

Executive Summary

This report provides a review and evaluation of the Kentucky General Fund and Road Fund for fiscal year 2004 (FY04). General Fund receipts totaled \$6,977.6 million for the entire fiscal year, increasing from FY03 by 2.9 percent. This represents \$194.1 million more than reported receipts for FY03 and was \$132.4 million more than the revised official estimate for FY04*. For the fourth quarter of FY04, General Fund revenues rose 6.4 percent, and revenues were \$1,897.5 million.



Road Fund receipts in FY04 totaled \$1,116.7 million, a decrease from FY03 of 0.6 percent. This is \$6.4 million less than reported for FY03, and \$5.9 million less than the consensus forecast for FY04.

Fourth Quarter FY04

The fourth quarter of FY04 saw the economy in a period of healthy growth, with gross domestic product (GDP) expanding by 5.4 percent annually. Personal income, a measure of spending power, was up by 5.7 percent annualized. Nonagricultural employment grew by 1.0 percent, with a consequent decrease in the unemployment rate to 5.6 percent of the labor force. Manufacturing continued to experience a drop in employment.

Kentucky personal income was estimated at \$113.5 billion annually in the fourth quarter, representing an increase of 5.6 percent from a year ago. Employment in the Commonwealth grew by 1.1 percent, gaining 19,500 jobs. Manufacturing employment in the state rose by 0.6 percent.

The recovering economy was a factor in the General Fund growth in the fourth quarter. Performance by major tax type is detailed in Table 1.3 on page 12. Among the major accounts,

the sales and use tax rose by 7.1 percent, the individual income tax grew by 5.9 percent, and corporate income and license taxes rose by 8.3 percent. The coal severance tax reversed its long-term slide by rising 21.3 percent. Property taxes declined by 10.6 percent, and the lottery was unchanged. All other taxes in the General Fund combined for a growth of 9.0 percent.

The Road Fund posted a small decrease in the fourth quarter of FY04, declining 3.4 percent with total revenues of \$288.2 million. Summary data on fourth-quarter Road Fund receipts appears in Table 1.4 on page 12. During the fourth quarter, motor fuels taxes rose 1.6 percent, and the motor vehicle usage tax was down 4.7 percent. The weight distance tax rose 8.5 percent.

*The revised official estimate used for comparison in this report is the Consensus Revenue Estimate of December 23, 2003, modified to include an additional \$10 million pledged by the Kentucky Lottery Corporation in January 2004.

Motor vehicle license tax receipts increased by 9.4 percent in the fourth quarter, and investment income fell by 98.6 percent due to lower investable balances. The remaining accounts in the Road Fund dropped by 16.4 percent, due primarily to the loss of certain toll revenues.

Fiscal Year 2004

Economic data for the entire Fiscal Year 2004 indicate that GDP growth averaged 4.6 percent over the four quarters. Nonagricultural employment in the U.S. grew by a scant 0.2 percent.

In Kentucky, personal income grew by 4.8 percent, compared to the 4.7 percent average U.S. growth. Kentucky employment added about 3,100 jobs during the fiscal year, matching the U.S. growth rate of 0.2 percent.

The General Fund strengthened its growth as the fiscal year progressed. The major reason for this was the recovering economy, although certain one-time events in the prior fiscal year had boosted reported revenues artificially. General Fund performance for FY04 is summarized in Table 2.6 on page 18.

Among the major accounts, the sales and use tax rose by 3.5 percent, and individual income taxes rose by 1.8 percent. The combined corporation income and license taxes were down by 0.7 percent, whereas coal severance taxes grew by 4.1 percent. Property taxes increased by 3.2 percent, the lottery was up by 1.6 percent, and the "all other" category of remaining accounts grew by 8.4 percent.

As shown in Table 1, on page 3, the General Fund receipts were higher than the revised official forecast by \$132.4 million. All of the major accounts exceeded expectations; the combined "other" category was slightly below expectations.

The Road Fund receipts for FY04 are presented in detail in Table 2.8 on page 19. Most of the revenue comes from two sources: motor fuels taxes with \$459.6 million and the motor vehicle usage tax, which collected \$429.2 million.

Road Fund collections fell short of the official consensus forecast by \$5.9 million. Motor fuels taxes performed close to expectations while motor vehicle usage taxes were short by \$8.2 million. The weight distance tax was very near the forecast, while the motor vehicle license tax exceeded the estimate by \$4.7 million. Investment income was lower than anticipated during FY04.

Interim Outlook

The national economic outlook for the next three fiscal quarters is for Real GDP growth to average 4.6 percent. In Kentucky, personal income should grow by 5.7 percent annually compared to 6.0 percent growth nationally. Employment growth in the state should be moderate at 1.7 percent.

The General Fund and Road Fund outlook for the next three fiscal quarters is for General Fund revenue to grow at a rate of 3.6 percent over the first three quarters of FY05. Growth will be experienced in all of the major accounts, with increases of 5.1 percent and 4.1 percent in the sales and

use tax and the individual income tax respectively. The interim forecast for the Road Fund is for an increase of 2.5 percent during the first three quarters of FY05

compared to the prior year. The rates of increase among the major taxes range from 4.8 percent for motor fuels taxes to a decline of 37.8 percent for investment income.

Table 1
Summary of General Fund Comparison
Actual FY04 vs. Official Estimate FY04
(millions of dollars)

	<u>Actual</u> <u>Receipts</u>	<u>Official</u> <u>Estimate</u>	<u>Diff</u> <u>(\$)</u>	<u>Diff</u> <u>(%)</u>
Sales and Use	2,447.6	2,402.7	44.9	1.9
Individual Income	2,796.3	2,733.5	62.8	2.3
Corp. Inc. & License	427.4	414.9	12.5	3.0
Coal Severance	147.5	136.1	11.4	8.4
Property	448.8	446.5	2.3	0.5
Lottery	173.8	173.8*	0.0	0.0
Other	<u>536.2</u>	<u>537.7</u>	<u>-1.5</u>	<u>-0.3</u>
TOTAL	6,977.6	6,845.2	132.4	1.9

Table 2
Summary of FY04 Road Fund Receipts
Actual vs. Consensus Estimate
(millions of dollars)

	<u>Actual</u> <u>Receipts</u>	<u>Consensus</u> <u>Estimate</u>	<u>DF</u> <u>(\$)</u>	<u>DF</u> <u>(%)</u>
Motor Fuels & MF Use	459.6	458.8	0.8	0.2
Motor Vehicle Usage	429.2	437.4	-8.2	-1.9
Weight Distance	79.6	79.2	0.4	0.5
Motor Vehicle License	93.4	88.7	4.7	5.3
Investment Income	7.5	10.8	-3.3	-30.6
Other	<u>47.4</u>	<u>47.7</u>	<u>-0.3</u>	<u>-0.6</u>
TOTAL	1,116.7	1,122.6	-5.9	-0.5

*Lottery includes \$10 million above the consensus estimate that was promised in January after the FY04 consensus revenue estimate was completed.

I.

Fourth Quarter *Fiscal Year 2004*

The Economy

NATIONAL ECONOMY

Fourth Quarter, FY04

The biggest boost to the economy during FY04 came in the final quarter. Compared to the same period a year ago real GDP¹ was up 5.4 percent in the April-to-June quarter. Over the course of the year the economy steadily gained strength, and real GDP growth increased in successive quarters from 3.6 percent to 4.3 percent to 5.0 percent and finally to an estimated 5.4 percent.

The rapid expansion during FY04 owed a great deal to strong consumer demand. In the U.S. economy, consumption expenditures account for about two-thirds of real GDP. During the fourth quarter real consumption was up 4.5 percent compared to 2.5 percent a year ago. The gain in consumption was partly due to low interest rates and their impact on the purchase of durable goods. Real consumption of durable goods is estimated to have increased by 8.8 percent in the fourth quarter compared to 5.6 percent a year ago. The consumption of motor vehicles was up 6.9 percent, but furniture was up 13.0 percent as the housing market continued to expand. Both of these categories are interest-rate sensitive. Nondurable-goods consumption was up 5.1 percent due to the increase in gasoline and food prices. Services constitute a little over one-half of all consumption and about 35 percent of total GDP. The consumption of services increased by 3.4 percent in the

fourth quarter compared to 1.7 percent a year ago.

Another positive feature of the fourth quarter was the strength of business investments. A year ago business investments increased by just 2.8 percent, but during the fourth quarter investments surged by 12.4 percent. The biggest rebound was in the area of office equipment and software. This is a critical sector for the current economy because productivity gains have propelled the nation out of the last recession.

Personal income, which is a measure of spending power, was \$9,664.5 billion in the fourth quarter, growing at a rate of 5.7 percent when compared to the same period a year ago. This growth is significantly higher than the 2.6 percent posted in the fourth quarter of FY03. Wage and salary income continued to lag and posted growth of 4.9 percent. The unemployment rate came down from 6.1 percent in the fourth quarter of FY03 to 5.6 percent in FY04.

The overall employment news is improving. Total nonagricultural employment is estimated to have increased by 1.0 percent during the fourth quarter compared to a decline of 0.4 percent a year ago. The major gains were in construction (up 2.8 percent) and education and health services (up 2.0 percent). Most other sectors registered little growth. Manufacturing employment continued to contract with a decline of 1.1 percent.

¹ Real gross domestic product (GDP) is an inflation-adjusted measure of the total output of goods and services produced in the United States.

STATE ECONOMY

Fourth Quarter, FY04

Kentucky's personal income is estimated to have been \$113.5 billion in the fourth quarter of FY04, an increase of 5.6 percent from a year ago. U.S. growth for this period is estimated at 5.7 percent. Income from wages and salaries grew by 3.5 percent. The slow growth is related to relatively slow recovery in the manufacturing sector, and the fact that wages in the trade and transportation sector, which is about one-fifth of

Table 1.1
National Economic Indicators
Fourth Quarter 2004*

	<u>FY03</u>	<u>FY04</u>	<u>% Chg</u>
Real GDP (billion 2000 \$)	10,288.0	10,842.0	5.4
Personal Income (billion \$)	9,145.9	9,664.5	5.7
Consumer Price Index (1992-94=100)	183.4	188.7	2.9
Industrial Production (1992=100)	110.0	116.0	5.4
Civilian Labor Force (millions)	146.6	147.0	0.3
Total Nonagricultural Employment (millions)	129.9	131.2	1.0
Manufacturing Employment (millions)	14.6	14.4	-1.1
Unemployment Rate (percent)	6.1	5.6	-

*Seasonally adjusted data.

Sources: Global Insight, and U.S. Department of Commerce, BEA.

Kentucky's employment, have grown very little.

Employment data is commonly used to gauge the strength of the state's economy, primarily because of its timely availability and its impact on consumer spending and confidence. Nonagricultural employment in Kentucky increased by an estimated 1.1 percent resulting in the gain of 19,500 jobs. These employment gains become more impressive when contrasted with the contraction in employment that took place in 11 of the last 14 quarters beginning in January 2001.

Perhaps the most notable turning point for the Kentucky economy in the fourth quarter was the 0.6 percent growth in manufacturing employment. This was the first time since the July-to-September quarter of 2000 that manufacturing employment increased. During the interim period Kentucky lost about 44,000 manufacturing jobs. The gain of 1,600 manufacturing jobs in the fourth quarter is a positive step in the recovery of the relatively high-paying manufacturing sector.

Overall the goods-producing sector posted the largest gain with an increase of 1.6 percent. Service producing industries, which account for a little over 60 percent of all employment, grew by 1.4 percent. Employment in government accounts for 17 percent of the total nonagricultural employment. It declined by 0.6 percent.

Lower interest rates encouraged construction employment to surge by 4.5 percent. Business services, which include professional services as well as temporary employment agencies, expanded by 3.5 percent.

The rise in oil and natural gas prices during the fourth quarter caused coal prices to increase together with a slight increase in production and employment. Employment in mining was up 2.6 percent. This increase is thought to be temporary and is expected to fall when prices start slipping.

Employment in three broad industries declined during the fourth quarter. These include government, information services, and other services. The decline in information services is associated with the nationwide drop in telecommunications services. This area of the economy is still undergoing consolidation and is extremely competitive.

Table 1.2
Selected Kentucky Economic Indicators
Fourth Quarter 2004*

	<u>FY03</u>	<u>FY04</u>	<u>% Chg</u>
Total Personal Income (\$ millions)	107,473	113,478	5.6
Wage & Salary Income (\$ millions)	58,174	60,203	3.5
Nonagricultural Employment ('000)	1,780.6	1,800.1	1.1
Goods Producing ('000)	367.5	373.4	1.6
Service Providing ('000)	1,099.9	1,115.5	1.4
Contract Construction	83.3	87.0	4.5
Mining	18.7	19.2	2.6
Manufacturing	265.6	267.2	0.6
Trade, Transportation & Utilities	370.7	376.6	1.6
Information	30.2	30.0	-0.8
Finance	85.8	86.6	1.0
Business Services	154.0	159.5	3.5
Educational Services	227.2	229.7	1.1
Leisure and Hospitality Services	155.5	158.8	2.1
Other Services	76.5	74.3	-2.9
Government	313.1	311.1	-0.6

*Seasonally adjusted data.

Source: GOEA, June 2004

Revenue Receipts

GENERAL FUND

Fourth Quarter FY04

General Fund receipts in the fourth quarter of FY04 totaled \$1,897.5 million compared to \$1,783.8 million for the fourth quarter of FY03, for a net gain of 6.4 percent. Collections in the major revenue categories are shown in summary form in Table 1.3. Detailed information on these and other accounts is available in Appendix A.

Variations in the quarterly receipts are often affected by differences in the timing of payments and refunds into revenue accounts. Once again, in the fourth quarter property taxes and both individual and corporate income taxes were affected to a degree by these timing differences.

The sales and use tax growth rate was a healthy 7.1 percent, compared to the growth rate during the fourth quarter of FY03 of a nearly flat 0.2 percent. Receipts for the quarter totaled \$622.8 million, compared to \$581.6 million in the fourth quarter of FY03.

Individual income tax receipts gained 5.9 percent in the fourth quarter of FY04, compared to a decline of 2.9 percent in the fourth quarter of FY03. Receipts of \$826.4 million for the fourth quarter compare to receipts of \$780.6 million collected during the same period last year.

Corporation income and license tax receipts also posted healthy growth in the fourth quarter. Receipts totaled \$193.4 million, an increase of 8.3 percent over the \$178.6 million collected during the fourth quarter last year.

Coal severance tax receipts posted a very strong gain in the fourth quarter. Collections

of \$43.1 million compare to \$35.5 million for the fourth quarter of FY03, for a net increase of 21.3 percent.

Property tax receipts of \$48.6 million compared to \$54.4 million collected in the fourth quarter of FY03, a decrease of 10.6 percent. This decline was primarily the result of timing differences, which are not uncommon for property tax collections.

Lottery receipts of \$41.0 million were the same as last year's fourth quarter receipts.

The "all other" category, which represents the remaining accounts of the General Fund, increased by 9.0 percent with receipts of \$122.2 million for the fourth quarter.

ROAD FUND

Fourth Quarter FY04

The Road Fund posted a small but expected decrease during the fourth quarter of FY04. Receipts totaled \$288.2 million and compare to \$298.2 million from the fourth quarter of last year, for a net decline of 3.4 percent for the quarter. Summary data are contained in Table 1.4 and detailed data are shown in Appendix A.

Motor fuels and motor fuels use tax receipts increased 1.6 percent during the fourth quarter. Receipts were \$118.2 million and compare to \$116.5 million collected during the fourth quarter of last year.

Motor vehicle usage tax receipts declined by 4.7 percent during the fourth quarter. Receipts were \$109.0 million and compare to \$114.4 million collected during the same period last year.

Weight distance tax receipts of \$20.3 million represent an 8.5 percent increase over receipts of \$18.7 million during the fourth quarter of last year.

Motor vehicle license receipts increased 9.4 percent during the fourth quarter of FY04. Receipts of \$29.5 million during FY04 compare to \$27.0 million during FY03. This category increased during FY04 due to legislative changes that increased fees on large trucks.

Investment income for the fourth quarter was \$0.1 million compared to \$8.2 million in the fourth quarter of FY03. Funds on hand were disbursed during FY04 for several significant construction projects, thereby reducing investable balances.

The remainder of the accounts in the Road Fund combined for a decrease of 16.4 percent. Receipts for the "all other" category totaled \$11.2 million during the fourth quarter, compared to \$13.4 million during the fourth quarter of FY 03.

Table 1.3
Summary General Fund Receipts
Fourth Quarter, FY04
(millions of dollars)

<u>Type Tax</u>	<u>FY04</u>	<u>FY03</u>	<u>% Chg</u>
Sales and Use	622.8	581.6	7.1
Individual Income	826.4	780.6	5.9
Corporation Inc./Lic.	193.4	178.6	8.3
Coal Severance	43.1	35.5	21.3
Total Property	48.6	54.4	-10.6
Lottery	41.0	41.0	0.0
All Other	<u>122.2</u>	<u>112.1</u>	<u>9.0</u>
TOTAL	1,897.5	1,783.8	6.4

Table 1.4
Summary Road Fund Receipts
Fourth Quarter, FY04
(millions of dollars)

<u>Type Tax</u>	<u>FY04</u>	<u>FY03</u>	<u>% Chg</u>
Motor Fuels/ MF Use	118.2	116.5	1.6
Motor Vehicle Usage	109.0	114.4	-4.7
Weight Distance	20.3	18.7	8.5
Motor Vehicle Lic.	29.5	27.0	9.4
Investment Income	0.1	8.2	-98.6
All Other	<u>11.2</u>	<u>13.4</u>	<u>-16.4</u>
TOTAL	288.2	298.2	-3.4

II.

Fiscal Year 2004

The Economy

NATIONAL ECONOMY Full Year FY04

Even though the recent recession lasted just eight months and was officially over in November 2001, the economy seems to have remained in the doldrums for much longer. To stimulate the economy the federal government has adopted an aggressive fiscal policy in the form of tax cuts, and the Federal Reserve has lowered interest rates. The combined effect of these policies has finally prodded the economy onto a path to strong recovery.



Real GDP is estimated to have grown by a robust 4.6 percent during FY04, following growth rates of just 0.7 percent in FY02 and 2.6 percent in FY03. The strong growth confirms that the recession is finally over.

Real consumption for FY04 was up 4.1 percent, rebounding strongly from the 2.8 percent growth seen a year ago. Historically low interest rates lured consumers to purchase big-ticket items driving the consumption of durable goods up by 10.1 percent. The strongest gain during the year was in the purchase of furniture (up 13.6 percent) and in motor vehicles and parts (up 7.5 percent). Gains in nondurable goods were also strong with an increase of 4.9 percent in FY04 compared to 2.8 percent a year ago. The best news about the economy was the increase in business investments. The 8.6 percent increase in business investment in FY04 meant that businesses were willing to

expand capacity and employ new capital in the belief that the recovery was well entrenched.

During the first half of FY04 there was very little job growth. The economic growth was driven by increased productivity, and the expansion was characterized somewhat critically as a "jobless recovery". But beginning in January employment started to expand and the overall growth in nonagricultural employment for the year is estimated at 0.2 percent for a total of 130.4 million jobs. The labor force, however, increased by 0.7 percent, i.e. the number of people looking for work went up faster than employment growth.

STATE ECONOMY Full Year FY04

Both the national and state economies experienced the much-awaited economic expansion in FY04. Following the recovery in U.S. gross domestic product (it surged by 8.2 percent in the July-to-September quarter of FY04), expectations for a similar recovery were high for the Kentucky economy. However, the growth in national GDP failed to translate into a rebound in Kentucky's employment and income during the first half of the year.

By the second half of FY04, however, employment began to increase in Kentucky. Overall nonagricultural employment growth for the year was 0.2 percent, the same as the national average. Service-providing industries, which

Table 2.1
National Economic Indicators
Average FY04*

	FY03	FY04	% Chg
Real GDP (billion 2000 \$)	10,197.0	10,663.0	4.6
Personal Income (billion \$)	9,030.0	9,455.0	4.7
Consumer Price Index (1992-94=100)	182.1	186.1	2.2
Industrial Production (1992=100)	110.9	113.5	2.3
Civilian Labor Force (millions)	145.9	146.8	0.7
Total Nonagricultural Employment (millions)	130.1	130.4	0.2
Manufacturing Employment (millions)	14.9	14.4	-6.2
Unemployment Rate (percent)	5.9	5.8	-

*Seasonally adjusted data.

Sources: Global Insight, and U.S. Department of Commerce, BEA.

Data for FY04 are June 2004 estimates.

comprise a little over 60 percent of all employment, posted job gains of 1.0 percent. Employment in the goods-producing sector, which provides jobs for about one-fifth of Kentucky, declined by 0.6 percent. Employment in government declined by 1.9 percent.

Mining in Kentucky is dominated by coal, and declined by 3.2 percent for the year. (The surge in mining employment during the fourth quarter was not enough to counter the decline during the first three quarters of the year.) Employment in construction grew for the year by 2.6 percent. The increase results principally from home-building activity accompanying lower interest rates. The slight increase of 0.6 percent in the trade, transportation, and utilities area was due to the economy firming up and the subsequent strengthening of the trucking and air transportation industries.

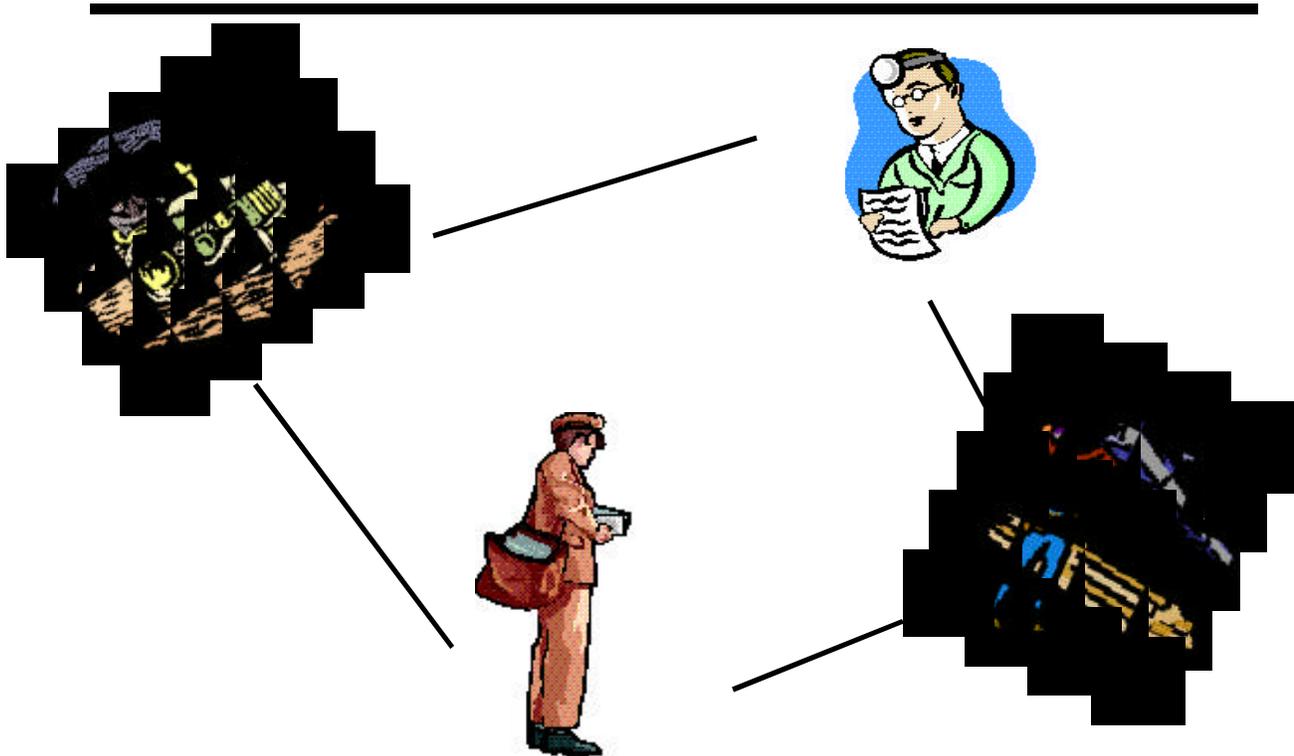
Personal income is a measure of spending power. Kentucky's personal income growth in FY04 averaged 4.8 percent, compared to 4.7 percent nationally. The wage and salary component grew by 3.5 percent. The slim growth in the wage component is due to the slow employment recovery especially in the traditionally high-wage manufacturing and business services sectors.

Table 2.2
Selected Kentucky Economic Indicators
Seasonally Adjusted Data - FY04 Average*

	<u>FY03</u>	<u>FY04</u>	<u>%</u> <u>Chg</u>
Total Personal Income (\$ millions)	106,002	111,075	4.8
Wage & Salary Income (\$ millions)	57,605	59,595	3.5
Nonagricultural Employment ('000)	1,785.5	1,788.6	0.2
Goods Producing ('000)	372.1	370.0	-0.6
Service Providing ('000)	1,098.7	1,109.8	1.0
Contract Construction	82.9	85.0	2.6
Mining	19.5	18.9	-3.2
Manufacturing	269.7	266.1	-1.3
Trade, Transportation & Utilities	370.8	373.0	0.6
Information	30.7	30.1	-2.1
Finance	85.3	86.8	1.7
Business Services	155.1	155.5	0.3
Educational Services	226.1	229.0	1.3
Leisure and Hospitality Services	154.5	158.4	2.6
Other Services	76.2	77.1	1.2
Government	314.6	308.8	-1.9

*Seasonally adjusted data.

Source: GOEA, June 2004



Revenue Receipts

ANNUAL TOTALS Full Year FY04

The General Fund grew by 2.9 percent in FY04, compared to growth of 3.4 percent in FY03. Several one-time events influenced General Fund revenues for FY03 and thus the growth rates in FY04; those events are discussed in more detail later in this section. The Road Fund declined by a small 0.6 percent, following growth in FY03 of 0.4 percent. This reduced growth rate was expected, as elevated levels of motor vehicle purchasing that had generated strong growth in motor vehicle use taxes began to level out in FY03 and FY04.

Appendix A provides fourth quarter and fiscal year details of General Fund and Road Fund receipts for FY04 and FY03. Appendix B provides details on the changes in the major revenue sources of both funds for the past ten fiscal years.

As shown in Table 2.3, combined tax and nontax receipts for the General and Road Funds increased by 2.4 percent over the combined receipts in FY03. Table 2.4 compares only tax receipts for the two funds, which increased by 2.2 percent. Table 2.5 compares combined nontax receipts, which rose by 7.1 percent over the previous year.

Table 2.3
Total Receipts
(millions of dollars)

	<u>FY04</u>	<u>FY03</u>	<u>% Chg</u>
General Fund	6,977.6	6,783.5	2.9
Road Fund	1,116.7	1,123.1	-0.6
TOTAL	8,094.3	7,906.6	2.4

Table 2.4
Tax Receipts
(millions of dollars)

	<u>FY04</u>	<u>FY03</u>	<u>%Chg</u>
General Fund	6,686.3	6,543.2	2.2
Road Fund	1,082.2	1,059.3	2.2
TOTAL	7,768.5	7,602.5	2.2

Table 2.5
Nontax Receipts
(millions of dollars)

	<u>FY04</u>	<u>FY03</u>	<u>%Chg</u>
General Fund	291.3	240.3	21.2
Road Fund	34.5	63.8	-45.9
TOTAL	325.8	304.1	7.1

General Fund

General Fund receipts for the year increased by 2.9 percent over those reported in FY03. Total General Fund receipts of \$6,977.6 million compare to \$6,783.5 million collected in FY03. Receipts for FY03 were influenced by a tax amnesty program that generated significant receipts, and by several one-time events within particular taxes that provided increases for FY03 that did not recur in FY04. In FY03, tax amnesty and the other one-time events are estimated to have boosted General Fund revenues by about \$192.0 million.

The sales tax growth rate for FY04 was 3.5 percent, and compares to the growth rate for FY03 of 2.8 percent. Receipts of \$2,447.6 million compare to prior year receipts of \$2,364.2 million. Excluding the tax amnesty program and other one-time collections that occurred in FY03, the sales tax growth rate would likely have been nearly 6.0 percent for FY04.

The individual income tax posted small positive growth, following a very similar gain posted in FY03. The growth rate for FY04 was 1.8 percent, compared to 1.6 percent in FY03. Receipts totaled \$2,796.3 million and compare to \$2,746.4 million collected last year. Again, excluding the tax amnesty program and other one time collections that occurred in FY03, the growth rate would likely have been nearly 6.0 percent for the fiscal year.

The corporation income and license tax posted a small decline of 0.7 percent for FY04, following a significant increase of 32.5 percent during FY03. Receipts of \$427.4 million compared to \$430.6 million collected in FY03. Both tax amnesty and one-time collections had a positive influence on corporate tax collections during FY03; conversely several legal challenges and decisions worked to depress collections during FY04.

Coal severance tax collections reversed long-term trends by posting a gain of 4.1 percent for the year. Receipts totaled \$147.5 million and compare to \$141.7 million collected during the prior fiscal year. Coal severance tax receipts have generally been on a slowly decreasing pattern for more than a decade. However, this increase and a similar jump in FY02 demonstrate that increased energy prices in general will likely result in increased severance activity and increased coal tax receipts.

Total property taxes experienced an increase of 3.2 percent during this fiscal year. Receipts totaled \$448.8 million compared to \$434.8 million collected in FY03. Timing differences within some property tax accounts relative to distributions of collections that are made

on behalf of local governments continue to have a minor impact on property tax receipts.

Lottery receipts grew by 1.6 percent from the previous year. Receipts of \$173.8 million compare to the \$171.0 million remitted to the state last fiscal year.

The “all other” category finished the year with an increase of 8.4 percent. Receipts of \$536.2 million compare to \$494.8 million collected in FY03. Abandoned property receipts increased significantly during FY04 due to legislative changes.

Table 2.6 shows General Fund receipts in summary form by major tax types for FY04 compared to FY03, and the associated growth rates.

Table 2.7 compares the growth rates in major General Fund categories and the fund as a whole for the entire year and the four individual quarters.

Road Fund

Total Road Fund receipts decreased by 0.6 percent during FY04. Total receipts of \$1,116.7 million compare to \$1,123.1 million collected in this fund during FY03.

Table 2.6
Summary General Fund Receipts
 Year End Totals, FY04
 (millions of dollars)

<u>Type Tax</u>	<u>FY04</u>	<u>FY03</u>	<u>%Chg</u>
Sales & Use	2,447.6	2,364.2	3.5
Individual Income	2,796.3	2,746.4	1.8
Corp. Inc./Lic.	427.4	430.6	-0.7
Coal Severance	147.5	141.7	4.1
Total Property	448.8	434.8	3.2
Lottery	173.8	171.0	1.6
All Other	<u>536.2</u>	<u>494.8</u>	<u>8.4</u>
TOTAL	6,977.6	6,783.5	2.9

Table 2.7
General Fund Growth Rates for the Four Quarters
and Full Year FY04
(percent)

<u>Type Tax</u>	<u>1st</u> <u>QTR</u>	<u>2nd</u> <u>QTR</u>	<u>3rd</u> <u>QTR</u>	<u>4th</u> <u>QTR</u>	<u>FY04</u>
Sales and Use	-4.4	3.6	8.9	7.1	3.5
Ind. Income	5.0	2.5	-7.5	5.9	1.8
Corp Inc./Lic.	-19.2	-24.0	---	8.3	-0.7
Coal Severance	-5.7	-4.1	5.6	21.3	4.1
Property	-12.9	2.4	18.1	-10.6	3.2
Lottery	7.0	0.0	0.0	0.0	1.6
All Other	<u>9.8</u>	<u>6.5</u>	<u>3.4</u>	<u>9.0</u>	<u>8.4</u>
Total Receipts	-0.7	1.3	4.5	6.4	2.9

Motor fuels and motor fuels use taxes increased by 1.3 percent on receipts of \$459.6 million, compared to \$453.6 million collected during the previous fiscal year.

Motor vehicle usage tax receipts of \$429.2 million represent a small decrease of 0.8 percent compared to the \$432.9 million collected in FY03. This compares to an increase of 0.8 percent experienced last year. Usage tax receipts have been expected to flatten as the rapid pace of vehicle purchases of the previous two years slows down.

Weight distance tax began to increase late in the year and finished with a growth of 3.5 percent. Receipts totaled \$79.6 million for this year and \$76.9 million for FY03.

Motor vehicle license receipts increased by 22.6 percent on receipts of \$93.4 million, compared to \$76.2 million in FY03.

Legislative changes resulted in large trucks paying higher license taxes in FY04. Investment income declined by 74.2 percent, as balances were spent down for various construction projects. Receipts for FY04 were \$7.5 million, compared to \$29.1 million in FY03.

The "all other" category decreased by 12.9 percent over the previous year. Total receipts in this category were \$47.4 million, which compares to \$54.4 million collected in FY03.

Table 2.8 shows Road Fund receipts and the associated growth rates in summary form by major tax types for FY04 compared to FY03.

Table 2.9 displays the growth rates for the Road Fund and its major tax categories for the year as a whole and the four individual quarters.

Table 2.8
Summary Road Fund Receipts
Year End Totals, FY04
(millions of dollars)

<u>Type Tax</u>	<u>FY04</u>	<u>FY03</u>	<u>%Chg</u>
Motor Fuels/MF Use	459.6	453.6	1.3
Motor Vehicle Usage	429.2	432.9	-0.8
Weight Distance	79.6	76.9	3.5
Motor Vehicle Lic.	93.4	76.2	22.6
Investment Income	7.5	29.1	-74.2
All Other	<u>47.4</u>	<u>54.4</u>	<u>-12.9</u>
TOTAL	1,116.7	1,123.1	-0.6

Table 2.9
Road Fund Growth Rates for the Four Quarters
and Full Year FY04
(percent)

<u>Type Tax</u>	<u>1st</u> <u>QTR</u>	<u>2nd</u> <u>QTR</u>	<u>3rd</u> <u>QTR</u>	<u>4th</u> <u>QTR</u>	<u>FY04</u>
Motor Fuels/MF Use	0.3	-0.5	4.4	1.6	1.3
Motor Veh Usage	1.3	-1.2	1.4	-4.7	-0.8
Weight Distance	0.3	-0.5	6.2	8.5	3.5
Motor Veh. Lic.	48.0	17.2	25.3	9.4	22.6
Investment Inc.	-43.3	-89.8	-74.4	-98.6	-74.2
All Other	<u>0.0</u>	<u>-15.6</u>	<u>16.0</u>	<u>-16.4</u>	<u>-12.9</u>
Total Receipts	1.6	-2.7	2.3	-3.4	-0.6

III.

Interim Outlook

Interim Outlook

NATIONAL ECONOMY

First Three Quarters of FY05

For much of FY04 the economic recovery was tentative at times. Even though output was steadily increasing, employment was soft and wages were increasing slowly. But during FY05 the expansion is expected to be fully entrenched.

Real GDP is expected to show a gain of 4.6 percent from a year ago during the July-to-March period of FY05. Though this is just a little higher than the 4.3 percent growth experienced during the same period in FY04, the difference is that it is driven not so much by consumption but by investment and exports.

Over the last three years consumption has played a greater role in real GDP as the other components— investment, net exports, and government spending— have been hit by overcapacity, the strong dollar, and state government budget woes which have counterbalanced federal government spending. During the first three quarters of FY05 consumption is expected to increase by 3.7 percent compared to 4.0 percent a year ago. Consumption of durable goods is expected to soften substantially from 10.6 percent a year ago to 4.5 percent. The dampening is related to increased interest rates and the subsequent slowdown in the consumption of motor vehicles and parts: from 7.8 percent during the first three quarters of FY04 to 1.3 percent in FY05.

Investments are expected to strengthen further, going up by 9.9 percent. The main

driver for this growth is investment in business equipment and software which are forecasted to increase by 13.3 percent. By FY05 both Europe and Asia are anticipated to have robust economies. This is expected to boost exports by 11.3 percent. Growth in imports is expected to lag exports because of the continued weakness of the dollar. Government purchases climbed substantially by 3.0 percent a year ago, and are projected to be up 2.8 percent in the first nine months of FY05. The slower growth is related to a ratcheting down of defense spending.

U.S. personal income is forecasted to increase by a robust 6.0 percent as nonagricultural employment growth changes from a decline of 0.1 percent during the first three quarters of FY04 to a gain of 1.9 percent in FY05. The biggest change is in manufacturing employment. Just a year ago this sector contracted by 4.2 percent, but is now forecasted to expand by 1.1 percent.

STATE ECONOMY

First Three Quarters of FY05

The impact of the national recovery will be felt in the state economy. However, since the goods-producing sectors dominate the state economy, the national average will be slightly higher than the state average. Personal income is estimated to increase by 5.7 percent during the July-to-March FY05 period compared to a 6.0 percent increase nationally.

Kentucky's nonagricultural employment is expected to grow strongly during the first

three quarters of FY05 with a gain of 1.7 percent. Most of the job growth is expected to come from the goods-producing sector which includes mining, construction and manufacturing. The combined growth in these sectors is estimated at 2.2 percent resulting in 8,300 new jobs. The service-providing industries are forecasted to expand by 1.6 percent with the creation of 17,700 jobs.

The construction industry is expected to post the strongest growth rate. Even though interest rates are expected to rise further in FY05, the rates are still near historical lows. With the strengthening of the economy and income, the housing sector is expected to remain strong. The slight gain in mining is related to high natural gas prices and the subsequent increased demand for coal. The biggest plus to the Kentucky economy

is the return of manufacturing employment. Manufacturing employment declined by 2.0 percent during the period July-to-April in FY04. This year most of that job loss is expected to be recovered with the expansion of the economy. However, manufacturing employment will still remain about 41,000 lower than its peak in FY01.

The expansion of business services is a normal consequence of the growth in the economy. Business services include legal and accounting services as well as a host of other support services like temporary help services and support services. All the super-sectors that comprise the North American Industry Classification System (NAICS) are expected to post gains with the financial services.

More and more financial services are anticipated to be Internet-based and the central offices for this sector are not expected to be located in Kentucky.



Table 3.1
National Economic Outlook for FY05
Quarters 1, 2, & 3*

	<u>FY04</u>	<u>FY05</u>	<u>% Chg</u>
Real GDP (billion 2000 \$)	10,603.0	11,093.7	4.6
Personal Income (billion \$)	9,385.0	9,948.7	6.0
Consumer Price Index (1992-94=100)	185.2	190.4	2.8
Industrial Production (1992=100)	112.7	119.5	6.1
Civilian Labor Force (millions)	146.8	147.9	0.8
Total Nonagricultural Employment (millions)	130.1	132.5	1.9
Manufacturing Employment (millions)	14.4	14.5	1.1
Unemployment Rate (percent)	5.9	5.4	-

*Seasonally adjusted data.

Sources: Global Insight, and U.S. Department of Commerce, BEA.
 Data for FY05 are June 2004 estimates.

Table 3.2
Kentucky Economic Outlook for FY05
Quarters 1, 2 & 3*

	<u>FY04</u>	<u>FY05</u>	<u>% Chg</u>
Total Personal Income (\$ millions)	110,275	116,551	5.7
Wage & Salary Income (\$ millions)	59,392	61,769	4.0
Nonagricultural Employment ('000)	1,784.8	1,814.8	1.7
Goods Producing ('000)	368.9	377.2	2.2
Service Providing ('000)	1,107.9	1,125.6	1.6
Contract Construction	84.4	87.7	3.9
Mining	18.8	19.1	1.6
Manufacturing	265.7	270.4	1.8
Trade, Transportation & Utilities	371.8	378.6	1.8
Information	30.1	30.3	0.7
Finance	86.8	86.3	-0.6
Business Services	154.2	160.1	3.8
Educational Services	228.7	231.4	1.2
Leisure and Hospitality Services	158.3	160.6	1.5
Other Services	78.0	78.3	0.4
Government	308.0	312.0	1.3

*Seasonally adjusted data.

Source: GOEA, June 2004

General Fund

Projected General Fund revenues for the next three quarters are shown in Table 3.3. General Fund revenues are anticipated to total \$5,265.5 million in the first three quarters of FY05, a growth rate of 3.6 percent compared to the same period of FY04. This expected growth rate is slightly higher than the actual growth rate for FY04. A stabilizing economic outlook is the primary reason for this revenue estimate, which is stronger than actual receipts for the same period last year.

Sales and use tax receipts are estimated to grow by 5.1 percent in the first three quarters of FY05, reflecting strengthening economic growth. Sales tax receipts have been lagging the national economic recovery, but now appear to be strengthening in Kentucky.

The interim forecast for the **individual income tax** calls for receipts to grow by 4.1 percent in the first three quarters of FY05. This represents a moderate growth rate, higher than has been experienced in the last two fiscal years in this category. Receipts for the first three quarters of FY05 are expected to be \$2,050.7 million.

The outlook for **corporation income and license taxes** is an increase of 10.9 percent for the first three quarters of FY05. Revenues fell during FY04 due to a slow economy and due to a decision by the administration to suspend enforcement of the Illinois Tool Works (ITW) decision. A strengthening business outlook and stronger initial corporation declaration payments now generates expectations of increased corporate profits.

Coal severance tax revenue is expected to make a significant change from recent and long term trends. Both quantity and price of coal sales increased during the last quarter of FY04, and is expected to continue during FY05. Higher prices for other sources of energy have spurred the demand for coal, and the price has risen accordingly. Coal severance tax receipts are expected to be \$129.5 for the first three quarters of FY05, an increase of 24.0 percent.

Property taxes are expected to grow by 1.3 percent in the first three quarters of FY05. Timing issues relating primarily to distributions of collections to local governments and to collections from some once-a-year accounts should depress the actual collections when compared to the same period of a year ago. This results in the actual collections being depressed, but full year numbers should be somewhat brighter.

Lottery revenues for the first three quarters of FY05 are expected to be \$134.0 million. Now that the Tennessee lottery is functional, receipts from this source are projected to be nearly flat. However, another large Powerball jackpot has resulted in larger than expected receipts early in FY05, which has reduced the impact of the loss of sales to the Tennessee lottery.

Revenues in the “**other**” category should decline by 10.8 percent during the first three quarters of FY05. The inheritance tax should continue its decline due to federal law changes, and changes to the abandoned property statutes should reduce that revenue source significantly.

Road Fund

The Road Fund is expected to grow by 2.5 percent during the first three quarters of FY05, as shown in Table 3.4. The Road Fund declined by 0.6 percent in FY04.

Combined **motor fuels tax** receipts are expected to increase 4.8 percent, in large part due to an increase in the tax rate caused by rising prices and an automatic statutory increase.

Motor vehicle usage taxes are expected to grow by 1.9 percent during the first three quarters of FY05. In FY04, receipts from this category declined by 0.9 percent.

To estimate growth of **all other components** of the Road Fund, transportation officials and GOEA together assessed recent growth patterns as well as administrative factors in developing an updated estimate. Significant declines when compared to the same period last year are expected in investment income and in toll receipts. Investable balances are significantly lower due to payments on construction projects, and only two toll roads remain after the retirement of the bonds for two other toll roads during FY04.



Table 3.3
General Fund: Interim Forecast
(millions of dollars)
July 2004

	FY04		FY04		FY05	
	Quarter 4		Full Year		Quarters 1, 2 & 3	
	<u>Actual</u>	<u>% Chg</u> <u>Year Ago</u>	<u>Actual</u>	<u>% Chg</u> <u>for Actual</u>	<u>Interim</u> <u>Estimate</u>	<u>% Chg</u> <u>Year Ago</u>
Sales & Use	622.8	7.1	2,447.6	3.5	1,917.3	5.1
Individual Income	826.4	5.9	2,796.3	1.8	2,050.7	4.1
Corp. Income & Lic.	193.4	8.3	427.4	-0.8	259.4	10.9
Coal Severance	43.1	21.3	147.5	4.1	129.5	24.0
Property	48.6	-10.6	448.8	3.2	405.2	1.3
Lottery	41.0	0.0	173.8	1.6	134.0	0.9
Other	122.2	9.0	536.3	8.4	369.3	-10.8
General Fund	1,897.5	6.4	6,977.6	2.9	5,265.5	3.6

Table 3.4
Road Fund: Interim Forecast
(millions of dollars)
July 2004

	<u>FY04</u> <u>Quarter 4</u>		<u>FY04</u> <u>Full Year</u>		<u>FY05</u> <u>Quarters 1, 2 & 3</u>	
	<u>Actual</u>	<u>% Chg</u> <u>Year Ago</u>	<u>Actual</u>	<u>% Chg</u> <u>for Actual</u>	<u>Interim</u> <u>Estimate</u>	<u>% Chg</u> <u>Year Ago</u>
Motor Fuels	118.3	1.6	460.0	1.3	358.0	4.8
Motor Vehicle Usage	109.0	-4.7	429.2	-0.9	326.4	1.9
License & Privilege	34.0	7.6	113.3	18.5	78.9	-0.5
Weight Distance	20.3	8.6	79.6	3.5	62.1	4.7
Tolls	1.7	-51.4	8.0	-39.8	4.5	-28.6
Investment	0.1	-98.8	7.5	-74.2	4.6	-37.8
Other	4.8	-10.9	19.1	-10.4	14.6	2.3
Road Fund	288.2	-3.4	1,116.7	-0.6	849.1	2.5

APPENDIX A
Fourth Quarter Report

KENTUCKY STATE GOVERNMENT REVENUE - GENERAL FUND REVENUE

	Fourth Quarter 2003 - 2004	Fourth Quarter 2002 - 2003	Percent Change	Year-to Date 2003 - 2004	Year-to Date 2002 - 2003	Percent Change
TOTAL GENERAL FUND	\$1,897,506,342	\$1,783,763,549	6.4	\$6,977,623,200	\$6,783,458,295	2.9
Tax Receipts	\$1,834,272,700	\$1,730,470,608	6.0	\$6,686,290,589	\$6,543,157,657	2.2
Sales and Gross Receipts	\$685,848,301	\$643,881,796	6.5	\$2,668,210,228	\$2,577,542,870	3.5
Beer Consumption	1,726,632	1,603,096	7.7	6,320,886	6,334,169	-0.2
Beer Wholesale	9,830,505	9,260,521	6.2	37,439,919	35,969,890	4.1
Cigarette	4,417,297	4,711,205	-6.2	17,136,198	16,367,947	4.7
Distilled Spirits Case Sales	21,738	21,062	3.2	87,662	85,601	2.4
Distilled Spirits Consumption	2,236,702	2,155,745	3.8	8,985,826	8,680,833	3.5
Distilled Spirits Wholesale	4,275,765	4,029,983	6.1	16,957,192	16,088,048	5.4
Insurance Premium	36,056,159	35,553,123	1.4	120,523,955	114,988,790	4.8
Pari-Mutuel	2,107,301	2,836,096	-25.7	3,629,292	5,953,247	-39.0
Race Track Admission	39,801	26,330	51.2	232,350	193,114	20.3
Sales and Use	622,817,358	581,557,946	7.1	2,447,584,698	2,364,182,478	3.5
Wine Consumption	499,094	462,200	8.0	2,005,265	1,902,818	5.4
Wine Wholesale	1,819,951	1,664,489	9.3	7,306,985	6,795,936	7.5
License and Privilege	\$127,379,777	\$110,485,581	15.3	\$368,122,494	\$379,857,645	-3.1
Alc. Bev. License Suspension	3,300	120,300	-97.3	223,700	227,850	-1.8
Coal Severance	43,056,458	35,502,035	21.3	147,498,230	141,664,981	4.1
Corporation License	73,362,106	63,576,634	15.4	124,096,012	152,595,257	-18.7
Corporation Organization	33,901	23,790	42.5	143,804	190,494	-24.5
Occupational Licenses	86,529	101,223	-14.5	223,002	197,977	12.6
Oil Production	1,044,431	801,015	30.4	3,387,884	3,116,954	8.7
Race Track License	47,650	37,500	27.1	335,625	322,825	4.0
Bank Franchise Tax	633,058	2,469,939	-74.4	55,467,195	53,747,906	3.2
Driver License Fees	142,046	123,311	15.2	523,979	499,003	5.0
Minerals Severance	3,154,390	3,403,593	-7.3	13,711,874	12,580,912	9.0
Natural Gas Severance	5,815,908	4,326,241	34.4	22,511,188	14,713,486	53.0
Income	\$946,442,979	\$895,627,878	5.7	\$3,099,593,870	\$3,024,422,738	2.5
Corporation	120,046,744	115,013,114	4.4	303,262,821	278,035,794	9.1
Individual	826,396,235	780,614,764	5.9	2,796,331,049	2,746,386,944	1.8
Property	\$48,621,877	\$54,370,715	-10.6	\$448,765,511	\$434,768,249	3.2
Bank Deposits	3,618	33,323	-89.1	467,711	456,527	2.4
Building & Loan Association	2,451,819	3,022,838	-18.9	2,513,083	3,181,373	-21.0
Distilled Spirits	-	16,744	-100.0	375,637	442,092	-15.0
General - Intangible	371,890	3,159,380	-88.2	27,547,183	25,883,197	6.4
General - Real	6,404,688	(1,423,827)	—	192,534,530	186,000,177	3.5
General - Tangible	30,824,884	43,073,886	-28.4	149,155,206	149,426,286	-0.2
Omitted & Delinquent	(865,468)	1,549,551	—	15,829,225	20,368,623	-22.3
Public Service	9,337,931	4,882,790	91.2	60,178,393	48,836,372	23.2
Other	92,516	56,030	65.1	164,542	173,603	-5.2
Inheritance	\$17,126,602	\$17,756,775	-3.5	\$66,083,705	\$95,864,480	-31.1
Miscellaneous	\$8,853,163	\$8,347,863	6.1	\$35,514,782	\$30,701,674	15.7
Legal Process	6,819,522	6,394,169	6.7	27,322,798	22,994,148	18.8
T. V. A. In Lieu Payments	2,026,831	1,935,744	4.7	8,146,924	7,660,437	6.4
Other	6,811	17,950	-62.1	45,061	47,090	-4.3
Nontax Receipts	\$59,934,377	\$51,689,233	16.0	\$280,871,754	\$233,694,271	20.2
Departmental Fees	4,811,031	5,271,223	-8.7	22,161,022	21,982,797	0.8
PSC Assessment Fee	9	5,939,567	-100.0	5,389,636	8,702,466	-38.1
Fines & Forfeitures	6,653,438	6,290,834	5.8	27,991,293	28,888,326	-3.1
Interest on Investments	174,205	(7,880,121)	—	1,017,305	(7,157,704)	—
Lottery	41,000,000	41,000,000	0.0	173,800,000	171,000,000	1.6
Sale of NOx Credits	-	-	-	11,836,125	-	-
Miscellaneous	3,526,120	1,067,731	230.2	38,676,373	10,278,386	276.3
Redeposit of State Funds	\$3,299,265	\$1,603,708	105.7	\$10,460,857	\$6,606,367	58.3

ROAD FUND REVENUE

	Fourth Quarter 2003 - 2004	Fourth Quarter 2002 - 2003	Percent Change	Year-toDate 2003 - 2004	Year-to Date 2002 - 2003	Percent Change
TOTAL ROAD FUND	\$288,232,371	\$298,231,795	-3.4	\$1,116,734,272	\$1,123,103,133	-0.6
Tax Receipts-	\$281,566,191	\$281,073,928	0.2	\$1,082,189,464	\$1,059,296,184	2.2
Sales and Gross Receipts	\$227,257,403	\$230,913,974	-1.6	\$889,251,190	\$886,809,027	0.3
Motor Fuels Taxes	114,237,838	112,835,064	1.2	441,382,996	438,564,438	0.6
Motor Fuels Use & Surtax	3,930,768	3,623,175	8.5	18,185,947	14,969,884	21.5
Truck Trip Permits (fuel)	123,320	98,366	25.4	439,720	371,406	18.4
Motor Vehicle Usage	108,965,477	114,357,370	-4.7	429,242,527	432,903,299	-0.8
License and Privilege	\$54,308,788	\$50,159,954	8.3	\$192,938,274	\$172,487,157	11.9
Motor Vehicles	29,520,566	26,972,513	9.4	93,388,573	76,192,363	22.6
Motor Vehicle Operators	1,479,936	1,363,295	8.6	5,623,874	5,610,829	0.2
Weight Distance	20,271,559	18,686,650	8.5	79,574,022	76,851,211	3.5
Truck Decal Fees	598,647	591,850	1.1	725,403	673,481	7.7
Other Special Fees	2,438,081	2,545,645	-4.2	13,626,402	13,159,273	3.5
Nontax Receipts	\$6,567,153	\$17,068,852	-61.5	\$32,932,009	\$62,789,372	-47.6
Departmental Fees	4,244,196	4,817,595	-11.9	15,258,391	18,430,002	-17.2
In Lieu of Traffic Fines	367,647	344,064	6.9	1,521,583	1,374,668	10.7
Highway Tolls	1,719,240	3,513,341	-51.1	7,958,452	13,263,429	-40.0
Investment Income	114,999	8,230,044	-98.6	7,507,462	29,115,311	-74.2
Miscellaneous	121,070	163,807	-26.1	686,121	605,962	13.2
Redeposit of State Funds	\$99,028	\$89,015	11.2	\$1,612,799	\$1,017,577	58.5

APPENDIX B
Summary Statistics for General and Road Funds
Fiscal Years 1994/95 - 2003/04

**SUMMARY STATISTICS FOR GENERAL FUND
MAJOR REVENUE SOURCES - FISCAL YEARS 1995-2004**

	1994-95	1995-96	1996-97	1997-98	1998-99
TOTAL GENERAL FUND	5,154,077,980	5,336,883,824	5,663,553,289	6,011,806,562	6,198,387,526
Tax Receipts	4,931,201,083	5,095,157,184	5,408,832,505	5,722,452,611	5,917,216,646
Sales and Gross Receipts	1,843,565,719	1,954,857,546	2,052,228,340	2,155,185,940	2,263,517,959
Beer Consumption	6,035,436	5,883,182	5,931,508	6,149,889	6,258,224
Beer Wholesale	27,776,733	28,606,167	28,898,911	29,787,991	30,612,099
Cigarette ¹	15,126,270	15,680,704	16,044,967	15,130,443	14,673,839
Distilled Spirits Case Sales	80,184	80,745	79,931	79,121	78,333
Distilled Spirits Consumption	7,879,647	8,034,386	7,878,267	7,926,002	7,955,925
Distilled Spirits Wholesale	11,937,768	12,378,310	12,590,305	12,974,726	13,398,478
Insurance Premium	81,811,363	87,295,673	85,917,179	90,231,192	90,171,779
Pari-Mutuel	7,256,986	7,148,951	5,911,958	4,845,922	7,179,163
Race Track Admission	292,791	257,804	207,489	211,759	241,307
Sales and Use	1,680,520,815	1,783,881,316	1,882,681,995	1,981,297,580	2,085,899,677
Wine Consumption	1,340,373	1,518,350	1,538,033	1,615,634	1,625,711
Wine Wholesale	3,507,353	4,091,958	4,547,795	4,935,682	5,423,425
License and Privilege	299,418,671	282,361,213	340,636,686	338,964,050	349,549,943
Alc. Bev. License & Suspension	1,987,478	1,867,529	1,996,165	549,768	87,800
Coal Severance	179,116,944	166,101,045	163,545,844	163,731,038	154,476,772
Corporation License	97,460,158	90,525,391	107,498,746	112,793,160	125,912,523
Corporation Organization	137,679	531,122	315,593	1,001,719	500,429
Occupational Licenses	115,347	303,636	124,500	92,140	99,658
Oil Production	2,784,562	2,644,656	3,044,497	2,135,212	1,344,942
Race Track License	470,525	410,150	438,529	407,750	395,525
Bank Franchise Tax ²	---	---	40,878,664	35,059,801	47,059,959
Driver License Fees	2,562,364	2,598,899	2,742,540	3,001,375	717,453
Minerals Severance	8,811,130	9,349,609	10,443,023	11,115,009	11,848,098
Natural Gas Severance	5,972,484	8,029,176	9,608,586	9,077,076	7,106,785
Income	2,305,755,898	2,359,304,740	2,497,776,090	2,751,810,830	2,844,072,023
Corporation	340,912,408	284,732,573	292,753,126	333,666,392	312,066,675
Individual	1,964,843,490	2,074,572,167	2,205,022,964	2,418,144,438	2,532,005,348
Property	395,324,665	409,176,706	414,858,124	362,792,504	370,404,549
Bank Deposits	307,499	297,123	611,478	324,856	398,666
Building & Loan Association	5,814,835	3,565,375	5,799,678	4,533,322	3,046,010
Distilled Spirits	383,149	395,819	390,594	389,838	417,610
General - Intangible ³	83,479,482	66,489,089	46,631,437	21,129,328	18,103,920
General - Real ⁴	133,200,108	142,728,406	170,063,059	154,245,454	161,723,137
General - Tangible ⁴	114,122,717	137,812,773	124,637,468	125,753,465	125,564,658
Omitted & Delinquent	17,615,172	17,199,556	15,098,758	13,019,424	11,926,947
Public Service	36,190,212	37,253,318	49,915,716	43,528,408	50,461,577
Other	4,211,492	3,435,248	1,709,936	(131,590)	(1,237,976)
Inheritance⁵	79,511,634	81,441,427	95,287,282	105,538,130	81,483,083
Miscellaneous	7,624,496	8,015,552	8,045,984	8,161,157	8,189,088
Legal Process	3,284,035	3,324,992	3,341,859	3,468,753	3,568,621
T. V. A. In Lieu Payments	4,291,288	4,654,340	4,550,012	4,646,467	4,586,009
Other	49,173	36,220	154,113	45,937	34,458
Nontax Receipts	220,634,146	238,968,407	252,375,721	284,461,380	272,298,984
Departmental Fees ⁶	21,171,787	19,994,129	22,588,313	21,975,158	26,095,000
PSC Assessment Fee ⁶					
Fines & Forfeitures	33,956,709	33,858,903	38,909,723	40,670,559	45,023,992
Interest on Investments	21,149,726	30,397,988	30,966,219	60,019,607	38,324,530
Lottery	136,000,000	147,000,000	151,000,000	153,000,000	153,800,000
Sale of NOx Credits ⁷	---	---	---	---	---
Miscellaneous	8,355,924	7,717,386	8,911,466	8,796,056	9,055,462
Redeposit of State Funds	2,242,751	2,758,234	2,345,063	4,892,572	8,871,896

(Footnotes appear at end of table)

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**SUMMARY STATISTICS FOR GENERAL FUND
MAJOR REVENUE SOURCES - FISCAL YEARS 1995-2004**

	1999-00	2000-01	2001-02	2002-03	2003-04
TOTAL GENERAL FUND	6,478,385,032	6,653,897,653	6,560,216,551	6,783,458,295	6,977,623,200
Tax Receipts	6,200,475,504	6,377,917,219	6,292,004,457	6,543,157,657	6,686,290,589
Sales and Gross Receipts	2,356,212,660	2,435,481,566	2,497,020,953	2,577,542,870	2,668,210,228
Beer Consumption	6,284,242	6,272,031	6,286,734	6,334,169	6,320,886
Beer Wholesale	32,101,648	32,582,889	34,596,592	35,969,890	37,439,919
Cigarette ¹	14,184,888	14,007,582	13,943,208	16,367,947	17,136,198
Distilled Spirits Case Sales	82,871	82,529	81,922	85,601	87,662
Distilled Spirits Consumption	8,211,541	8,184,798	8,266,005	8,680,833	8,985,826
Distilled Spirits Wholesale	14,055,368	14,809,730	15,129,146	16,088,048	16,957,192
Insurance Premium	95,355,564	96,825,818	105,102,951	114,988,790	120,523,955
Pari-Mutuel	6,645,098	6,182,083	5,179,952	5,953,247	3,629,292
Race Track Admission	220,824	216,615	260,232	193,114	232,350
Sales and Use	2,171,397,969	2,248,471,100	2,299,990,621	2,364,182,478	2,447,584,698
Wine Consumption	1,748,839	1,743,393	1,786,984	1,902,818	2,005,265
Wine Wholesale	5,923,809	6,102,998	6,396,603	6,795,936	7,306,985
License and Privilege	364,098,883	373,309,229	356,591,984	379,857,645	368,122,494
Alc. Bev. License & Suspension	49,150	193,800	220,800	227,850	223,700
Coal Severance	145,139,909	141,553,087	160,160,116	141,664,981	147,498,230
Corporation License	139,127,819	147,515,402	117,500,770	152,595,257	124,096,012
Corporation Organization	369,916	227,655	144,233	190,494	143,804
Occupational Licenses	132,811	107,737	226,609	197,977	223,002
Oil Production	2,967,395	3,358,036	2,590,722	3,116,954	3,387,884
Race Track License	405,500	320,800	37,423	322,825	335,625
Bank Franchise Tax ²	53,061,798	49,610,220	50,549,169	53,747,906	55,467,195
Driver License Fees	475,167	391,939	505,187	499,003	523,979
Minerals Severance	13,923,246	12,710,667	12,355,174	12,580,912	13,711,874
Natural Gas Severance	8,446,173	17,319,885	12,301,781	14,713,486	22,511,188
Income	3,008,055,957	3,068,472,461	2,909,863,799	3,024,422,738	3,099,593,870
Corporation	306,442,050	289,931,017	207,353,777	278,035,794	303,262,821
Individual	2,701,613,908	2,778,541,444	2,702,510,022	2,746,386,944	2,796,331,049
Property	387,257,800	407,494,858	433,029,587	434,768,249	448,765,511
Bank Deposits	433,962	412,646	460,334	456,527	467,711
Building & Loan Association	2,491,414	2,482,623	2,249,927	3,181,373	2,513,083
Distilled Spirits	443,880	360,248	363,410	442,092	375,637
General - Intangible ³	22,721,743	22,551,153	23,113,567	25,883,197	27,547,183
General - Real ⁴	167,326,472	171,524,695	179,678,050	186,000,177	192,534,530
General - Tangible ⁴	130,960,896	140,466,295	151,308,795	149,426,286	149,155,206
Omitted & Delinquent	15,543,134	20,605,462	25,649,592	20,368,623	15,829,225
Public Service	46,882,427	48,883,924	49,991,359	48,836,372	60,178,393
Other	453,871	207,812	214,551	173,603	164,542
Inheritance⁵	74,489,981	83,461,499	83,359,872	95,864,480	66,083,705
Miscellaneous	10,360,222	9,697,606	12,138,263	30,701,674	35,514,782
Legal Process	3,457,280	3,597,385	5,263,021	22,994,148	27,322,798
T. V. A. In Lieu Payments	6,842,117	6,046,676	6,814,492	7,660,437	8,146,924
Other	60,824	53,545	60,750	47,090	45,061
Nontax Receipts	271,911,197	266,792,632	260,466,324	233,694,271	280,871,754
Departmental Fees ⁶	32,719,509	17,062,102	19,570,116	21,982,797	22,161,022
PSC Assessment Fee ⁶	---	12,598,397	10,455,826	8,702,466	5,389,636
Fines & Forfeitures	46,056,986	40,749,856	40,069,496	28,888,326	27,991,293
Interest on Investments	28,077,454	28,217,850	13,342,627	(7,157,704)	1,017,305
Lottery	156,300,000	157,030,000	169,000,000	171,000,000	173,800,000
Sale of NOx Credits ⁷	---	---	---	---	1183612500.0%
Miscellaneous	8,757,248	11,134,428	8,028,259	10,278,386	38,676,373
Redeposit of State Funds	5,998,332	9,187,802	7,745,769	6,606,367	10,460,857

(Footnotes appear at end of table)

GENERAL FUND GROWTH RATES
MAJOR REVENUE SOURCES - FISCAL YEARS 1995-2004

	1994-95	1995-96	1996-97	1997-98	1998-99
TOTAL GENERAL FUND	10.9%	3.5%	6.1%	6.1%	3.1%
Tax Receipts	10.6%	3.3%	6.2%	5.8%	3.4%
Sales and Gross Receipts	7.1%	6.0%	5.0%	5.0%	5.0%
Beer Consumption	1.4%	-2.5%	0.8%	3.7%	1.8%
Beer Wholesale	4.4%	3.0%	1.0%	3.1%	2.8%
Cigarette	5.9%	3.7%	2.3%	-5.7%	-3.0%
Distilled Spirits Case Sales	-1.5%	0.7%	-1.0%	-1.0%	-1.0%
Distilled Spirits Consumption	-0.8%	2.0%	-1.9%	0.6%	0.4%
Distilled Spirits Wholesale	0.0%	3.7%	1.7%	3.1%	3.3%
Insurance Premium	-1.4%	6.7%	-1.6%	5.0%	-0.1%
Pari-Mutuel	18.3%	-1.5%	-17.3%	-18.0%	48.1%
Race Track Admission	21.9%	-11.9%	-19.5%	2.1%	14.0%
Sales and Use	7.7%	6.2%	5.5%	5.2%	5.3%
Wine Consumption	5.1%	13.3%	1.3%	5.0%	0.6%
Wine Wholesale	9.0%	16.7%	11.1%	8.5%	9.9%
License and Privilege	4.5%	-5.7%	20.6%	-0.5%	3.1%
Alc. Bev. License Suspension	9.5%	-6.0%	6.9%	-72.5%	-84.0%
Coal Severance	-0.4%	-7.3%	-1.5%	0.1%	-5.7%
Corporation License	18.8%	-7.1%	18.7%	4.9%	11.6%
Corporation Organization	-29.5%	285.8%	-40.6%	217.4%	-50.0%
Occupational Licenses	-31.1%	163.2%	-59.0%	-26.0%	8.2%
Oil Production	3.2%	-5.0%	15.1%	-29.9%	-37.0%
Race Track License	30.3%	-12.8%	6.9%	-7.0%	-3.0%
Bank Franchise Tax				-14.2%	34.2%
Driver License Fees	-1.3%	1.4%	5.5%	9.4%	-76.1%
Minerals Severance	8.3%	6.1%	11.7%	6.4%	6.6%
Natural Gas Severance	-30.4%	34.4%	19.7%	-5.5%	-21.7%
Income	15.4%	2.3%	5.9%	10.2%	3.4%
Corporation	26.7%	-16.5%	2.8%	14.0%	-6.5%
Individual	13.6%	5.6%	6.3%	9.7%	4.7%
Property	6.8%	3.5%	1.4%	-12.6%	2.1%
Bank Deposits	3.4%	-3.4%	105.8%	-46.9%	22.7%
Building & Loan Association	12.9%	-38.7%	62.7%	-21.8%	-32.8%
Distilled Spirits	-1.5%	3.3%	-1.3%	-0.2%	7.1%
General - Intangible	7.9%	-20.4%	-29.9%	-54.7%	-14.3%
General - Real	0.8%	7.2%	19.2%	-9.3%	4.8%
General - Tangible	9.2%	20.8%	-9.6%	0.9%	-0.2%
Omitted & Delinquent	44.3%	-2.4%	-12.2%	-13.8%	-8.4%
Public Service	3.9%	2.9%	34.0%	-12.8%	15.9%
Other	26.8%	-18.4%	-50.2%	-107.7%	840.8%
Inheritance	4.4%	2.4%	17.0%	10.8%	-22.8%
Miscellaneous	-3.0%	5.1%	0.4%	1.4%	0.3%
Legal Process	-12.5%	1.2%	0.5%	3.8%	2.9%
T. V. A. In Lieu Payments	5.1%	8.5%	-2.2%	2.1%	-1.3%
Other	113.5%	-26.3%	325.5%	-70.2%	-25.0%
Nontax Receipts	19.1%	8.3%	5.6%	12.7%	-4.3%
Departmental Fees	1.8%	-5.6%	13.0%	-2.7%	18.7%
PSC Assessment Fee					
Fines & Forfeitures	-1.1%	-0.3%	14.9%	4.5%	10.7%
Interest on Investments	59.8%	43.7%	1.9%	93.8%	-36.1%
Lottery	19.3%	8.1%	2.7%	1.3%	0.5%
Sale of NOx Credits					
Miscellaneous	191.8%	-7.6%	15.5%	-1.3%	2.9%
Redeposit of State Funds	0.9%	23.0%	-15.0%	108.6%	81.3%

(Footnotes appear at end of table)

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GENERAL FUND GROWTH RATES
MAJOR REVENUE SOURCES - FISCAL YEARS 1995-2004

	1999-00	2000-01	2001-02	2002-03	2003-04
TOTAL GENERAL FUND	4.5%	2.7%	-1.4%	3.4%	2.9%
Tax Receipts	4.8%	2.9%	-1.3%	4.0%	2.2%
Sales and Gross Receipts	4.1%	3.4%	2.5%	3.2%	3.5%
Beer Consumption	0.4%	-0.2%	0.2%	0.8%	-0.2%
Beer Wholesale	4.9%	1.5%	6.2%	4.0%	4.1%
Cigarette	-3.3%	-1.2%	-0.5%	17.4%	4.7%
Distilled Spirits Case Sales	5.8%	-0.4%	-0.7%	4.5%	2.4%
Distilled Spirits Consumption	3.2%	-0.3%	1.0%	5.0%	3.5%
Distilled Spirits Wholesale	4.9%	5.4%	2.2%	6.3%	5.4%
Insurance Premium	5.7%	1.5%	8.5%	9.4%	4.8%
Pari-Mutuel	-7.4%	-7.0%	-16.2%	14.9%	-39.0%
Race Track Admission	-8.5%	-1.9%	20.1%	-25.8%	20.3%
Sales and Use	4.1%	3.5%	2.3%	2.8%	3.5%
Wine Consumption	7.6%	-0.3%	2.5%	6.5%	5.4%
Wine Wholesale	9.2%	3.0%	4.8%	6.2%	7.5%
License and Privilege	4.2%	2.5%	-4.5%	6.5%	-3.1%
Alc. Bev. License Suspension	-44.0%	294.3%	13.9%	3.2%	-1.8%
Coal Severance	-6.0%	-2.5%	13.1%	-11.5%	4.1%
Corporation License	10.5%	6.0%	-20.3%	29.9%	-18.7%
Corporation Organization	-26.1%	-38.5%	-36.6%	32.1%	-24.5%
Occupational Licenses	33.3%	-18.9%	110.3%	-12.6%	12.6%
Oil Production	120.6%	13.2%	-22.9%	20.3%	8.7%
Race Track License	2.5%	-20.9%	-88.3%	762.6%	4.0%
Bank Franchise Tax	12.8%	-6.5%	1.9%	6.3%	3.2%
Driver License Fees	-33.8%	-17.5%	28.9%	-1.2%	5.0%
Minerals Severance	17.5%	-8.7%	-2.8%	1.8%	9.0%
Natural Gas Severance	18.8%	105.1%	-29.0%	19.6%	53.0%
Income	5.8%	2.0%	-5.2%	3.9%	2.5%
Corporation	-1.8%	-5.4%	-28.5%	34.1%	9.1%
Individual	6.7%	2.8%	-2.7%	1.6%	1.8%
Property	4.5%	5.2%	6.3%	0.4%	3.2%
Bank Deposits	8.9%	-4.9%	11.6%	-0.8%	2.4%
Building & Loan Association	-18.2%	-0.4%	-9.4%	41.4%	-21.0%
Distilled Spirits	6.3%	-18.8%	0.9%	21.7%	-15.0%
General - Intangible	25.5%	-0.8%	2.5%	12.0%	6.4%
General - Real	3.5%	2.5%	4.8%	3.5%	3.5%
General - Tangible	4.3%	7.3%	7.7%	-1.2%	-0.2%
Omitted & Delinquent	30.3%	32.6%	24.5%	-20.6%	-22.3%
Public Service	-7.1%	4.3%	2.3%	-2.3%	23.2%
Other	---	---	3.2%	-19.1%	-5.2%
Inheritance	-8.6%	12.0%	-0.1%	15.0%	-31.1%
Miscellaneous	26.5%	-6.4%	25.2%	152.9%	15.7%
Legal Process	-3.1%	4.1%	46.3%	336.9%	18.8%
T. V. A. In Lieu Payments	49.2%	-11.6%	12.7%	12.4%	6.4%
Other	76.5%	-12.0%	13.5%	-22.5%	-4.3%
Nontax Receipts	-0.1%	-1.9%	-2.4%	-10.3%	20.2%
Departmental Fees	25.4%	-9.3%	14.7%	12.3%	0.8%
PSC Assessment Fee			-17.0%	-16.8%	-38.1%
Fines & Forfeitures	2.3%	-11.5%	-1.7%	-27.9%	-3.1%
Interest on Investments	-26.7%	0.5%	-52.7%	---	---
Lottery	1.6%	0.5%	7.6%	1.2%	1.6%
Sale of NOx Credits					---
Miscellaneous	-3.3%	27.1%	-27.9%	28.0%	276.3%
Redeposit of State Funds	-32.4%	53.2%	-15.7%	-14.7%	58.3%

(Footnotes appear at end of table)

**SUMMARY STATISTICS FOR ROAD FUND
MAJOR REVENUE SOURCES - FISCAL YEARS 1995-2004**

	1994-95	1995-96	1996-97	1997-98	1998-99
TOTAL STATE ROAD FUND	900,619,387	939,910,490	960,183,780	1,011,789,674	1,056,596,153
Tax Receipts-	851,156,031	879,869,850	901,229,996	942,129,035	991,641,312
Sales and Gross Receipts	703,880,479	729,001,622	748,015,044	780,911,374	820,802,014
Motor Fuels Taxes	373,316,977	378,142,941	390,688,336	396,123,781	427,848,100
Motor Fuels Use & Surtax	23,052,951	22,554,473	15,316,702	17,473,744	16,853,163
Truck Trip Permits (fuel)	643,851	629,763	492,400	521,868	441,870
Motor Vehicle Usage	306,866,700	327,674,445	341,517,606	366,791,982	375,658,882
License and Privilege	147,275,552	150,868,228	153,214,952	161,217,661	170,839,298
Motor Vehicles	68,227,896	72,764,120	71,324,666	74,397,814	80,133,334
Motor Vehicle Operators	5,170,423	5,110,387	5,355,648	5,610,817	5,400,685
Weight Distance	57,224,943	59,809,913	63,061,494	66,665,457	70,155,867
Truck Decal Fees	941,578	858,903	818,525	808,104	822,074
Other Special Fees	15,710,712	12,324,905	12,654,620	13,735,469	14,327,339
Nontax Receipts	49,152,084	58,356,382	58,796,377	69,349,054	64,340,643
Departmental Fees	11,376,506	9,805,190	11,096,006	12,026,690	12,949,131
In Lieu of Traffic Fines	984,243	1,011,351	1,255,822	1,344,786	1,575,742
Highway Tolls	11,668,786	11,896,026	12,585,961	12,998,548	13,342,667
Investment Income	22,298,038	33,779,249	31,833,792	41,950,532	35,588,653
Miscellaneous	2,824,510	1,864,566	2,024,797	1,028,499	884,451
Redeposit of State Funds	311,272	1,684,258	157,407	311,586	614,199

(Footnotes appear at end of table)

	1999-00	2000-01	2001-02	2002-03	2003-04
TOTAL STATE ROAD FUND	1,090,777,822	1,064,181,565	1,119,005,317	1,123,103,133	1,116,734,272
Tax Receipts-	1,031,467,147	992,142,884	1,052,848,911	1,059,296,184	1,082,189,464
Sales and Gross Receipts	849,700,352	821,552,966	873,623,010	886,809,027	889,251,190
Motor Fuels Taxes	423,876,351	408,801,115	429,812,296	438,564,438	441,382,996
Motor Fuels Use & Surtax	15,905,613	15,492,738	14,124,035	14,969,884	18,185,947
Truck Trip Permits (fuel)	451,689	447,020	383,460	371,406	439,720
Motor Vehicle Usage	409,466,699	396,812,093	429,303,220	432,903,299	429,242,527
License and Privilege	181,766,795	170,589,918	179,225,901	172,487,157	192,938,274
Motor Vehicles	85,623,787	76,861,958	84,510,332	76,192,363	93,388,573
Motor Vehicle Operators	5,689,329	5,592,769	5,564,009	5,610,829	5,623,874
Weight Distance	75,144,201	75,170,141	75,265,639	76,851,211	79,574,022
Truck Decal Fees	738,342	727,675	807,089	673,481	725,403
Other Special Fees	14,571,136	12,237,376	13,078,832	13,159,273	13,626,402
Nontax Receipts	58,580,537	69,204,781	64,071,745	62,789,372	32,932,009
Departmental Fees	13,184,983	13,772,863	15,137,452	18,430,002	15,258,391
In Lieu of Traffic Fines	1,662,261	2,005,215	1,960,687	1,374,668	1,521,583
Highway Tolls	13,474,101	12,410,901	13,785,486	13,263,429	7,958,452
Investment Income	29,418,349	40,187,239	32,156,652	29,115,311	7,507,462
Miscellaneous	840,843	828,562	1,031,468	605,962	686,121
Redeposit of State Funds	730,138	2,833,900	2,084,661	1,017,577	1,612,799

(Footnotes appear at end of table)

ROAD FUND GROWTH RATES
MAJOR REVENUE SOURCES - FISCAL YEARS 1995-2004

	1994-95	1995-96	1996-97	1997-98	1998-99
TOTAL STATE ROAD FUND	4.4%	4.4%	2.2%	5.4%	4.4%
Tax Receipts-	3.9%	3.4%	2.4%	4.5%	5.3%
Sales and Gross Receipts	4.2%	3.6%	2.6%	4.4%	5.1%
Motor Fuels Taxes	4.2%	1.3%	3.3%	1.4%	8.0%
Motor Fuels Use & Surtax	7.7%	-2.2%	-32.1%	14.1%	-3.6%
Truck Trip Permits (fuel)	12.6%	-2.2%	-21.8%	6.0%	-15.3%
Motor Vehicle Usage	3.9%	6.8%	4.2%	7.4%	2.4%
License and Privilege	2.4%	2.4%	1.6%	5.2%	6.0%
Motor Vehicles	3.1%	6.6%	-2.0%	4.3%	7.7%
Motor Vehicle Operators	-3.5%	-1.2%	4.8%	4.8%	-3.7%
Weight Distance	-0.2%	4.5%	5.4%	5.7%	5.2%
Truck Decal Fees	-7.4%	-8.8%	-4.7%	-1.3%	1.7%
Other Special Fees	12.8%	-21.6%	2.7%	8.5%	4.3%
Nontax Receipts	14.7%	18.7%	0.8%	17.9%	-7.2%
Departmental Fees	11.5%	-13.8%	13.2%	8.4%	7.7%
In Lieu of Traffic Fines	23.0%	2.8%	24.2%	7.1%	17.2%
Highway Tolls	6.0%	1.9%	5.8%	3.3%	2.6%
Investment Income	28.7%	51.5%	-5.8%	31.8%	-15.2%
Miscellaneous	-20.0%	-34.0%	8.6%	-49.2%	-14.0%
Redeposit of State Funds	-36.4%	441.1%	-90.7%	97.9%	97.1%

(Footnotes appear at end of table)

	1999-00	2000-01	2001-02	2002-03	2003-04
TOTAL STATE ROAD FUND	3.2%	-2.4%	5.2%	0.4%	-0.6%
Tax Receipts-	4.0%	-3.8%	6.1%	0.6%	2.2%
Sales and Gross Receipts	3.5%	-3.3%	6.3%	1.5%	0.3%
Motor Fuels Taxes	-0.9%	-3.6%	5.1%	2.0%	0.6%
Motor Fuels Use & Surtax	-5.6%	-2.6%	-8.8%	6.0%	21.5%
Truck Trip Permits (fuel)	2.2%	-1.0%	-14.2%	-3.1%	18.4%
Motor Vehicle Usage	9.0%	-3.1%	8.2%	0.8%	-0.8%
License and Privilege	6.9%	-6.8%	5.1%	-3.8%	11.9%
Motor Vehicles	7.7%	-10.6%	10.0%	-9.8%	22.6%
Motor Vehicle Operators	5.3%	-1.7%	-0.5%	0.8%	0.2%
Weight Distance	7.1%	0.0%	0.1%	2.1%	3.5%
Truck Decal Fees	-10.2%	-1.4%	10.9%	-16.6%	7.7%
Other Special Fees	1.7%	-16.0%	6.9%	0.6%	3.5%
Nontax Receipts	-9.0%	18.1%	-7.4%	-2.0%	-47.6%
Departmental Fees	1.8%	4.5%	9.9%	21.8%	-17.2%
In Lieu of Traffic Fines	5.5%	20.6%	-2.2%	-29.9%	10.7%
Highway Tolls	1.0%	-7.9%	11.1%	-3.8%	-40.0%
Investment Income	-17.3%	36.6%	-20.0%	-9.5%	-74.2%
Miscellaneous	-4.9%	-1.5%	24.5%	-41.3%	13.2%
Redeposit of State Funds	18.9%	288.1%	-26.4%	-51.2%	58.5%

(Footnotes appear at end of table)

Footnotes

¹ The cigarette tax is levied at the rate of 3 cents per pack. These totals reflect the 2.5 cents per pack that are deposited into the General Fund. The remaining 0.5 cents per pack is dedicated to tobacco research and is deposited in the Tobacco Research Trust Fund.

² Kentucky's bank franchise tax was instituted in July 1996.

³ Shares of stock were exempted from property taxes beginning FY1996-97.

⁴ In FY1996-97, an indeterminable amount of tangible property tax receipts were erroneously credited to real property tax receipts accounts.

⁵ Phase-in of Class A beneficiary exemption began July 1, 1995.

⁶ Prior to FY03, PSC Assessment was included in Departmental Fees.

⁷ The sale of NOx credits was authorized beginning in FY04.

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