	71,339	101.1%	272,299	173,320	57.1%
Race Track License	7,500	0	—	242,691	242,717	0.0%
Bank Franchise Tax	7,927,276	995,227	696.5%	116,008,780	123,097,210	-5.8%
Driver License Fees	434,231	94,658	358.7%	956,288	1,276,406	-25.1%
Natural Resources	\$22,352,097	\$16,606,427	34.6%	\$84,445,676	\$87,324,689	-3.3%
Coal Severance	13,803,290	10,680,372	29.2%	56,073,988	58,820,499	-4.7%
Oil Production	1,537,290	458,897	235.0%	4,200,401	4,591,931	-8.5%
Minerals Severance	5,455,968	4,575,510	19.2%	20,607,726	19,425,087	6.1%
Natural Gas Severance	1,555,549	891,648	74.5%	3,563,561	4,487,171	-20.6%
Income	\$2,029,173,556	\$1,677,943,406	20.9%	\$6,026,619,268	\$5,404,391,683	11.5%
Corporation	315,018,177	126,742,144	148.6%	608,017,501	346,366,518	75.5%
Individual	1,623,269,258	1,410,201,538	15.1%	5,143,769,886	4,765,235,522	7.9%
Limited Liability Entity	90,886,121	140,999,724	-35.5%	274,831,881	292,789,644	-6.1%
Property	\$79,177,466	\$48,363,659	63.7%	\$702,475,525	\$643,046,099	9.2%
Building & Loan Association	0	1,802,638	-100.0%	51,057	1,609,784	-96.8%
General - Real	5,347,581	5,735,537	-6.8%	317,378,436	304,018,815	4.4%
General - Tangible	64,633,879	37,973,689	70.2%	291,489,619	251,537,842	15.9%
Omitted & Delinquent	3,095,088	(921,830)	—	17,994,932	12,184,648	47.7%
Public Service	6,038,866	3,729,460	61.9%	72,960,107	71,408,609	2.2%
Other	62,052	44,164	40.5%	2,601,373	2,286,401	13.8%
Inheritance Tax	\$19,269,721	\$10,742,790	79.4%	\$62,068,793	\$46,322,174	34.0%
Miscellaneous	\$5,102,461	\$4,280,022	19.2%	\$13,818,732	\$19,094,980	-27.6%
Legal Process	2,954,223	1,676,196	76.2%	10,161,708	11,554,463	-12.1%
T. V. A. In Lieu Payments	2,143,950	2,496,643	-14.1%	3,252,452	6,657,123	-51.1%
Other	4,288	107,184	-96.0%	404,571	883,395	-54.2%
Nontax Receipts	\$111,279,951	\$95,228,462	16.9%	\$393,971,345	\$363,353,087	8.4%
Departmental Fees	4,032,134	5,355,535	-24.7%	11,508,943	15,286,507	-24.7%
PSC Assessment Fee	2,318,279	1,850,097	25.3%	16,663,260	14,921,519	11.7%
Fines & Forfeitures	4,521,358	2,491,884	81.4%	12,728,359	15,576,601	-18.3%
Income on Investments	270,476	(43,025)	—	(344,153)	(6,147,796)	—
Lottery	82,995,455	70,000,000	18.6%	289,100,000	271,363,344	6.5%
Miscellaneous	17,142,249	15,573,970	10.1%	64,314,936	52,352,911	22.8%
Redeposit of State Funds	\$518,251	\$938,140	-44.8%	\$18,708,597	\$18,133,300	3.2%

KENTUCKY STATE GOVERNMENT ROAD FUND REVENUE

	Fourth Quarter FY 2021	Fourth Quarter FY 2020	% Change	Year-To-Date FY 2021	Year-To-Date FY 2020	% Change
TOTAL ROAD FUND	\$466,653,758	\$324,601,367	43.8%	\$1,642,340,305	\$1,491,513,188	10.1%
Tax Receipts-	\$458,821,798	\$317,964,990	44.3%	\$1,614,526,694	\$1,459,053,657	10.7%
Sales and Gross Receipts	\$379,996,786	\$260,022,681	46.1%	\$1,369,253,236	\$1,240,878,729	10.3%
Motor Fuels Taxes	199,580,653	160,304,099	24.5%	748,377,115	741,601,128	0.9%
Motor Vehicle Usage	180,416,133	99,718,583	80.9%	620,876,121	499,277,601	24.4%
License and Privilege	\$78,825,012	\$57,942,309	36.0%	\$245,273,458	\$218,174,928	12.4%
Motor Vehicles	48,201,182	31,295,158	54.0%	125,481,645	108,626,329	15.5%
Motor Vehicle Operators	6,691,679	891,664	650.5%	22,080,766	12,930,555	70.8%
Weight Distance	21,031,968	19,838,436	6.0%	83,185,252	83,374,856	-0.2%
Truck Decal Fees	75,480	100,680	-25.0%	145,500	120,460	20.8%
Other Special Fees	2,824,704	5,816,371	-51.4%	14,380,295	13,122,728	9.6%
Nontax Receipts	\$7,246,736	\$6,719,348	7.8%	\$26,934,560	\$32,083,175	-16.0%
Departmental Fees	5,994,320	4,401,800	36.2%	21,907,240	20,315,948	7.8%
In Lieu of Traffic Fines	64,260	31,755	102.4%	210,555	282,892	-25.6%
Income on Investments	(19,632)	953,770	—	(118,008)	6,688,478	—
Miscellaneous	1,207,787	1,332,023	-9.3%	4,934,773	4,795,857	2.9%
Redeposit of State Funds	\$585,224	(\$82,972)	-805.3%	\$879,051	\$376,356	133.6%

APPENDIX B

Summary Statistics for General Fund Major Revenue Sources Fiscal Years 2012- 2021 (\$)

	FY12	FY13	FY14	FY15	FY16
TOTAL GENERAL FUND	9,090,954,645	9,348,326,000	9,462,035,017	9,966,630,897	10,338,884,795
Tax Receipts	8,786,626,012	8,992,372,146	9,126,466,009	9,637,987,521	9,988,342,493
Sales and Gross Receipts	3,648,803,253	3,616,732,159	3,716,809,229	3,854,700,860	4,062,700,426
Beer Consumption	6,125,423	6,190,085	6,226,880	6,071,389	6,557,744
Beer Wholesale	54,139,730	53,750,045	57,969,185	57,570,011	61,161,655
Cigarette	254,798,018	238,669,895	228,076,834	220,902,529	224,303,658
Cigarette Floor Stock	31,548	19,426	-1,887	11,502	8,108
Distilled Spirits Case Sales	116,903	122,873	127,875	132,802	136,488
Distilled Spirits Consumption	11,355,027	11,962,448	11,961,270	12,468,749	12,823,273
Distilled Spirits Wholesale	29,695,678	31,911,903	33,829,202	36,471,357	38,886,865
Insurance Premium	133,069,934	139,471,024	141,638,641	146,480,663	145,250,375
Pari-Mutuel	3,600,911	4,842,847	2,421,099	2,964,884	4,993,574
Race Track Admission	164,223	184,269	213,958	155,426	229,416
Sales and Use	3,052,236,048	3,021,794,387	3,131,126,876	3,267,331,025	3,462,704,116
Wine Consumption	2,716,967	2,856,119	2,896,687	2,912,784	3,102,163
Wine Wholesale	14,102,961	14,959,504	15,523,357	16,323,658	16,583,413
Telecommunications Tax	64,919,274	68,327,915	63,897,510	63,575,235	64,681,001
Other Tobacco Products	21,730,607	21,669,418	20,901,740	21,328,845	21,278,667
License and Privilege	100,903,697	100,211,825	105,181,651	101,926,285	111,094,998
Alc. Bev. License & Suspension	281,375	402,958	343,952	450,542	480,675
Corporation License	5,330,573	-294,874	814,539	188,600	135,698
Corporation Organization	94,666	97,963	47,491	186,635	136,720
Occupational Licenses	156,845	137,311	214,153	202,297	289,193
Race Track License	272,443	264,011	291,300	247,766	324,375
Bank Franchise Tax	94,158,966	98,971,258	102,857,446	99,990,669	109,049,728
Driver License Fees	608,829	633,198	612,770	659,776	678,609
Natural Resources	346,050,224	269,486,287	241,988,627	220,613,349	149,405,136
Coal Severance	298,263,637	230,540,150	197,525,899	180,283,352	120,610,311
Oil Production	11,955,961	10,974,127	13,128,040	9,840,015	4,748,862
Minerals Severance	13,292,368	13,306,647	12,298,663	15,128,385	17,596,331
Natural Gas Severance	22,538,258	14,665,363	19,036,025	15,361,597	6,449,632
Income	4,087,239,263	4,369,839,147	4,423,722,549	4,821,410,590	5,011,709,477
Corporation	374,423,779	400,752,175	475,120,319	528,118,737	526,637,870
Individual	3,512,075,128	3,722,963,791	3,749,257,830	4,069,500,570	4,282,080,975
LLET	200,740,356	246,123,181	199,344,400	223,791,283	202,990,632
Property	529,566,811	558,378,328	562,428,448	563,435,472	577,548,052
Bank Deposits	570,776	588,098	581,157	588,914	632,587
Building & Loan Association	2,462,810	2,332,923	1,806,976	1,482,051	2,191,706
Distilled Spirits	754,636	772,733	854,637	891,761	961,388
General - Intangible	-	-	816	-	-
General - Real	251,285,063	257,970,441	258,284,309	259,228,298	268,087,934
General - Tangible	207,739,436	216,942,082	223,393,888	226,137,118	237,464,692
Omitted & Delinquent	16,687,591	26,972,243	21,276,527	16,237,196	11,991,240
Public Service	50,063,069	52,795,179	51,859,325	58,864,760	56,210,797
Other	3,431	4,629	5,807,422	5,374	7,708
Inheritance	41,312,904	41,326,220	45,843,849	50,975,858	51,247,149
Miscellaneous	32,749,859	36,398,182	30,491,656	24,925,107	24,637,267
Legal Process	19,977,267	19,748,614	16,792,670	15,435,811	14,479,452
T. V. A. In Lieu Payments	12,707,124	16,600,467	13,646,200	9,452,432	10,119,811
Other	65,468	49,101	52,786	36,863	38,005
Nontax Receipts	301,849,149	353,103,427	333,860,106	326,949,419	344,822,276
Departmental Fees	26,203,503	28,494,072	24,489,562	22,036,475	21,891,588
PSC Assessment Fee	7,389,549	13,205,508	17,155,431	20,829,264	14,367,915
Fines & Forfeitures	26,274,627	28,264,706	24,747,942	22,771,487	21,204,392
Interest on Investments	-14,535,985	711,516	(176,256)	213,267	287,789
Lottery	210,800,122	215,266,568	219,500,743	221,500,000	241,778,429
Sale of NOx Credits	22,025	50,892	104,242	27,594	0
Miscellaneous	45,695,310	67,110,164	48,038,442	39,571,333	45,292,162
Redeposit of State Funds	2,479,483	2,850,428	1,708,902	1,693,958	5,720,026

	FY17	FY18	FY19	FY20	FY21
TOTAL GENERAL FUND	10,477,848,874	10,838,200,084	11,392,698,460	11,566,621,672	12,827,432,329
Tax Receipts	10,132,685,779	10,497,829,798	10,988,227,884	11,185,135,285	12,414,752,386
Sales and Gross Receipts	4,086,441,364	4,211,205,101	4,717,609,351	4,859,752,240	5,407,385,853
Beer Consumption	6,205,443	6,069,024	5,885,046	6,147,066	6,200,831
Beer Wholesale	59,525,060	59,119,872	56,215,810	61,686,347	63,363,832
Cigarette	221,375,451	211,834,789	353,452,495	354,965,469	349,939,662
Cigarette Floor Stock	6,040	-3,399	21,289,650	51,120	6,958
Distilled Spirits Case Sales	153,781	155,861	163,929	180,755	202,034
Distilled Spirits Consumption	14,237,920	14,288,035	14,756,577	15,928,560	17,520,621
Distilled Spirits Wholesale	44,064,952	45,559,663	49,288,861	53,860,774	62,862,108
Insurance Premium	148,188,827	157,154,273	165,476,033	168,803,965	176,537,254
Pari-Mutuel	6,807,535	7,894,063	14,578,083	15,771,742	31,229,897
Race Track Admission	174,356	195,837	214,345	143,685	21,551
Sales and Use	3,485,215,349	3,605,661,335	3,937,610,039	4,070,905,629	4,561,017,999
Wine Consumption	3,084,190	3,165,448	3,143,994	3,261,354	3,461,261
Wine Wholesale	18,289,377	17,445,613	17,608,228	17,837,410	19,936,744
Telecommunications Tax	57,540,002	61,125,754	55,757,372	68,074,621	73,910,160
Other Tobacco Products	21,573,080	21,538,933	22,168,888	22,133,743	41,174,942
License and Privilege	107,690,065	117,424,507	121,663,708	125,203,420	117,938,539
Alc. Bev. License & Suspension	367,853	559,200	320,000	264,150	225,350
Corporation License	7,423	11,596	62,947	83,625	197,340
Corporation Organization	982,251	54,471	314,310	65,992	35,791
Occupational Licenses	229,579	216,991	193,778	173,320	272,299
Race Track License	276,596	278,500	268,875	242,717	242,691
Bank Franchise Tax	105,129,792	115,617,923	119,821,064	123,097,210	116,008,780
Driver License Fees	696,570	685,826	682,734	1,276,406	956,288
Natural Resources	130,063,924	122,972,027	127,756,984	87,324,689	84,445,676
Coal Severance	100,455,465	89,643,238	92,906,947	58,820,499	56,073,988
Oil Production	5,120,700	5,360,469	5,910,918	4,591,931	4,200,401
Minerals Severance	16,923,270	18,181,584	18,926,560	19,425,087	20,607,726
Natural Gas Severance	7,564,489	9,786,736	10,012,558	4,487,171	3,563,561
Income	5,136,952,770	5,353,058,930	5,307,357,898	5,404,391,683	6,026,619,268
Corporation	497,479,037	511,352,679	555,976,332	346,366,518	608,017,501
Individual	4,393,862,556	4,603,578,834	4,544,676,175	4,765,235,522	5,143,769,886
LLET	245,611,177	238,127,417	206,705,391	292,789,644	274,831,881
Property	602,095,597	621,260,307	647,009,309	643,046,099	702,475,525
Bank Deposits	644,459	676,071	666,267	699,983	836,189
Building & Loan Association	2,369,893	2,158,239	1,701,042	1,609,784	51,057
Distilled Spirits	1,020,812	1,149,557	1,372,441	1,580,059	1,751,298
General - Intangible	-	-	-	-	-
General - Real	273,935,818	283,388,656	293,725,321	304,018,815	317,378,436
General - Tangible	244,469,542	254,292,498	258,458,750	251,537,841	291,489,619
Omitted & Delinquent	15,966,205	16,274,357	20,097,838	12,184,648	17,994,932
Public Service	63,680,782	63,313,796	70,981,420	71,408,609	72,960,107
Other	8,087	7,133	6,230	6,360	13,887
Inheritance	44,699,808	48,248,219	44,434,124	46,322,174	62,068,793
Miscellaneous	24,742,251	23,660,706	22,396,511	19,094,980	13,818,732
Legal Process	13,299,585	13,035,070	13,135,526	11,554,463	10,161,708
T. V. A. In Lieu Payments	11,350,177	10,575,611	9,251,250	6,657,123	3,252,452
Other	92,490	50,025	9,735	883,395	404,571
Nontax Receipts	335,817,562	334,713,465	393,632,360	363,353,087	393,971,345
Departmental Fees	21,805,380	22,657,477	17,464,180	15,286,507	11,508,943
PSC Assessment Fee	13,784,610	16,218,175	19,665,109	14,921,519	16,663,260
Fines & Forfeitures	19,676,290	17,829,955	19,960,970	15,576,601	12,728,359
Interest on Investments	-1,129,875	-7,611,235	-10,553,105	-6,147,796	-344,153
Lottery	241,627,129	253,000,000	263,946,017	271,363,344	289,100,000
Sale of NOx Credits	0	0	0	0	0
Miscellaneous	40,054,028	32,619,094	83,149,189	52,352,911	64,314,936
Redeposit of State Funds	9,345,533	5,656,821	10,838,216	18,133,300	18,708,597

**General Fund Growth Rates
Major Revenue Sources
Fiscal Years 2012 – 2021
(%)**

	FY12	FY13	FY14	FY15	FY16
TOTAL GENERAL FUND	3.8%	2.8%	1.2%	5.3%	3.7%
Tax Receipts	3.9%	2.3%	1.5%	5.6%	3.6%
Sales and Gross Receipts	4.6%	-0.9%	2.8%	3.7%	5.4%
Beer Consumption	0.1%	1.1%	0.6%	-2.5%	8.0%
Beer Wholesale	4.3%	-0.7%	7.8%	-0.7%	6.2%
Cigarette	-2.8%	-6.3%	-4.4%	-3.1%	1.5%
Cigarette Floor Stock	-79.0%	-38.4%	-109.7%	-709.6%	-29.5%
Distilled Spirits Case Sales	---	---	4.1%	3.9%	2.8%
Distilled Spirits Consumption	3.8%	5.3%	0.0%	4.2%	2.8%
Distilled Spirits Wholesale	5.4%	7.5%	6.0%	7.8%	6.6%
Insurance Premium	3.4%	4.8%	1.6%	3.4%	-0.8%
Pari-Mutuel	---	34.5%	-50.0%	22.5%	68.4%
Race Track Admission	-8.2%	12.2%	16.1%	-27.4%	47.6%
Sales and Use	5.4%	-1.0%	3.6%	4.4%	6.0%
Wine Consumption	5.1%	5.1%	1.4%	0.6%	6.5%
Wine Wholesale	2.6%	6.1%	3.8%	5.2%	1.6%
Telecommunications Tax	4.2%	5.3%	-6.5%	-0.5%	1.7%
Other Tobacco Products	1.6%	-0.3%	-3.5%	2.0%	-0.2%
License and Privilege	0.4%	-0.7%	5.0%	-3.1%	9.0%
Alc. Bev. License Suspension	-25.5%	43.2%	-14.6%	31.0%	6.7%
Corporation License	-50.0%	-105.5%	-376.2%	-76.8%	-28.0%
Corporation Organization	35.4%	3.5%	-51.5%	293.0%	-26.7%
Occupational Licenses	-5.4%	-12.5%	56.0%	-5.5%	43.0%
Race Track License	3.9%	-3.1%	10.3%	-14.9%	30.9%
Bank Franchise Tax	6.5%	5.1%	3.9%	-2.8%	9.1%
Driver License Fees	1.0%	4.0%	-3.2%	7.7%	2.9%
Natural Resources	1.1%	-22.1%	-10.2%	-8.8%	-32.3%
Coal Severance	0.8%	-22.7%	-14.3%	-8.7%	-33.1%
Oil Production	44.3%	-8.2%	19.6%	-25.0%	-51.7%
Minerals Severance	0.3%	0.1%	-7.6%	23.0%	16.3%
Natural Gas Severance	-9.6%	-34.9%	29.8%	-19.3%	-58.0%
Income	3.9%	6.9%	1.2%	9.0%	3.9%
Corporation	24.5%	7.0%	18.6%	11.2%	-0.3%
Individual	2.8%	6.0%	0.7%	8.5%	5.2%
LLET	-7.0%	22.6%	-19.0%	12.3%	-9.3%
Property	2.9%	5.4%	0.7%	0.2%	2.5%
Bank Deposits	1.7%	3.0%	-1.2%	1.3%	7.4%
Building & Loan Association	0.2%	-5.3%	-22.5%	-18.0%	47.9%
Distilled Spirits	3.4%	2.4%	10.6%	4.3%	7.8%
General - Intangible	---	---	---	---	---
General - Real	1.7%	2.7%	0.1%	0.4%	3.4%
General - Tangible	11.3%	4.4%	3.0%	1.2%	5.0%
Omitted & Delinquent	-40.7%	61.6%	-21.1%	-23.7%	-26.1%
Public Service	1.7%	5.5%	-1.8%	13.5%	-4.5%
Other	-77.7%	34.9%	125357.4%	---	43.4%
Inheritance	-0.1%	0.0%	10.9%	11.2%	0.5%
Miscellaneous	-1.9%	11.1%	-16.2%	-18.3%	-1.2%
Legal Process	-1.6%	-1.1%	-15.0%	-8.1%	-6.2%
T. V. A. In Lieu Payments	-2.2%	30.6%	-17.8%	-30.7%	7.1%
Other	-26.7%	-25.0%	7.5%	-30.2%	3.1%
Nontax Receipts	0.5%	17.0%	-5.4%	-2.1%	5.5%
Departmental Fees	-11.2%	8.7%	-14.1%	-10.0%	-0.7%
PSC Assessment Fee ⁷	-54.6%	78.7%	29.9%	21.4%	-31.0%
Fines & Forfeitures	0.6%	7.6%	-12.4%	-8.0%	-6.9%
Interest on Investments	-1993.7%	-104.9%	-124.8%	-221.0%	34.9%
Lottery	5.1%	2.1%	2.0%	0.9%	9.2%
Sale of NOx Credits	-40.2%	131.1%	104.8%	-73.5%	-100.0%
Miscellaneous	68.8%	46.9%	-28.4%	-17.6%	14.5%
Redeposit of State Funds	-27.2%	15.0%	-36.3%	-0.9%	237.7%

	FY17	FY18	FY19	FY20	FY21
TOTAL GENERAL FUND	1.3%	3.4%	5.1%	1.5%	10.9%
Tax Receipts	1.4%	3.6%	4.7%	1.8%	11.0%
Sales and Gross Receipts	0.6%	3.1%	12.0%	3.0%	11.3%
Beer Consumption	-5.4%	-2.2%	-3.0%	4.5%	0.9%
Beer Wholesale	-2.7%	-0.7%	-4.9%	9.7%	2.7%
Cigarette	-1.3%	-4.3%	66.9%	0.4%	-1.4%
Cigarette Floor Stock	-25.5%	-156.3%	---	---	-86.4%
Distilled Spirits Case Sales	12.7%	1.4%	5.2%	10.3%	11.8%
Distilled Spirits Consumption	11.0%	0.4%	3.3%	7.9%	10.0%
Distilled Spirits Wholesale	13.3%	3.4%	8.2%	9.3%	16.7%
Insurance Premium	2.0%	6.1%	5.3%	2.0%	4.6%
Pari-Mutuel	36.3%	16.0%	84.7%	8.2%	98.0%
Race Track Admission	-24.0%	12.3%	9.5%	-33.0%	-85.0%
Sales and Use	0.7%	3.5%	9.2%	3.4%	12.0%
Wine Consumption	-0.6%	2.6%	-0.7%	3.7%	6.1%
Wine Wholesale	10.3%	-4.6%	0.9%	1.3%	11.8%
Telecommunications Tax	-11.0%	6.2%	-8.8%	22.1%	8.6%
Other Tobacco Products	1.4%	-0.2%	2.9%	-0.2%	86.0%
License and Privilege	-3.1%	9.0%	3.6%	2.9%	-5.8%
Alc. Bev. License Suspension	-23.5%	52.0%	-42.8%	-17.5%	-14.7%
Corporation License	-94.5%	56.2%	442.8%	32.9%	136.0%
Corporation Organization	618.4%	-94.5%	477.0%	-79.0%	-45.8%
Occupational Licenses	-20.6%	-5.5%	-10.7%	-10.6%	57.1%
Race Track License	-14.7%	0.7%	-3.5%	-9.7%	0.0%
Bank Franchise Tax	-3.6%	10.0%	3.6%	2.7%	-5.8%
Driver License Fees	2.6%	-1.5%	-0.5%	87.0%	-25.1%
Natural Resources	-12.9%	-5.5%	3.9%	-31.6%	-3.3%
Coal Severance	-16.7%	-10.8%	3.6%	-36.7%	-4.7%
Oil Production	7.8%	4.7%	10.3%	-22.3%	-8.5%
Minerals Severance	-3.8%	7.4%	4.1%	2.6%	6.1%
Natural Gas Severance	17.3%	29.4%	2.3%	-55.2%	-20.6%
Income	2.5%	4.2%	-0.9%	1.8%	11.5%
Corporation	-5.5%	2.8%	8.7%	-37.7%	75.5%
Individual	2.6%	4.8%	-1.3%	4.9%	7.9%
LLET	21.0%	-3.0%	-13.2%	41.6%	-6.1%
Property	4.3%	3.2%	4.1%	-0.6%	9.2%
Bank Deposits	1.9%	4.9%	-1.5%	5.1%	19.5%
Building & Loan Association	8.1%	-8.9%	-21.2%	-5.4%	-96.8%
Distilled Spirits	6.2%	12.6%	19.4%	15.1%	10.8%
General - Intangible	---	---	---	---	---
General - Real	2.2%	3.5%	3.6%	3.5%	4.4%
General - Tangible	2.9%	4.0%	1.6%	-2.7%	15.9%
Omitted & Delinquent	33.1%	1.9%	23.5%	-39.4%	47.7%
Public Service	13.3%	-0.6%	12.1%	0.6%	2.2%
Other	4.9%	-11.8%	-12.7%	2.1%	118.3%
Inheritance	-12.8%	7.9%	-7.9%	4.2%	34.0%
Miscellaneous	0.4%	-4.4%	-5.3%	-14.7%	-27.6%
Legal Process	-8.1%	-2.0%	0.8%	-12.0%	-12.1%
T. V. A. In Lieu Payments	12.2%	-6.8%	-12.5%	-28.0%	-51.1%
Other	143.4%	-45.9%	-80.5%	8974.4%	-54.2%
Nontax Receipts	-2.6%	-0.3%	17.6%	-7.7%	8.4%
Departmental Fees	-0.4%	3.9%	-22.9%	-12.5%	-24.7%
PSC Assessment Fee	-4.1%	17.7%	21.3%	-24.1%	11.7%
Fines & Forfeitures	-7.2%	-9.4%	12.0%	-22.0%	-18.3%
Interest on Investments	-492.6%	---	---	---	---
Lottery	-0.1%	4.7%	4.3%	2.8%	6.5%
Sale of NOx Credits	#DIV/0!	---	---	---	---
Miscellaneous	-11.6%	-18.6%	154.9%	-37.0%	22.8%
Redeposit of State Funds	63.4%	-39.5%	91.6%	67.3%	3.2%

APPENDIX C

Summary Statistics for Road Fund Major Revenue Sources Fiscal Years 2012 – 2021 (\$)

	FY12	FY13	FY14	FY15	FY16
TOTAL STATE ROAD FUND	1,443,773,845	1,491,623,669	1,560,439,604	1,526,738,659	1,482,541,978
Tax Receipts-	1,416,497,670	1,471,593,789	1,535,727,564	1,501,667,661	1,458,382,671
Sales and Gross Receipts	1,207,082,330	1,265,175,199	1,329,208,128	1,283,046,179	1,234,432,155
Motor Fuels Taxes	790,229,379	838,344,373	886,161,042	850,276,246	750,034,840
Motor Vehicle Usage	416,852,951	426,830,826	443,047,087	432,769,932	484,397,314
License and Privilege	209,415,340	206,418,590	206,519,436	218,621,482	223,950,517
Motor Vehicles	107,836,554	102,256,080	101,879,541	107,554,129	113,114,908
Motor Vehicle Operators	15,737,651	16,049,755	16,150,032	15,958,491	16,331,496
Weight Distance	75,111,565	74,935,016	76,894,805	79,147,533	81,375,028
Truck Decal Fees	736,224	590,397	489,072	404,906	283,942
Other Special Fees	9,993,345	12,587,343	11,105,986	15,556,424	12,845,142
Nontax Receipts	26,739,794	18,023,074	22,833,411	22,358,605	23,041,935
Departmental Fees	21,879,481	17,094,723	17,368,008	17,766,834	19,308,449
In Lieu of Traffic Fines	769,405	702,451	544,637	465,304	427,255
Investment Income	3,081,180	-398,745	3,997,826	2,913,784	2,468,620
Miscellaneous	1,009,727	624,646	922,939	1,212,683	837,611
Redeposit of State Funds	536,381	2,006,806	1,880,271	2,712,394	1,117,372

	FY17	FY18	FY19	FY20	FY21
TOTAL STATE ROAD FUND	1,508,003,421	1,511,003,520	1,566,079,860	1,491,513,188	1,642,340,305
Tax Receipts-	1,484,228,925	1,483,223,103	1,527,527,150	1,459,053,657	1,614,526,694
Sales and Gross Receipts	1,260,348,857	1,258,070,574	1,287,770,861	1,240,878,729	1,369,253,236
Motor Fuels Taxes	760,514,967	764,937,870	773,248,338	741,601,128	748,377,115
Motor Vehicle Usage	499,833,891	493,132,705	514,522,523	499,277,601	620,876,121
License and Privilege	223,880,068	225,152,529	239,756,289	218,174,928	245,273,458
Motor Vehicles	111,927,466	112,850,030	120,900,980	108,626,329	125,481,645
Motor Vehicle Operators	16,120,127	16,794,541	16,631,111	12,930,555	22,080,766
Weight Distance	82,886,950	81,711,920	86,721,474	83,374,856	83,185,252
Truck Decal Fees	289,874	289,061	313,011	120,460	145,500
Other Special Fees	12,655,651	13,506,977	18,189,713	13,122,728	14,380,295
Nontax Receipts	22,938,976	26,904,635	36,942,367	32,083,175	26,934,560
Departmental Fees	19,473,809	20,951,634	20,633,454	20,315,948	21,907,240
In Lieu of Traffic Fines	378,757	353,405	410,389	282,892	210,555
Investment Income	1,581,851	2,837,474	11,923,927	6,688,478	-118,008
Miscellaneous	1,504,559	2,762,123	3,974,598	4,795,857	4,934,773
Redeposit of State Funds	835,520	875,783	1,610,343	376,356	879,051

**Road Fund Growth Rates
Major Revenue Sources
Fiscal Years 2012 – 2021
(%)**

	FY12	FY13	FY14	FY15	FY16
TOTAL STATE ROAD FUND	7.8%	3.3%	4.6%	-2.2%	-2.9%
Tax Receipts-	7.7%	3.9%	4.4%	-2.2%	-2.9%
Sales and Gross Receipts	8.3%	4.8%	5.1%	-3.5%	-3.8%
Motor Fuels Taxes	7.8%	6.1%	5.7%	-4.0%	-11.8%
Motor Vehicle Usage	9.2%	2.4%	3.8%	-2.3%	11.9%
License and Privilege	4.4%	-1.4%	0.0%	5.9%	2.4%
Motor Vehicles	10.2%	-5.2%	-0.4%	5.6%	5.2%
Motor Vehicle Operators	0.0%	2.0%	0.6%	-1.2%	2.3%
Weight Distance	1.5%	-0.2%	2.6%	2.9%	2.8%
Truck Decal Fees	-7.2%	-19.8%	-17.2%	-17.2%	-29.9%
Other Special Fees	-18.1%	26.0%	-11.8%	40.1%	-17.4%
Nontax Receipts	21.9%	-32.6%	26.7%	-2.1%	3.1%
Departmental Fees	20.4%	-21.9%	1.6%	2.3%	8.7%
In Lieu of Traffic Fines	-1.3%	-8.7%	-22.5%	-14.6%	-8.2%
Investment Income	54.4%	-112.9%	-1102.6%	---	-15.3%
Miscellaneous	2.1%	-38.1%	47.8%	31.4%	-30.9%
Redeposit of State Funds	-69.3%	274.1%	-6.3%	44.3%	-58.8%

	FY17	FY18	FY19	FY20	FY21
TOTAL STATE ROAD FUND	1.7%	0.2%	3.6%	-4.8%	10.1%
Tax Receipts-	1.8%	-0.1%	3.0%	-4.5%	10.7%
Sales and Gross Receipts	2.1%	-0.2%	2.4%	-3.6%	10.3%
Motor Fuels Taxes	1.4%	0.6%	1.1%	-4.1%	0.9%
Motor Vehicle Usage	3.2%	-1.3%	4.3%	-3.0%	24.4%
License and Privilege	0.0%	0.6%	6.5%	-9.0%	12.4%
Motor Vehicles	-1.0%	0.8%	7.1%	-10.2%	15.5%
Motor Vehicle Operators	-1.3%	4.2%	-1.0%	-22.3%	70.8%
Weight Distance	1.9%	-1.4%	6.1%	-3.9%	-0.2%
Truck Decal Fees	2.1%	-0.3%	8.3%	-61.5%	20.8%
Other Special Fees	-1.5%	6.7%	34.7%	-27.9%	9.6%
Nontax Receipts	-0.4%	17.3%	37.3%	-13.2%	-16.0%
Departmental Fees	0.9%	7.6%	-1.5%	-1.5%	7.8%
In Lieu of Traffic Fines	-11.4%	-6.7%	16.1%	-31.1%	-25.6%
Investment Income	-35.9%	79.4%	320.2%	-43.9%	---
Miscellaneous	79.6%	83.6%	43.9%	20.7%	2.9%
Redeposit of State Funds	-25.2%	4.8%	83.9%	-76.6%	133.6%

Glossary

Adjacent-quarter	A growth rate computed as the current quarter relative to the previous quarter.
AR	Annual Rate is the quantity of a series that would occur for the entire year, if the current period's growth were to continue for the entire year.
Civilian Labor Force	A subset of the working population who are currently employed or are actively looking for employment.
Employed	In the context of working population and civilian laborforce data, Employed is a subset of the civilian labor force who are employed regardless of industry or profession. This is therefore different than non-farm employment, which explicitly does not include those persons employed in the agricultural sector.
Growth rate	Unless otherwise stipulated, a growth rate is computed as the current quarter relative to the same quarter of the previous year.
Labor Force Participation Rate	The Civilian Labor Force divided by the Working Population.
Not in Labor Force	A subset of the working population who have decided not to be employed nor seek employment.
SA	Seasonally-Adjusted
SAAR	Seasonally-Adjusted Annual Rate
Unemployed	In the context of working population and civilian laborforce data, Unemployed is a subset of the civilian labor force who are not currently employed but are actively seeking employment.
Working population	The group of persons who are 16 years or older, non-institutionalized, not in prison, not in an old-age home, and not engaged in active military duty. It is meant to capture those persons who are capable of working and could work if suitable employment were found. Working population figures are listed in millions.

Tables Notes

Tables 3, 4, and 5

Data for FY22 Q1, Q2, and Q3 are June 2021 estimates.

Source: IHS Markit – Economics & Country Risk, June 9, 2021 data release.

Table 16

Real series are annual rate, billions of chained 2000 dollars.

Components do not sum to GDP because they are annualized independently.

Data for FY21 Q4 are June 2021 estimates.

Source: IHS Markit - Economics & Country Risk, June 9, 2021 data release.

¹ Working population is the group of persons who are 16 years or older, non-institutionalized, not in prison, not in an old-age home and not engaged in active military duty. It is meant to capture those persons who are capable of working and could work if suitable employment were found. Working population figures are listed in millions.

² Civilian Labor Force is a subset of the working population who are currently employed or are actively looking for employment.

³ Employed is a subset of the civilian labor force who are employed regardless of industry or profession. This is therefore different than non-farm employment, which explicitly does not include those persons employed in the agricultural sector.

⁴ Unemployed is a subset of the civilian labor force who are not currently employed but are actively seeking employment.

⁵ Not in Labor Force is a subset of the working population who have decided not to be employed nor seek employment.

⁶ Labor Force Participation Rate is computed as the Civilian Labor Force divided by the Working Population.

Tables 17, 18, 19, and 20

Data for FY21 Q4 are June 2021 estimates.

Source: IHS Markit - Economics & Country Risk, June 9, 2021 data release.