



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
**DEPARTMENT OF REVENUE**

State of Rhode Island Monthly Revenue Brief  
 FY 2011 Cash Collections through August 2010

The Rhode Island Department of Revenue monthly revenue brief is a comprehensive analysis of fiscal year-to-date cash collections on all revenue sources estimated by the principals of the Revenue Estimating Conference (see RI General Law § 35-16-1). *Users of the report should be cautious when comparing year-to-date growth rates to the growth estimate for Other Miscellaneous Revenues and Unclaimed Property as the receipt of these revenues occurs at discrete points in time over the course of a fiscal year. Further complicating matters is the fact that the discrete pattern of receipts varies so that payments received do not necessarily occur at the same point in time in each fiscal year.*

**Total General Revenues**

Annual Growth Rates	<u>Enacted Growth Estimate</u> 0.0 %	<u>Actual YTD Growth</u> 6.9 %	<u>Base YTD Growth</u> 7.9 %
Annual Dollar Values	<u>Enacted Revenue Estimate</u> \$3.020 Billion	<u>Actual YTD Cash</u> \$538.2 Million	

Fiscal Year 2011 total general revenues collected through August 2010 have increased by 1.2 percent as compared to Fiscal Year 2010 total general revenues collected through August of last year. For the fiscal year-to-date period through August 2010, total general revenues were \$538.2 million as compared to \$503.6 million for the same period last year, an increase of \$34.6 million. The FY 2011 enacted growth estimate is 0.0 percent in total enacted FY 2011 general revenues over final enacted FY 2010 collections.

It is necessary to make adjustments to the cash collections for these two fiscal years in order to determine the base year-over-year fiscal year-to-date growth in collections. In FY 2010 through August, a net total of -\$120.0 million of adjustments must be made. These adjustments include a decrease of \$496,275 in the Health Care Provider Assessment to reflect the fact that the group home portion of this assessment has been repealed effective August 1, 2009. The receipts received in July 2009 are for services rendered in May and June 2009 and were accrued back to FY 2009. Also included are an increase of \$1.6 million in Motor Vehicle Licenses and Fees to account for the late posting of interstate trucking payments that are made to the forty-nine other

states and Canada. Further, an adjustment of -\$103,533 is made to Racing and Athletics taxes to account for the elimination of live greyhound racing at Twin River after August of 2009. In addition, the adjustment includes a decrease of \$122.0 million in Departmental Receipts of which \$121.5 million is the receipt in July 2009 of the FY 2009 Hospital Licensing Fee and \$421,156 in non-Medicaid payments for board and support of patients at Zambrano and Slater hospitals that were converted to restricted receipts in June 2010. Finally, the net adjustment includes an increase of \$1.0 million in Other General Revenue of which \$1.4 million is included to account for the late posting of the full amount of July's lottery transfer and a decrease of \$339,473 in the Gas Tax Transfer due to the FY 2010 repeal of the dedication of \$0.01 per gallon of the state's \$0.33 per gallon gas tax for general purposes.

In FY 2011 through August, a net total of -\$124.3 million of adjustments must be made. These adjustments include a decrease of \$1.8 million in Motor Vehicle Licenses and Fees for the timely disbursement of interstate trucking payments that are made to the forty-nine other states and Canada which occurred in June of FY 2010. The timely disbursement of these payments has resulted in the overstatement of the August year-to-date cash collections for FY 2011 vis-à-vis the prior fiscal year. Also included are decreases of \$3.3 million in public utilities gross earnings taxes to account for the one-time receipts in July of proceeds from an FY 2010 audit recovery that will be accrued back to FY 2010 and a decrease of \$120.0 million in Departmental Receipts of which \$119.5 million is the receipt in July 2010 and \$493,949 is the receipt in August 2010 of the FY 2010 Hospital Licensing Fee. Finally, the net adjustment includes an increase in Other General Revenue of \$710,128 of which \$1.7 million is included to account for the late posting of the full amount of July's lottery transfer and a decrease of \$985,560 in Other Miscellaneous Revenues to account for the proceeds received from the sale of the Smithfield Salt Barn which were accrued back to FY 2010.

The necessary adjustments that need to be made are displayed in the table below:

Revenue Source	Adjustment	Year-to-Date FY 2010	Year-to-Date FY 2011
Health Care Provider	Deduct receipts that accrue to FY 2009	\$(496,275)	\$0
Public Utilities	FY 2010 Audit Recovery	\$0	\$(3,301,780)
Motor Vehicle	Interstate trucking payments adjustment	\$1,588,398	\$(1,774,525)
Racing and Athletics	Elimination of live greyhound racing	\$(103,533)	\$0
Licenses & Fees	Hospital Licensing Fee	\$(121,542,759)	\$(119,964,969)
Sales & Services	Non-Medicaid Board/Support payments	\$(421,156)	\$0
Other Miscellaneous	Sale of Smithfield Salt Barn	\$0	\$(985,560)
Lottery Transfer	Add in Final Receipt in September	1,352,531	1,695,688
Gas Tax Transfer	Deduct receipts that accrue to FY 2009	\$(339,473)	\$0
<b>Total</b>		<b>\$(119,962,267)</b>	<b>\$(124,331,145)</b>

Accounting for these revenue adjustments yields a base rate of growth for the fiscal year-to-date period through August 2010 of 7.9 percent. It should be noted that the base year-to-date growth rate is not necessarily indicative of the projected annual growth in revenues.

### **Taxes and Departmental Receipts**

Annual Growth Rates	<u>Enacted Growth Estimate</u> 1.2 %	<u>Actual YTD Growth</u> 7.1 %	<u>Base YTD Growth</u> 8.4 %
Annual Dollar Values	<u>Enacted Revenue Estimate</u> \$2.662 Billion	<u>Actual YTD Cash</u> \$508.3 Million	

The Rhode Island Department of Revenue reports that FY 2011 taxes and departmental receipts collected through August 2010 have increased by 7.1 percent as compared to FY 2010 cash collections for the comparable period a year ago. For the fiscal year-to-date period ending August 2010, total taxes and departmental receipts were \$508.3 million as compared to \$474.6 million for the same period last fiscal year, an increase of \$33.8 million.

The group home Health Care Provider Assessment receipt accrual, the Motor Vehicle Licenses and Fees' late interstate trucking payments, the adjustment for the elimination of live greyhound racing, the Hospital Licensing Fee; and the non-Medicaid board and support receipt accrual result in a -\$121.0 million adjustment in FY 2010 for comparability between fiscal years. The public utilities gross earnings audit recovery, the Motor Vehicle and Licenses Fees June 2010 disbursement of interstate trucking payments, and the Hospital Licensing Fee accrual result in a -\$125.0 million adjustment in FY 2011 for comparability between fiscal years. These

adjustments yield a FY 2011 base growth rate in taxes and departmental receipts of 8.4 percent. The FY 2011 growth estimate enacted by the General Assembly projects an increase of 1.2 percent in FY 2011 total taxes and departmental receipts over final enacted FY 2010 collections.

### **Other General Revenue Sources**

Annual Growth Rates	<u>Enacted Growth Estimate</u> -7.9 %	<u>Actual YTD Growth</u> 3.0 %	<u>Base YTD Growth</u> 1.9 %
Annual Dollar Values	<u>Enacted Revenue Estimate</u> \$357.5 Million	<u>Actual YTD Cash</u> \$29.9 Million	

FY 2011 other general revenue sources collected through August of the fiscal year have increased by 3.0 percent as compared to cash collections through August of fiscal year 2010. Other general revenue sources include the Gas Tax Transfer to the general fund, Other Miscellaneous Revenues, the Lottery Transfer to the general fund, and Unclaimed Property that is transferred to the State in June of each fiscal year. The FY 2011 enacted growth estimate for other general revenue sources projects a decrease of 7.9 percent in other general revenue sources over final enacted FY 2010 collections. For the fiscal year-to-date period ending August 2010, total other general revenue sources were \$29.9 million as compared to \$29.1 million for the same period last year, an increase of \$859,506. Adjusting FY 2011 for the \$339,473 receipt accrual for the Gas Tax Transfer, \$1.4 million for the late posting in the Lottery Transfer in FY 2010 and the \$985,560 receipt accrual for the proceeds from the sale of the Smithfield Salt Barn and FY 2010 for the \$1.7 million for the late posting in the Lottery Transfer results in a base year-to-date growth rate of 1.9 percent.

### **Total Taxes**

Annual Growth Rates	<u>Enacted Growth Estimate</u> 0.8 %	<u>Actual YTD Growth</u> 11.2 %	<u>Base YTD Growth</u> 9.3 %
Annual Dollar Values	<u>Enacted Revenue Estimate</u> \$2.317 Billion	<u>Actual YTD Cash</u> \$357.8 Million	

Total tax revenues for the fiscal year-to-date period through August 2010 were \$357.8 million, or 11.2 percent more than the \$321.8 million in total tax cash collections in FY 2010 through August 2009. The FY 2011 enacted growth estimate for tax collections is 0.8 percent for FY 2011 tax collections over final enacted FY 2010 tax collections. Adjustments of \$988,590 are needed in FY 2010 for the receipt accrual of the Health Care Provider Assessment on group homes, the underreporting of Motor Vehicle License and Fee revenues and the elimination of live greyhound racing to create comparability between fiscal years. In FY 2011, the public utilities gross earnings audit recovery and Motor Vehicle Licenses and Fees for the timely disbursement of interstate trucking payments result in an adjustment of -\$5.1 million. Taking into account the FY 2010 and FY 2011 adjustments to total taxes yields a base fiscal year-to-date growth rate of 9.3 percent.

It is important to note that any historic structures tax credits redeemed from FY 2009 onward are reimbursed from the Historic Tax Credit Fund's bond proceeds upon receipt of the tax credit certificate. Prior to FY 2009, the redemption of Historic Structures Tax Credit (HSTC) certificates were deducted directly from realized tax receipts. Thus, prior to FY 2009 the actual revenues for the tax types that had HSTCs redeemed to offset an actual tax liability were net revenues (i.e., total collection *less* HSTC redemptions). Since FY 2009, the actual revenues for the tax types that have HSTCs redeemed to offset an actual tax liability are gross revenues (i.e., total collections *plus* HSTC reimbursements).

In FY 2010, total historic structure tax credit redemptions/reimbursements for all taxes through August totaled \$3.3 million vs. \$593,993 in FY 2011. The breakdown of the reimbursement of redeemed HSTCs by tax type is shown in the table below:

<b>Historic Structure Tax Credit Reimbursements</b>		
<b>Tax Type</b>	<b>Year-to-Date FY 2010</b>	<b>Year-to-Date FY 2011</b>
Personal Income	\$ 501,964	\$ 346,198
Business Corporations	50,000	247,541
Financial Institutions	0	0
Insurance/Other than HMOs	0	254
Insurance/HMOs	2,711,000	0
<b>Total</b>	<b>\$ 3,262,964</b>	<b>\$ 593,993</b>

### **Personal Income Taxes**

Annual Growth Rates	<u>Enacted Growth Estimate</u> 2.1 %	<u>Actual YTD Growth</u> 12.9 %	<u>Base YTD Growth</u> 12.9 %
Annual Dollar Values	<u>Enacted Revenue Estimate</u> \$937.9 Million	<u>Actual YTD Cash</u> \$146.5 Million	

Actual personal income tax cash collections for FY 2011 through the second month of the fiscal year were up \$16.7 million, or 12.9 percent, compared to the same period last fiscal year. The FY 2011 year-to-date growth rate surpasses the enacted FY 2011 over final enacted FY 2010 growth rate of 2.1 percent in personal income tax collections. Total personal income tax cash collections for FY 2011 through August 2010 were \$146.5 million vs. FY 2010 cash collections of \$129.8 million through August 2010.

The FY 2011 year-to-date personal income tax cash collections include historic structures tax credit reimbursements in August of \$346,198. This compares to \$501,964 of historic structures tax credit reimbursements in August of FY 2010. Thus, through August, FY 2011 HSTC reimbursements for personal income taxes are \$155,766 less, or -31.0 percent vs. the same period in FY 2010.

The table below is provided by the Division of Taxation, and breaks down personal income tax cash collections by component for FY 2010 and FY 2011 through August. It should be noted

that slight differences may exist between the figures reported by the Division of Taxation and those reported by the Controller due to timing differences in the posting of revenues.

Component	FY 2010	FY 2011	Percent Difference	Enacted Growth Estimate
Estimated Payments	\$ 4,410,857	\$ 5,904,646	33.9 %	13.8 %
Final Payments*	6,565,690	7,331,657	11.7 %	-1.6 %
Withholding	133,306,546	145,489,988	9.1 %	0.5 %
Refunds/Adjustments	(14,483,308)	(12,203,620)	-15.7 %	1.5 %
* Final Payments include historic structures tax credit reimbursements of \$501,964 in FY 2010 and \$346,198 in FY 2011.				

FY 2011 year-to-date income tax refunds paid were less by \$2.3 million or -15.7 percent, compared to the same period in FY 2010. The -15.7 percent actual growth in cash income tax refunds paid between FY 2011 and FY 2010 leads the enacted growth rate for income tax refunds paid of 1.5 percent. On average over the last five fiscal years only 4.8 percent of total income tax refunds are paid through the second month of the fiscal year.

Income tax withholding payments have increased by \$12.2 million or 9.1 percent, through the second month of FY 2011 when compared to the same period in FY 2010. The 9.1 percent actual growth in cash withholding payments between FY 2011 and FY 2010 exceeds the enacted growth estimate for income tax withholding payments of 0.5 percent. On average, over the past five fiscal years, 15.3 percent of income tax withholding payments is collected through the second month of the fiscal year.

Fiscal year-to-date FY 2010 final income tax payments received have increased by \$765,967, or 11.7 percent, through August of FY 2011 as compared to final payments through the second month of FY 2010. The 11.7 percent actual growth in cash final income tax payments received between FY 2011 and FY 2010 exceeds the enacted growth rate for final income tax payments received of -1.6 percent. On average, over the last five fiscal years only 3.6 percent of total final income tax payments are received in the second month of the fiscal year.

Finally, with respect to estimated income tax payments, year-to-date FY 2011 collections were up \$1.5 million from FY 2010 collections at this time last year. In FY 2011, \$1.1 million of total estimated income tax payments were generated from the sale of real estate by non-residents. The increase translates into a fiscal year-to-date growth rate of 33.9 percent. The 33.9 percent actual growth in cash estimated income tax payments received between FY 2010 and FY 2011 surpasses the enacted growth rate for estimated income tax payments received of 13.8 percent. On average, over the last five fiscal years only 3.5 percent of total estimated income tax payments are made by the end of August.

### **Sales and Use Taxes**

Annual Growth Rates	<u>Enacted Growth Estimate</u> -0.1 %	<u>Actual YTD Growth</u> 3.5 %	<u>Base YTD Growth</u> 3.5 %
Annual Dollar Values	<u>Enacted Revenue Estimate</u> \$787.0 Million		<u>Actual YTD Cash</u> \$152.1 Million

Sales and use tax cash collections in FY 2011 were up \$5.1 million, or 3.5 percent, relative to last fiscal year at this time. As always, the monthly sales tax receipts reported here reflect the prior month's retail sales activity. For both FY 2010 and FY 2011, the state's sales tax rate is 7.0 percent. The 3.5 percent growth in sales and use tax revenues for fiscal year-to-date exceeds the enacted FY 2011 over the final enacted FY 2010 sales and use tax cash collections growth estimate of -0.1 percent.

The Division of Taxation provides the following component breakdown for sales and use tax collections through August:

Component	FY 2010	FY 2011	Nominal Difference	Percent Difference
Net Taxation	\$ 130,990,937	\$ 134,890,412	\$ 3,899,475	3.0 %
Registry	13,877,651	14,823,754	946,103	6.8 %
Prov. Place Mall	2,084,548	2,330,309	245,761	11.8 %

Within the sales tax components, registry receipts were up 6.8 percent through the second month of FY 2011 when compared to same period last fiscal year. This increase is in spite of the fact that the first phase of the federal government's "Cash for Clunkers" program was in effect during this period in FY 2010. Net sales tax receipts remitted directly to the Division of Taxation posted an increase of 3.0 percent during FY 2011's second month versus the second month of FY 2010. Providence Place Mall (PPM) sales tax receipts were up 11.8 percent through August of FY 2011 versus the same period in FY 2010. The FY 2011 figure for Providence Place Mall may be higher due to the impact of the Great Flood of 2010.

### **General Business Taxes**

Annual Growth Rates	<u>Enacted Growth Estimate</u> 1.7 %	<u>Actual YTD Growth</u> 56.9 %	<u>Base YTD Growth</u> 33.5 %
Annual Dollar Values	<u>Enacted Revenue Estimate</u> \$361.3 Million		<u>Actual YTD Cash</u> \$17.7 Million

In general, businesses with Rhode Island tax liabilities make estimated payments of their tax year liabilities in March and June of the fiscal year, with 40.0 percent of the estimated total tax liability due in March and 60.0 percent of the estimated total tax liability due in June. There is one exception to this payment pattern, namely Health Care Provider Assessments, payments of

which are made on a monthly basis. Business Corporations, or corporate income, tax payments are also received more consistently over the course of the fiscal year due to the number of filers that are on extension at any given point in time. As a result, both Business Corporations taxes and Health Care Provider Assessments flow more evenly into the general fund over the course of a fiscal year.

FY 2011 total general business taxes collected through August 2010 of the fiscal year-to-date were \$17.7 million or \$6.4 million more than the \$11.3 million collected for the same period in FY 2010. Year-to-date growth in FY 2010 is 56.9 percent. The enacted FY 2011 growth over final enacted FY 2010 total general business taxes is 1.7 percent.

An adjustment to FY 2010 total general business taxes cash collections is made to more accurately reflect anticipated collections. In particular, the Health Care Provider Assessment is reduced by \$496,275 to account for the fact that the assessment on group homes for the developmentally disabled has been repealed and the receipts that have been received in July 2009 are accrued back to FY 2009. In FY 2011, \$3.3 million in Public Utilities Gross Earnings taxes are attributable to an FY 2010 audit recovery and will be accrued back to FY 2010. This results in a negative adjustment to FY 2011. Incorporating these two adjustments produce a base fiscal year-to-date growth rate of 33.5 percent.

FY 2011 year-to-date business corporations taxes were up \$5.2 million or 291.7 percent, from last fiscal year at this time. FY 2011 year-to-date cash collections include \$247,541 of reimbursed Historic Structures Tax credits versus \$50,000 through the same period in FY 2010. This growth rate exceeds the business corporations tax enacted growth estimate of 3.5 percent. On average, over the past five years, 2.7 percent of business corporate tax payments are made in the second month of the fiscal year.

The Division of Taxation reports the components of the business corporations tax through August as follows:

Component	FY 2010	FY 2011	Nominal Difference	Percent Difference
Estimated Payments	\$ 4,570,491	\$ 5,481,889	\$ 911,398	19.9 %
Final Payments*	5,249,329	5,048,353	( 200,976)	-3.8 %
Refunds/Adjustments	(7,989,208)	(3,360,440)	4,628,768	-57.9 %
* Final Payments include historic structures tax credit reimbursements of \$50,000 in FY 2010 and \$247,541 in FY 2011.				

Health care provider assessment taxes through August 2010 were \$6.6 million, a decrease of 7.8 percent over the same period in FY 2010. On average, over the past five fiscal years, 15.9 percent of nursing home health care provider assessment tax payments are made by the end of August. A reduction in FY 2010 receipts of \$496,275 in the Health Care Provider Assessments



is needed to reflect the fact that the group home portion of this assessment has been repealed effective August 1, 2009 resulting in a base year-to-date growth rate of -1.0 percent.

Bank deposit taxes tend to post irregularly until March, when the first 40.0 percent of estimated total tax liability is due. Bank deposit taxes totaled \$4,241 through the second month of FY 2011 as compared to \$186,476 collected through the second month of FY 2010. On average, over the past five fiscal years, only 1.9 percent of bank deposit tax payments are collected through the second month of the fiscal year.

The insurance companies gross premiums tax is down 91.6 percent year-to-date. Insurance companies gross premiums tax cash collections through August 2010 total \$231,411 compared to collections of \$2.8 million in FY 2010. FY 2010 collections include \$2.7 million of reimbursed Historic Structures Tax Credits through August. In general, insurance companies gross premiums taxes tend to post irregularly until March, when the first 40.0 percent of total tax liability is due. On average, over the past five fiscal years, only 0.2 percent of insurance companies gross premiums tax payments are collected through the second month of the fiscal year.

The financial institutions tax is down -109.4 percent on a fiscal year-to-date cash basis in FY 2011 vs. FY 2010. Financial institutions tax collections totaled \$130,396 through August 2010 vs. -\$1.4 million through August 2009. On average, over the past five fiscal years -9.1 percent, of financial institutions taxes are collected through August.

Finally, public utilities gross earnings taxes were \$3.7 million through August 2010, an increase of 381.9 percent from collections of \$761,258 through August 2009. The base year-to-date growth in public utilities gross earnings taxes is -51.8 percent once the receipt of \$3.3 million in July 2010 from a FY 2010 audit recovery is taken into account. On average, over the past five fiscal years only 0.7 percent of public utilities gross earnings taxes are collected through August of the fiscal year.

### **Excise Taxes Other Than the Sales and Use Tax**

Annual Growth Rates	<u>Enacted Growth Estimate</u> -2.9 %	<u>Actual YTD Growth</u> 14.9 %	<u>Base YTD Growth</u> 3.5 %
Annual Dollar Values	<u>Enacted Revenue Estimate</u> \$195.2 Million	<u>Actual YTD Cash</u> \$34.2 Million	

Excise taxes other than sales and use taxes collected in the fiscal year-to-date August 2010 period totaled \$34.2 million or \$4.4 million more than the \$29.8 million collected for the same period in FY 2010. The actual year-to-date growth rate in excise taxes other than the sales and use tax is 14.9 percent which exceeds the enacted growth estimate for FY 2011 of -2.9 percent.

In FY 2010, June 2009 interstate trucking payments were made in July 2009 causing an understatement of \$1.6 million. In FY 2011, the interstate trucking payments which are

normally posted in July of the following fiscal year were actually posted in June of FY 2010. An adjustment of \$1.8 million to FY 2011 is needed to account for the early payment in June 2010 of the interstate trucking payments yielding a base year-to-date growth rate of 3.5 percent.

Alcohol taxes are up 2.9 percent in FY 2011 through August over the same period in FY 2010. The enacted growth estimate for alcohol taxes is 1.7 percent over final enacted FY 2010 revenues. FY 2011 year-to-date alcohol taxes total \$2.3 million versus \$2.2 million in year-to-date FY 2010, an increase of \$63,050. Over the past five fiscal years, 18.0 percent of alcohol taxes are received in the first two months of the fiscal year.

Rhode Island cigarette tax receipts are comprised of excise taxes collected on the sale of cigarettes, smokeless tobacco (which also includes cigars and pipe tobacco), and a one-time cigarette floor stock tax. The cigarette floor stock tax is imposed only when there is an increase in the excise tax on cigarettes the last of which was in April 2009. Total cigarette tax receipts through the second month of FY 2011 were up 6.4 percent compared to FY 2010. Over the past five fiscal years, 17.8 percent of cigarette taxes were collected in the first two months of the fiscal year.

Finally, the change in cigarette sales is determined. First, cigarette floor stock tax and smokeless tobacco products tax collections are netted out of the data yielding only cigarette tax collections. The result is an increase in Rhode Island cigarette sales of 7.6 percent through the second month of FY 2011 versus the second month of FY 2010. It is too early in the fiscal year to be able to make any definitive statements as to the cause of this increase.

### **Other Taxes**

Annual Growth Rates	<u>Enacted Growth Estimate</u> -1.6%	<u>Actual YTD Growth</u> 83.7 %	<u>Base YTD Growth</u> 88.5 %
Annual Dollar Values	<u>Enacted Revenue Estimate</u> \$35.8 Million	<u>Actual YTD Cash</u> \$7.3 Million	

Total other taxes collected through August of FY 2011 totaled \$7.3 million versus \$4.0 million in other taxes collected during the same period last fiscal year, an increase of \$3.3 million, or 83.7 percent. The FY 2011 other taxes enacted growth estimate is -1.6 percent over final enacted FY 2010 total other taxes. Adjusting for the taxes collected from the conduct of live greyhound races at Twin River in August 2009, yields a base year-to-date growth in other taxes of 88.5 percent.

Inheritance tax collections totaled \$5.7 million through August of FY 2011, an increase of 153.1 percent from the \$2.3 million collected through the second month of FY 2010. Given the fact that inheritance tax collections are volatile, it is not possible to make any valid comments about this revenue source. On average, over the past ten fiscal years, 15.3 percent of inheritance tax collections are received in August of the fiscal year.

Racing and athletics tax collections through August of FY 2011 were down -33.2 percent relative to the same period in FY 2010. Once the revenues received from the conduct of live greyhound races at Twin River in August are accounted for, the base year-to-date growth in Racing and Athletics Taxes is -3.0 percent. The preliminary growth estimate for racing and athletics tax collections is -13.3 percent. On average, over the past five fiscal years, 18.3 percent of racing and athletics tax collections were collected in the second month of the fiscal year.

Realty transfer taxes were down by 2.1 percent through August of FY 2011 versus August of FY 2010. This decrease in realty transfer taxes lag the enacted realty transfer tax growth enacted estimate of 0.0 percent over final enacted FY 2010 collections. On average, over the past five fiscal years, 21.2 percent of realty transfer taxes were collected in the second month of the fiscal year.

### **Total Departmental Receipts**

Annual Growth Rates	<u>Enacted Growth Estimate</u> 3.9 %	<u>Actual YTD Growth</u> -1.5 %	<u>Base YTD Growth</u> -0.8 %
Annual Dollar Values	<u>Enacted Revenue Estimate</u> \$345.2 Million	<u>Actual YTD Cash</u> \$150.5 Million	

FY 2011 year-to-date departmental receipts total \$150.5 million, a decrease of \$2.2 million from the amount that was collected last fiscal year at this time. Actual departmental receipts for FY 2010 were down 1.5 percent when compared to receipts collected during the same period a year ago. The enacted FY 2011 growth estimate is 3.9 percent over final enacted FY 2010 departmental receipt collections. It is important to note that, in the licenses and fees category of departmental receipts, the Hospital Licensing Fee for FY 2009 and FY 2010 was not due until July following the close of the fiscal year. The cash payments received in FY 2010 and FY 2011 were accrued back to their proper fiscal year.

FY 2011 year-to-date growth in the licenses and fees category of departmental receipts is -1.8 percent or \$2.5 million less than FY 2010 through August 2010. The Hospital Licensing Fee for FY 2010 was received in July of FY 2011 and totaled \$119.5 million or \$2.1 million less than was received in July of FY 2010 for FY 2009. One Hospital Licensing Fee payer has entered into a payment plan with the Division of Taxation and, as a result, an additional \$493,949 Hospital Licensing Fee payment was received in August. Beach Parking Fees cash collections were \$536,328 less through August of FY 2011 than through August of FY 2010. The reason for this decrease is that the State of Rhode Island entered into a five year contract with a third party to collect beach parking fees. The percentage share of revenue for the State of Rhode Island is 80.0 percent of total receipts with a guaranteed minimum of \$1.9 million per year. The payments will come in installments of 20.0 percent on July 1<sup>st</sup>, 30.0 percent on August 1<sup>st</sup> and the day after Labor Day and 20.0 percent on June 1<sup>st</sup> of the fiscal year. In FY 2010, fiscal year-to-date beach parking receipts through August were 84.8 percent of the annual total. Finally, in FY 2011 through August licenses and fees saw increases in beverage container and participation fees of \$187,333, insurance company annual assessments of \$391,482 and biannual licenses from

physicians of \$204,068. These increases were partially offset by decreases in water surcharge fees of \$328,605 and automobile insurance fees of \$328,290.

Fines and penalties were down 16.6 percent through the second month of FY 2011 versus through the second month of FY 2010, or \$301,779 less than year-to-date cash collections through August 2009. The decrease can partially be attributed to a decrease in traffic tribunal fines and fees which was \$235,396 less through August of FY 2011 than through August of FY 2010.

In the sales and services category of departmental receipts, FY 2011 year-to-date growth is 9.2 percent over FY 2010 cash collections of \$8.0 million through August 2009. The \$732,812 increase in sales and services departmental receipts is attributable to the higher disproportionate share (“dish”) payment made by the Eleanor Slater Hospital in FY 2011 of \$7.1 million vs. \$6.1 million in FY 2010 and an increase in payments from board and support of veteran homes of \$234,989 through August of FY 2011. This difference is offset in part by the fact that non-Medicaid board and support payments received by the Slater and Zambarano hospitals have been reclassified as restricted receipts in FY 2011. In FY 2010, \$421,156 of non-Medicaid payments for board and support of patients at Zambrano and Slater hospitals were received through August.

Finally, miscellaneous departmental revenues were down \$183,698, or 7.5 percent, through the second month of FY 2011 versus the second month of FY 2010. Much of this revenue decrease is due to income on insurance examination fees which are down \$227,017 in FY 2011 vs. FY 2010 through August.

Adjusting FY 2011 total departmental receipts for the Hospital Licensing Fee and FY 2010 total departmental receipts for the Hospital Licensing Fee and the reclassification of non-Medicaid board and support payments for patients at Zambrano and Slater Hospital’s yields a base year-to-date growth rate of -0.8 percent.

### **Gas Tax Transfer**

Annual Growth Rates	<u>Enacted Growth Estimate</u> n/a	<u>Actual YTD Growth</u> n/a	<u>Base YTD Growth</u> n/a
Annual Dollar Values	<u>Enacted Revenue Estimate</u> n/a	<u>Actual YTD Cash</u> n/a	

In the 2009 session, the General Assembly passed a budget article that no longer transfers \$0.01 of the state’s \$0.33 per gallon motor fuel tax to the general fund. Thus, the gas tax transfer to the general fund no longer occurs. For information purposes, the Office of Revenue Analysis reports that one cent of the state’s \$0.33 per gallon motor fuel tax yielded \$727,103 through August 2010 vs. \$733,489 through August 2009, a decrease of 0.9 percent in FY 2011 over FY 2010.

### Other Miscellaneous Revenues

Annual Growth Rates	<u>Enacted Growth Estimate</u> -84.7%	<u>Actual YTD Growth</u> 5,418.0 %	<u>Base YTD Growth</u> 72.8 %
Annual Dollar Values	<u>Enacted Revenue Estimate</u> \$5.3 Million	<u>Actual YTD Cash</u> \$1.0 million	

Other Miscellaneous Revenues were up 5,418.0 percent in FY 2011 when compared to the same period one year ago. FY 2011 year-to-date collections total \$1.0 million compared to \$18,438 collected at this time last fiscal year. The enacted FY 2011 growth estimate for other miscellaneous revenues is -84.7 percent from final enacted FY 2010 collections. In FY 2011, an adjustment of \$985,560 is made to account for the sale of the Smithfield Salt Barn that was posted in July of FY 2011 but accrues back to FY 2010. This adjustment yields a base year-to-date growth rate of 72.8 percent.

### Lottery Transfer

Annual Growth Rates	<u>Enacted Growth Estimate</u> -0.4 %	<u>Actual YTD Growth</u> 0.7 %	<u>Base YTD Growth</u> 1.8 %
Annual Dollar Values	<u>Enacted Revenue Estimate</u> \$346.9 Million	<u>Actual YTD Cash</u> \$28.9 Million	

The Lottery Transfers was up 0.7 percent through August FY 2011 versus August FY 2010. Year-to-date FY 2011 collections total \$28.9 million compared to \$28.7 million collected this time last year. Adjusting for the late posting of the final transfer amount for August in both FY 2010 and FY 2011 of \$1.4 million and \$1.7 million respectively, yields a base year-to-date growth rate of 1.8 percent. On average, over the past five fiscal years, 8.5 percent of lottery transfers were collected in the first two months of the fiscal year.

The Division of Lottery reports the following for the individual components of the Lottery transfer to the general fund:

<u>Component</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Percent Difference</u>	<u>Enacted Growth Estimate</u>
Combined Games	\$ 4,624,030	\$ 4,291,031	-7.2 %	2.2 %
Video Lottery Terminals	25,528,401	26,304,657	3.4 %	-0.9 %

The combined games component of the Lottery Transfer is down 7.2 Percent through August of FY 2011 versus the same period last fiscal year. This compares to a growth estimate of 2.2 percent enacted by the General Assembly on June 4, 2010. From July 2009 through January 2010, the Rhode Island Lottery was an exclusive retailer of PowerBall tickets while the Massachusetts Lottery was an exclusive retailer of MegaMillions tickets. On February 1, 2010, each state was granted the ability to sell both PowerBall and MegaMillions tickets. The Rhode

Island Lottery's sales of PowerBall and MegaMillions tickets through August 2010 are 10.1 percent less than its sales of only PowerBall tickets through August 2009.

The transfer from the video lottery terminals housed at Twin River and Newport Grand is up 3.4 percent through August of FY 2011 compared to the same period last year. The General Assembly's enacted growth estimate for the video lottery transfer is -0.9 percent over the final enacted FY 2010 video lottery transfer.

### **Unclaimed Property Transfer**

Annual Growth Rates	<u>Final Growth Estimate</u> 7.1 %	<u>Actual YTD Growth</u> n/a %	<u>Base YTD Growth</u> n/a %
Annual Dollar Values	<u>Final Revenue Estimate</u> \$6.0 Million	<u>Actual YTD Cash</u> n/a	

The Unclaimed Property Transfer to the general fund occurs in June of every fiscal year.



Rosemary Booth Gallogly, Acting Director  
Department of Revenue

September 8, 2010

**STATE OF RHODE ISLAND MONTHLY REVENUE BRIEF**  
**Year To Date Cash Collections**

	FY 2010 YTD August	FY 2011 YTD August	Change	Enacted Estimate
<b><u>Personal Income Tax</u></b>	129,788,556	146,522,671	12.9%	2.1%
<b><u>General Business Taxes</u></b>				
Business Corporations	1,796,399	7,036,293	291.7%	3.5%
Public Utilities Gross Earnings	761,258	3,668,532	381.9%	1.0%
Financial Institutions	(1,393,134)	130,396	-109.4%	-65.5%
Insurance Companies	2,753,837	231,411	-91.6%	3.3%
Bank Deposits	186,476	4,241	-97.7%	0.0%
Health Care Provider Assessment	7,145,756	6,585,518	-7.8%	-0.5%
<b><u>Excise Taxes</u></b>				
Sales and Use	146,960,287	152,057,654	3.5%	-0.1%
Motor Vehicle	4,060,289	6,827,333	68.1%	-1.0%
Motor Fuel	32,192	155,477	383.0%	0.0%
Cigarettes	23,492,414	24,986,334	6.4%	-4.0%
Alcohol	2,201,700	2,264,750	2.9%	1.7%
Controlled Substances	-	-	-	-
<b><u>Other Taxes</u></b>				
Inheritance and Gift	2,269,408	5,744,225	153.1%	-1.4%
Racing and Athletics	332,519	222,108	-33.2%	-13.3%
Realty Transfer	1,385,466	1,356,588	-2.1%	0.0%
<b>Total Taxes</b>	<b>\$ 321,773,423</b>	<b>\$ 357,793,531</b>	<b>11.2%</b>	<b>0.8%</b>
<b><u>Departmental Receipts</u></b>				
Licenses and Fees	140,547,845	138,057,606	-1.8%	
Fines and Penalties	1,813,298	1,511,519	-16.6%	
Sales and Services	7,969,218	8,702,030	9.2%	
Miscellaneous	2,447,636	2,263,938	-7.5%	
<b>Total Departmental Receipts</b>	<b>\$ 152,777,997</b>	<b>\$ 150,535,093</b>	<b>-1.5%</b>	<b>3.9%</b>
<b>Taxes and Departmentals</b>	<b>\$ 474,551,420</b>	<b>\$ 508,328,624</b>	<b>7.1%</b>	<b>1.2%</b>
<b><u>Other General Revenue Sources</u></b>				
Gas Tax Transfer	339,473	-	-	-
Other Miscellaneous Revenues	18,438	1,017,417	5418.0%	-84.7%
Lottery Transfer	28,700,000	28,900,000	0.7%	-0.4%
Unclaimed Property	-	-	-	7.1%
<b>Total Other Sources</b>	<b>\$ 29,057,911</b>	<b>\$ 29,917,417</b>	<b>3.0%</b>	<b>-7.9%</b>
<b>Total General Revenues</b>	<b>\$ 503,609,331</b>	<b>\$ 538,246,041</b>	<b>6.9%</b>	<b>0.0%</b>