



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

**State of Rhode Island Revenue Assessment Report  
Year-to-Date FY 2011 through August 2010**

The monthly revenue assessment report compares revenue collections on a fiscal year-to-date basis to the Office of Revenue Analysis' fiscal year-to-date estimate of revenue collections based on the current fiscal year revenue estimate. It should be noted that the fiscal year revenue estimate will vary over the course of the fiscal year as the Revenue Estimating Conference (see RI General Law § 35-16-1) convenes and modifies the revenue estimates originally enacted by the General Assembly.

*The purpose of the Revenue Assessment Report is to give readers a sense of how the state's revenue collections compare to those that might be expected if the official revenue estimate was being met in a predictable way. Caution should be exercised when interpreting this report as actual collections may vary significantly from past collection patterns. In addition, it is important for the reader to understand that enacted and adopted revenue estimates are made on an accrual not a cash basis. Revenue accruals are not determined until at least one month after the close of the fiscal year in June. Thus, even if the assessment of actual fiscal year-to-date revenue collections trails the fiscal year-to-date revenue estimates, it is possible for the fiscal year end accrual to make up any shortfall.*

**Fiscal Year-to-Date Estimate of Enacted FY 2011 Revenues**

In order to determine the expected year-to-date revenue collections based on the enacted FY 2011 revenue estimate enacted by the General Assembly on June 4, 2010, the Office of Revenue Analysis first determines the average percentage of total collections that occurred in a given month over the past five fiscal years. For Inheritance and Gift taxes the past ten fiscal years are used. In the case of Other Miscellaneous Revenues and the Unclaimed Property transfer, the actual year-to-date collections are used due to the discrete and unpredictable nature of the timing of these receipts. These percentages are then applied to the enacted FY 2011 revenue estimate for each revenue item.

Thus, for example, the enacted revenue estimate for Sales and Use taxes for FY 2011 is \$787.0 million. The average percentage of total Sales and Use taxes that were collected through August of the fiscal year over the past five fiscal years is approximately 18.5 percent. This percentage applied to the FY 2011 enacted estimate for Sales and Use taxes yields the Year-To-Date August

Estimate of Enacted FY 2011 Sales and Use taxes of \$145.5 million. This process is repeated for all enacted revenue items except Other Miscellaneous Revenues and the Unclaimed Property Transfer.

The table below provides the rounded five year average percentages for year-to-date collections through August:

<b>Revenue Item</b>	<b>Percent of Total Collected through Fiscal YTD</b>	<b>Revenue Item</b>	<b>Percent of Total Collected through Fiscal YTD</b>
Personal Income Tax		Motor Vehicles	7.8 %
Estimated Payments	3.5 %	Motor Carrier Fuel	11.7 %
Final Payments	3.6 %	Cigarettes	17.8 %
Withholding Payments	15.3 %	Alcohol	18.0 %
Refunds Paid	4.8 %	Inheritance & Gift	15.3 %
Business Corporations Taxes	2.7 %	Racing & Athletics	18.3 %
Public Utilities Gross Earnings	0.7 %	Realty Transfer	21.2 %
Financial Institutions Taxes	-9.1 %	Departmental Rcpts..	12.0 %
Insurance Co. Gross Premiums	0.2 %	Lottery	8.5 %
Bank Deposits	1.9 %	Other Misc. Revs.	n/a
Health Care Provider Assessment	15.9 %	Unclaimed Property	0.0 %
Sales and Use Tax	18.5 %		

It should be noted that the FY 2011 Health Care Provider Assessment consists only of an assessment on nursing homes. Also, in the 2010 session, the General Assembly passed legislation signed by the Governor that prohibits the running of live greyhound races anywhere in the state in FY 2011 and beyond. As a result, Racing and Athletics taxes now consist only for a tax on simulcast wagering. In addition, the "Percent of Total Collected through Fiscal YTD" for Departmental Receipts is calculated excluding Hospital Licensing Fee revenues, which are large, made only once in the fiscal year, and not always at the same time each fiscal year. Finally, the Lottery transfer does not begin in a given fiscal year until August while the Unclaimed Property transfer occurs in June of each fiscal year.

The enacted FY 2011 revenue estimates passed into law by the General Assembly on June 4, 2010 by revenue item are as follows:

<b>Revenue Item</b>	<b>Enacted FY 2011 Estimate</b>	<b>Revenue Item</b>	<b>Enacted FY 2011 Estimate</b>
Personal Income Tax		Motor Vehicles	\$48,500,000
Estimated Payments	\$ 185,500,000	Motor Carrier Fuel	1,000,000
Final Payments	177,200,000	Cigarettes	134,000,000
Withholding Payments	888,400,000	Alcohol	11,700,000
Refunds Paid	(311,600,000)	Inheritance & Gift	27,600,000
Business Corporations Taxes	119,000,000	Racing & Athletics	1,300,000
Public Utilities Gross Earnings	98,000,000	Realty Transfer	6,900,000
Financial Institutions Taxes	1,000,000	Departmental Rcpts..	345,226,745
Insurance Co. Gross Premiums	101,250,000	Lottery	346,138,520
Bank Deposits	2,200,000	Other Misc. Revs	5,331,000
Health Care Provider Assessment	39,800,000	Unclaimed Property	6,000,000
Sales and Use Tax	787,000,000		
		<b>Total General Revenues</b>	<b>\$3,019,846,265</b>

### **Results for the First Two Months of FY 2011**

The attached table gives the results for the second month of FY 2011. As is apparent from the table, the Department of Revenue finds that adjusted year-to-date August cash collections for Total General Revenues are more than expected revenue collections based on the enacted FY 2011 revenue estimates by \$33.2 million, or 8.7 percent. In Total Taxes, the variance from enacted expected revenues is \$27.6 million, or 8.5 percent. For Departmental Receipts, the difference from enacted expected revenues is \$5.1 million or 19.8 percent. For Other General Revenue Sources, fiscal year-to-date August adjusted cash collections differ from the enacted estimate by \$1.1 million or 3.6 percent.

It is important to note that eight revenue items have adjusted cash collections that exceed enacted expected revenues by \$1.0 million or more. Within taxes, Personal Income Tax payments have the largest positive difference between expected enacted revenues and adjusted cash collections, with a variance of \$13.0 million or 9.7 percent. It should be noted that fiscal year-to-date Personal Income Tax adjusted cash collections include \$346,198 of reimbursed Historic Structures Tax Credits. The adjusted Sales and Use Tax cash collections exceed expected enacted revenues by \$6.5 million or 4.5 percent. Business Corporations cash collections exceed enacted revenues by \$3.8 million or 116.8 percent. It should be noted that fiscal year-to-date Business Corporations Taxes adjusted cash collections include \$247,541 of reimbursed Historic Structures Tax Credits. The adjusted Motor Vehicle License and Registration cash collections exceed expected enacted revenues by \$1.3 million or 35.9 percent. Cigarettes excise tax cash collections exceed expected enacted revenues by \$1.1 million or 4.7 percent. Finally, in the



Taxes category, the Inheritance and Gift cash collections exceed expected enacted revenues by \$1.5 million or 35.8 percent. Alcohol, Motor Carrier Fuel Use, Financial Institutions, Insurance Companies Gross Premiums, and Health Care Provider Assessment adjusted cash collections all exceed expected enacted revenues by less than \$1.0 million through the first month of the fiscal year. In addition, the Lottery transfer exceeds expected enacted collections by \$1.1 million for FY 2011 through August.

On the negative side, no revenue items have adjusted cash collections that trail enacted expected collections by more than \$1.0 million. Public Utilities Gross Earnings, Bank Deposits, Racing and Athletics, and Realty Transfer adjusted cash collections, however, are below expected enacted revenues through August of FY 2011.



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**STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT**  
**Year-to-Date Estimate to Actual**

	YTD August Estimate of FY 2011	YTD August Adjusted Cash FY 2011	Difference	Variance
<b>Personal Income Tax</b>	\$ 133,545,248	\$ 146,522,671	\$ 12,977,423	9.7%
<b>General Business Taxes</b>				
Business Corporations	3,246,261	7,036,293	3,790,032	116.8%
Public Utilities Gross Earnings	663,700	366,753	(296,947)	-44.7%
Financial Institutions	(91,256)	130,396	221,652	-242.9%
Insurance Companies	164,343	231,411	67,068	40.8%
Bank Deposits	40,743	4,241	(36,502)	-89.6%
Health Care Provider Assessment	6,314,670	6,585,518	270,848	4.3%
<b>Excise Taxes</b>				
Sales and Use	145,528,375	152,057,654	6,529,279	4.5%
Motor Vehicle	3,718,033	5,052,808 <sup>^</sup>	1,334,774	35.9%
Motor Fuel	116,677	155,477	38,800	33.3%
Cigarettes	23,858,453	24,986,334	1,127,881	4.7%
Alcohol	2,103,590	2,264,750	161,160	7.7%
<b>Other Taxes</b>				
Inheritance and Gift	4,230,469	5,744,225	1,513,756	35.8%
Racing and Athletics	238,070	222,108	(15,962)	-6.7%
Realty Transfer	1,461,476	1,356,588	(104,888)	-7.2%
<b>Total Taxes</b>	<b>\$ 325,138,853</b>	<b>\$ 352,717,227</b>	<b>27,578,374</b>	<b>8.5%</b>
<b>Total Departmental Receipts</b>	<b>\$ 25,515,354</b>	<b>\$ 30,570,124 <sup>*</sup></b>	<b>5,054,770</b>	<b>19.8%</b>
<b>Taxes and Departmentals</b>	<b>\$ 350,654,207</b>	<b>\$ 383,287,351</b>	<b>32,633,144</b>	<b>9.3%</b>
<b>Other General Revenue Sources</b>				
Other Miscellaneous Revenues	31,857 <sup>**</sup>	31,857	-	0.0%
Lottery Transfer	29,523,235	30,595,688	1,072,453	3.6%
Unclaimed Property	-	-	-	-
<b>Total Other Sources</b>	<b>\$ 29,555,092</b>	<b>\$ 30,627,545</b>	<b>1,072,453</b>	<b>3.6%</b>
<b>Total General Revenues</b>	<b>\$ 380,209,299</b>	<b>\$ 413,914,896</b>	<b>33,705,597</b>	<b>8.9%</b>

<sup>^</sup> Backs out \$1.8 million of interstate trucking payments made in June 2010 for FY 2010. In the previous five fiscal years, this payment had been made in July of the following fiscal year.

<sup>\*</sup> Adjusts out \$119,964,969 in Hospital Licensing Fees received in July 2010 for FY 2010.

<sup>\*\*</sup> Set equal to actual amounts received due to receipt of transfers in June.

PIT Component	YTD Estimates	YTD Actuals	Difference	Variance
Estimateds	\$ 6,482,638	\$ 5,904,646	\$ (577,992)	-8.9%
Finals	6,424,526	7,331,657	907,130	14.1%
Withholding	135,691,890	145,489,988	9,798,098	7.2%
Refunds	(15,053,807)	(12,203,620)	2,850,187	-18.9%
<b>Total</b>	<b>\$ 133,545,248</b>	<b>\$ 146,522,671</b>	<b>\$ 12,977,423</b>	<b>9.7%</b>