



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DEPARTMENT OF REVENUE

State of Rhode Island Revenue Assessment Report
Year-to-Date FY 2011 through July 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year as the Revenue Estimating Conference (see RI General Law § 35-16-1) convenes and modifies the revenue estimates originally enacted by the General Assembly.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 July of the fiscal year over the past five fiscal years is approximately 9.4 percent. This percentage applied to the FY 2011 enacted estimate for Sales and Use taxes yields the Year-To-Date July

Estimate of Enacted FY 2011 Sales and Use taxes of \$73.7 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 July:

Revenue Item	Percent of Total Collected through Fiscal YTD	Revenue Item	Percent of Total Collected through Fiscal YTD
Personal Income Tax		Motor Vehicles	2.8 %
Estimated Payments	1.7 %	Motor Carrier Fuel	0.3 %
Final Payments	1.7 %	Cigarettes	9.1 %
Withholding Payments	7.2 %	Alcohol	9.8 %
Refunds Paid	2.8 %	Inheritance & Gift	8.4 %
Business Corporations Taxes	3.0 %	Racing & Athletics	8.5 %
Public Utilities Gross Earnings	0.4 %	Realty Transfer	10.7 %
Financial Institutions Taxes	0.5 %	Departmental Rcpts..	4.4 %
Insurance Co. Gross Premiums	0.3 %	Lottery	0.0 %
Bank Deposits	1.9 %	Other Misc. Revs.	n/a
Health Care Provider Assessment	7.9 %	Unclaimed Property	0.0 %
Sales and Use Tax	9.4 %		

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:

Revenue Item	Enacted FY 2011 Estimate	Revenue Item	Enacted FY 2011 Estimate
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		
		Total General Revenues	\$3,019,846,265

Results for the First Month of FY 2011

The attached table gives the results for the first month of FY 2011. As is apparent from the table, the Department of Revenue finds that adjusted year-to-date July cash collections for Total General Revenues are more than expected revenue collections based on the enacted FY 2011 revenue estimates by \$16.2 million, or 9.5 percent. In Total Taxes, the variance from enacted expected revenues is \$8.9 million, or 5.5 percent. For Departmental Receipts, the difference from enacted expected revenues is \$7.3 million or 78.6 percent. For Other General Revenue Sources, YTD July adjusted cash collections meet the enacted estimate.

It is important to note that only two 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 \$6.4 million or 10.5 percent. It should be noted that fiscal year-to-date Personal Income Tax adjusted cash collections include \$191.750 of reimbursed Historic Structures Tax Credits. The adjusted Sales and Use Tax cash collections exceed expected enacted revenues by \$2.0 million or 2.7 percent. Motor Vehicle License and Registration, Cigarettes, Alcohol, Motor Carrier Fuel Use, 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, adjusted Departmental Receipts cash collections are \$7.3 million more than expected enacted revenues for FY 2011 through July.

On the negative side, no revenue items have adjusted cash collections that trail enacted expected collections by more than \$1.0 million. Business Corporations, Public Utilities Gross Earnings, Financial Institutions, Insurance Companies Gross Premiums, Bank Deposits, Inheritance and Gift, Racing and Athletics, and Realty Transfer adjusted cash collections are below expected enacted revenues through July of FY 2011.

The adjusted cash collections for Other General Revenue Sources have not reached a sufficient level through July of the fiscal year to make an informed comparison to expected enacted revenues.



Rosemary Booth Gallogly, Acting Director
Department of Revenue

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

	YTD July Estimate of FY 2011	YTD July Adjusted Cash FY 2011	Difference	Variance
Personal Income Tax	\$ 61,413,224	\$ 67,835,708	\$ 6,422,483	10.5%
General Business Taxes				
Business Corporations	3,524,757	3,517,835	(6,922)	-0.2%
Public Utilities Gross Earnings	378,698	356,446	(22,252)	-5.9%
Financial Institutions	5,109	(192,710)	(197,819)	-3872.2%
Insurance Companies	276,424	147,269	(129,155)	-46.7%
Bank Deposits	40,868	-	(40,868)	
Health Care Provider Assessment	3,158,092	3,160,820	2,728	0.1%
Excise Taxes				
Sales and Use	73,692,932	75,697,329	2,004,397	2.7%
Motor Vehicle	1,277,476	2,194,870 [^]	917,394	71.8%
Motor Fuel	2,827	72,564	69,737	2466.7%
Cigarettes	12,177,204	12,840,861	663,657	5.4%
Alcohol	1,152,230	1,244,794	92,564	8.0%
Other Taxes				
Inheritance and Gift	2,318,898	1,520,944	(797,954)	-34.4%
Racing and Athletics	110,101	93,444	(16,657)	-15.1%
Realty Transfer	737,893	649,450	(88,443)	-12.0%
Total Taxes	\$ 160,266,732	\$ 169,139,624	8,872,892	5.5%
Total Departmental Receipts	\$ 9,299,562	\$ 16,607,098 [*]	7,307,536	78.6%
Taxes and Departmentals	\$ 169,566,293	\$ 185,746,722	16,180,428	9.5%
Other General Revenue Sources				
Other Miscellaneous Revenues	720 ^{**}	720	-	0.0%
Lottery Transfer	-	-	-	
Unclaimed Property	- ^{**}	-	-	
Total Other Sources	\$ 720	\$ 720	-	0.0%
Total General Revenues	\$ 169,567,013	\$ 185,747,442	16,180,428	9.5%

[^] 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.

^{*} Adjusts out \$119,471,020 in Hospital Licensing Fees received in July 2010 for FY 2010.

^{**} Set equal to actual amounts received due to receipt of transfers in June.

PIT Component	YTD Estimates	YTD Actuals	Difference	Variance
Estimateds	\$ 3,156,115	\$ 3,558,995	\$ 402,880	12.8%
Finals	2,964,005	3,310,579	346,573	11.7%
Withholding	63,998,154	68,069,624	4,071,470	6.4%
Refunds	(8,705,049)	(7,103,489)	1,601,560	-18.4%
Total	\$ 61,413,224	\$ 67,835,708	\$ 6,422,483	10.5%