

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS



DEPARTMENT OF REVENUE

CORRECTED

State of Rhode Island Revenue Brief
Special Report on Preliminary FY 2011 Revenues

This special edition of the State of Rhode Island Revenue Brief is the traditional fiscal year end report on preliminary revenues. This special report assesses fiscal year state revenue collections on an accrual basis. That is, it considers total fiscal year revenue collections, which are equal to cash collections plus the net accrual between consecutive fiscal years. One result of this approach, is that the detailed discussions of revenue collection anomalies is absent from this report. Further, this report's focus is on preliminary FY 2011 revenue collections and the revenue estimates adopted in the final enacted FY 2011 budget. Finally, the growth rates cited refer to preliminary FY 2011 revenues versus audited FY 2010 total revenues collected.

The data contained in this report is drawn from two sources, the Division of Taxation and the Office of Accounts and Controls. This report makes minimal adjustments to the data that is reported and only to ensure that the Division of Taxation's data is consistent with Office of Accounts and Controls' data.

Total General Revenues

<u>FY 2011</u>	<u>Final Enacted</u>	<u>Preliminary Close</u>
Growth Rates	2.5 %	2.2 %
Revenues	\$3,090,983,107	\$3,082,906,821

Preliminary Fiscal Year 2011 total general revenues collected have increased by 2.2 percent as compared to audited Fiscal Year 2010 total general revenues. For preliminary FY 2011, total general revenues were \$3.083 billion as compared to \$3.017 billion for audited FY 2010, an increase of \$65.9 million. Final Enacted FY 2011 total general revenues were estimated at \$3.091 billion; a growth rate of 2.5 percent over audited FY 2010 total general revenues. The preliminary actual revenues were \$8.1 million less than the final enacted estimates.

Taxes and Departmental Receipts

<u>FY 2011</u>	<u>Final Enacted</u>	<u>Preliminary Close</u>
Growth Rates	2.4 %	2.1 %
Revenues	\$2,717,716,107	\$2,709,289,325

The State of Rhode Island Department of Revenue reports that preliminary Fiscal Year 2011 taxes and departmental receipts have increased by 2.1 percent as compared to audited FY 2010 collections. For preliminary FY 2011, total taxes and departmental receipts were \$2.709 billion as compared to \$2.654 billion for FY 2010, an increase of \$55.3 million. Final enacted FY 2011 taxes and departmental receipts were estimated at \$2.718 billion; a growth rate of 2.4 percent over audited FY 2010 total general revenues. The preliminary actual revenues were \$8.4 million less than the final enacted estimates.

Other General Revenue Sources

<u>FY 2011</u>	<u>Final Enacted</u>	<u>Preliminary Close</u>
Growth Rates	2.8 %	2.9 %
Revenues	\$373,267,000	\$371,617,496

Preliminary FY 2011 Other General Revenue Sources collected have increased by 2.9 percent as compared to audited Fiscal Year 2010 collections. For preliminary FY 2011, total other general sources were \$371.6 million as compared to \$363.0 million for audited FY 2010, an increase of \$8.6 million. The growth rate enacted in the final FY 2011 budget was 2.8 percent. Preliminary FY 2011 Other General Revenue Sources were \$1.6 million less than the final enacted estimate of \$373.3 million.

Total Taxes

<u>FY 2011</u>	<u>Final Enacted</u>	<u>Preliminary Close</u>
Growth Rates	2.7 %	2.4 %
Revenues	\$2,383,600,000	\$2,376,574,657

Total tax revenues for preliminary fiscal year 2011 were \$2.377 billion, or 2.4 percent more than the \$2.321 billion in total taxes collected in FY 2010. In nominal terms, FY 2011 preliminary total taxes exceeded final FY 2010 total taxes by \$55.7 million. The FY 2011 final growth estimate for total taxes, enacted by the General Assembly, was 2.7 percent over audited FY 2010 total tax collections. The preliminary actual revenues were \$7.0 million less than the final enacted estimates.

It is important to note that any historic structures tax credits (HSTC) redeemed from FY 2009 onward are reimbursed from the Historic Structures Tax Credit Fund's bond proceeds upon receipt of the tax credit certificate. Prior to FY 2009, the redemption of historic structures tax

credit 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, audited total historic structure tax credit redemptions/reimbursements for all taxes totaled \$46.4 million vs. \$14.2 million in FY 2011, a decrease of \$32.2 million or growth of -69.4 percent. The breakdown of the reimbursement of redeemed HSTCs by tax type is shown in the table below:

Historic Structure Tax Credits				
Tax Type	FY 2010	FY 2011	Difference	% Change
Personal Income	\$ 19,117,060	\$ 6,722,204	\$ (12,394,856)	- 64.8 %
Business Corporations	669,379	818,010	148,631	22.2 %
Financial Institutions	188,525	0	(188,525)	-100.0 %
Insurance	10,178,103	1,029,825	(9,148,278)	- 89.9 %
Insurance/HMOs	16,283,209	5,619,604	(10,663,605)	- 65.5 %
Total	\$ 46,436,275	\$ 14,189,642	\$ (32,246,633)	- 69.4 %

Personal Income Taxes

<u>FY 2011</u>	<u>Final Enacted</u>	<u>Preliminary Close</u>
Growth Rates	11.7 %	13.7 %
Revenues	\$1,003,600,000	\$1,021,338,869

Actual personal income tax collections for preliminary FY 2011 are up \$123.2 million, or 13.7 percent, compared to audited FY 2010 personal income tax receipts. The General Assembly's final enacted estimate for personal income taxes collected in FY 2011 was \$1.004 billion, or growth of 11.7 percent from audited FY 2010 personal income tax receipts. FY 2011 preliminary personal income tax collections are \$17.7 million more than the final enacted FY 2011 budget estimate. Preliminary FY 2011 collections for personal income taxes totaled \$1.021 billion of which \$1.026 billion were cash collections received in FY 2011 and -\$4.2 million of which was the net accrual. This compares to cash collections of \$909.7 million received during FY 2010 and a net accrual of -\$11.6 million.

The components of the personal income tax with the final enacted FY 2011 budget estimate and the FY 2011 preliminary revenues are shown in the table below:

Component	Final Enacted	Final Enacted Growth	Preliminary Close	Preliminary Growth
Estimated Payments	\$ 165,000,000	3.9 %	\$ 171,529,336	8.0 %
Final Payments	186,200,000	18.5 %	187,693,689	19.4 %
Withholding	926,600,000	4.7 %	928,652,535	4.9 %
Refunds/Adjustments	(269,000,000)	-7.7 %	(262,291,890)	-10.0 %
Net Accrual	(11,560,947)	-55.0 %	(4,244,802)	-63.3 %
Total	\$1,003,600,000	11.7 %	\$1,021,338,869	13.7 %

Preliminary FY 2011 income tax refunds paid are less by \$29.1 million, or -10.0 percent, compared to audited FY 2010 income tax refunds paid. The General Assembly's enacted estimate for income tax refunds paid in FY 2011 was \$269.0 million, a decrease of 7.7 percent over audited FY 2010 income tax refunds paid. Preliminary FY 2011 income tax refunds paid totaled \$262.3 million or \$6.7 million less than the final enacted estimate.

With respect to income tax withholding payments, preliminary FY 2011 collections have increased by \$43.6 million, or 4.9 percent, when compared to audited FY 2010 income tax withholding payments. The final enacted estimate for income tax withholding payments in FY 2011 was \$926.6 million, an increase of 4.7 percent over audited FY 2010 income withholding taxes paid. Preliminary FY 2011 withholding income taxes paid totaled \$928.7 million, 0.2 percent, or \$2.1 million, more than the final enacted estimate for FY 2011.

Preliminary FY 2011 final income tax payments increased by \$30.5 million or 19.4 percent, as compared to final payments in FY 2010. FY 2010 final income tax payments received include \$19.1 million of reimbursed Historic Structures Tax Credits vs. \$6.7 million in preliminary FY 2011. The final enacted estimate for final income tax payments received in FY 2011 was \$186.2 million, an increase of 18.5 percent from audited FY 2010 final income tax payments. Preliminary FY 2011 final income tax payments totaled \$187.7 million, \$1.5 million, or 0.8 percent, more than enacted.

Preliminary FY 2011 estimated income tax payments are up \$12.7 million from audited FY 2010 collections. This increase translates into a fiscal year growth rate of 8.0 percent. The 8.0 percent actual growth in preliminary estimated income tax payments received between FY 2011 and FY 2010 exceed the final enacted growth rate for estimated income tax payments received of 3.9 percent. Preliminary FY 2011 estimated income tax payments received totaled \$171.5 million or \$6.5 million more than the final enacted FY 2011 estimate.

Finally, for FY 2011 the personal income tax net accrual decreased by \$7.3 million from audited FY 2010 collections. This decrease translates into a fiscal year growth rate of -63.3 percent. The preliminary FY 2011 personal income tax net accrual totaled -\$4.2 million or \$955,198 more than the final enacted FY 2011 estimate of -\$5.2 million.

Business Corporations Taxes

<u>FY 2011</u>	<u>Final Enacted</u>	<u>Preliminary Close</u>
Growth Rates	-35.2 %	-42.4 %
Revenues	\$95,100,000	\$84,510,308

Rhode Island business corporations tax receipts are comprised of taxes collected from the corporate income tax, and taxes on nonresident contractors and political organizations. Preliminary FY 2011 business corporations tax receipts were down \$62.3 million, or -42.4 percent, from audited FY 2010 business corporations taxes. This growth rate lags the final enacted growth rate of -35.2 percent. The final enacted estimate for business corporations taxes collected in FY 2011 was \$95.1 million, or \$10.6 million more than preliminary revenues.

Preliminary FY 2011 collections for business corporations taxes totaled \$84.5 million of which \$131.2 million were cash collections for business corporations taxes and -\$46.6 million was the net accrual. The \$46.6 million difference between cash collections and reported revenue is primarily related to \$28.9 million that was collected in FY 2011 yet accrued as revenue in FY 2010 and a \$17.7 million net accrual that reduced revenue in FY 2011. This compares to cash collections of \$118.8 million received in FY 2010 with a net accrual of \$28.0 million. The FY 2010 net accrual includes a one-time receivable of \$28.9 million. The net accrual in FY 2011 is due to a change in the accrual methodology implemented by the Office of the Auditor General (OAG) and the Office of Accounts and Controls (OAC) beginning in FY 2011.

The Division of Taxation and the Office of Accounts and Controls provide the following component breakdown for business corporations income tax receipts.

Component	FY 2010	Preliminary FY 2011	Nominal Difference	Percent Difference
Estimated Payments	\$ 96,467,503	\$ 76,190,243	\$ (20,277,260)	-21.0 %
Final Payments*	71,437,967	93,504,443	22,066,476	31.0 %
Refunds/Adjustments	(48,524,877)	(37,949,931)	10,574,946	-21.8 %
Net Accrual	28,011,286	(46,654,150)	(74,665,436)	-266.6 %
Total	\$147,391,879	\$ 85,090,606	\$ (62,324,290)	-42.4 %
* Final Payments include historic structures tax credit reimbursements of \$669,379 in FY 2010 and \$818,010 in FY 2011.				

Preliminary FY 2011 business corporations tax refunds paid totaled \$37.9 million or \$10.1 million less than audited FY 2010 business corporations tax refunds paid. This translates into a preliminary growth of -21.8 percent from audited FY 2010 business corporations tax refunds paid.

Preliminary FY 2011 final corporate income tax payments increased by \$22.1 million or 31.0 percent, as compared to final payments in FY 2010. Preliminary FY 2011 final corporate

income tax payments totaled \$93.5 million versus \$71.4 million in FY 2010. FY 2010 final corporate income tax payments received include \$669,379 of reimbursed Historic Structures Tax Credits vs. \$818,000 in preliminary FY 2011.

Preliminary FY 2011 estimated corporate income tax payments decreased by \$20.3 million from audited FY 2010 collections. This decrease translates into a fiscal year growth rate of -21.0 percent. Preliminary FY 2011 estimated corporate income tax payments received totaled \$76.2 million versus \$96.5 million in FY 2010.

Finally, the preliminary FY 2011 corporate income tax net accrual totaled -\$47.2 million or \$75.2 million less than the audited FY 2010 corporate income tax net accrual of \$28.0 million.. This decrease translates into a fiscal year growth rate of -268.4 percent.

Public Utilities Gross Earnings Taxes

<u>FY 2011</u>	<u>Final Enacted</u>	<u>Preliminary Close</u>
Growth Rates	8.8 %	8.3 %
Revenues	\$104,200,000	\$103,743,912

Public utilities gross earnings taxes are up 8.3 percent, or \$8.0 million, for preliminary FY 2011 from audited FY 2010 public utilities gross earnings taxes. This growth rate lags the final growth rate of 8.8 percent enacted by the General Assembly in June. The final enacted estimate for public utilities gross earnings taxes collected in FY 2011 was \$104.2 million, \$456,088 higher than preliminary FY 2011 collections for public utilities gross earnings taxes. There was no substantive difference in the net accrual for the two fiscal years.

Financial Institutions Taxes

<u>FY 2011</u>	<u>Final Enacted</u>	<u>Preliminary Close</u>
Growth Rates	-56.9 %	-28.8 %
Revenues	\$1,000,000	\$1,652,158

Preliminary FY 2011 financial institutions taxes collected were \$667,084 less than the \$2.3 million collected in audited FY 2010. Preliminary FY 2011 financial institutions taxes totaled \$1.7 million or -28.1 percent over final FY 2010 financial institutions taxes. The enacted growth rate for FY 2011 was -56.9 percent. Preliminary FY 2011 revenues consisted of -\$282,560 in cash collections received and \$1.9 million of net accrual. This compares to FY 2010 cash collections of \$3.0 million and a net accrual of -\$637,451.

Insurance Companies Gross Premiums Taxes

<u>FY 2011</u>	<u>Final Enacted</u>	<u>Preliminary Close</u>
Growth Rates	-29.1 %	-36.8 %
Revenues	\$68,000,000	\$60,590,000

Preliminary FY 2011 insurance companies gross premiums taxes are down \$35.3 million or -36.8 percent over audited FY 2010 insurance companies gross premiums taxes. This growth rate is lower than the growth rate of -29.1 percent enacted by the General Assembly in June. The final enacted estimate for insurance companies gross premiums taxes collected in FY 2011 was \$68.0 million, or \$7.4 million above preliminary FY 2011 receipts.

Preliminary FY 2011 insurance companies gross premiums revenues were \$60.6 million of which \$96.2 million were cash collections and -\$35.6 million was the net accrual. Preliminary FY 2011 revenues compare to audited FY 2010 cash collections of \$95.8 million and a net accrual of \$113,806. The net accrual in FY 2011 is due to a change in the accrual methodology implemented by the Office of the Auditor General (OAG) and the Office of Accounts and Controls (OAC) beginning in FY 2011.

The Division of Taxation and the Office of Accounts and Controls provide the following component breakdown for insurance companies gross premiums tax receipts.

Component	FY 2010	FY 2011	Nominal Difference	Percent Difference
<u>Property and Casualty</u>				
Cash	\$ 62,147,157	\$ 62,823,899	\$ 676,268	1.1 %
Net Accrual	113,806	(35,624,995)	(35,738,801)	-31,197.0%
Total	\$ 62,261,437	\$ 27,198,904	\$ (268,921)	-43.8 %
<u>Health Insurance</u>				
Cash	\$ 33,660,017	\$ 33,391,096	\$ (268,921)	-0.8 %
Net Accrual	0	0	0	n/a
Total	\$ 33,660,017	\$ 33,391,096	\$ (268,921)	-0.8 %

Preliminary FY 2011 property and casualty insurance gross premiums tax receipts were \$27.2 million of which \$62.8 million were cash collections and -\$35.6 million was the previously noted net accrual. Preliminary FY 2011 cash collections increased by \$676,268, or 1.1 percent, compared to audited FY 2010 cash collections. While cash collections increased between FY 2011 and FY 2010, the preliminary net accrual decreased by \$35.7 million. Preliminary FY 2011 health insurance gross premiums tax receipts were \$33.4 million compared to the \$33.7 million in audited FY 2010 collections. This translates into a decrease of \$268,921, or -0.8 percent.

Bank Deposit Taxes

<u>FY 2011</u>	<u>Final Enacted</u>	<u>Preliminary Close</u>
Growth Rates	7.5 %	5.8 %
Revenues	\$2,000,000	\$1,967,288

Preliminary FY 2011 bank deposit taxes of \$2.0 million are up \$107,017, or 5.8 percent, over audited FY 2010 bank deposit taxes. This growth rate is lower than the growth rate of 7.5 percent enacted by the General Assembly. The final enacted estimate for bank deposits taxes collected in FY 2011 was \$2.0 million or \$32,712 above preliminary FY 2011 receipts. There was no substantive difference in the net accrual for the two fiscal years.

Health Care Provider Assessment Taxes

<u>FY 2011</u>	<u>Final Enacted</u>	<u>Preliminary Close</u>
Growth Rates	0.6 %	1.3 %
Revenues	\$40,500,000	\$40,760,872

Preliminary FY 2011 health care provider assessment taxes are up by \$506,591 or 1.3 percent, over audited FY 2010 health care provider assessments. This growth rate leads the final enacted growth rate estimated in the final enacted FY 2011 budget. The General Assembly's final enacted estimate for health care provider assessments collected in FY 2011 was \$40.5 million. Preliminary FY 2011 collections for health care provider assessments totaled \$40.8 million, \$260,872 more than enacted. There was no substantive difference in the net accrual for the two fiscal years.

Sales and Use Taxes

<u>FY 2011</u>	<u>Final Enacted</u>	<u>Preliminary Close</u>
Growth Rates	0.9 %	1.2 %
Revenues	\$810,400,000	\$813,007,301

Actual sales and use tax collections for preliminary FY 2011 are up \$9.6 million, or 1.2 percent, relative to audited FY 2010 sales and use tax receipts. The preliminary FY 2011 growth rate exceeds the final enacted FY 2011 growth rate of 0.9 percent over audited FY 2010 sales and use tax collections. The General Assembly's final enacted estimate for sales and use taxes collected in FY 2011 was \$810.4 million or \$2.6 million less than preliminary FY 2011 receipts. Preliminary FY 2011 collections for sales and use taxes totaled \$813.0 million of which \$813.1 million were cash collections received during FY 2011 period and -\$137,166 was the net accrual. During FY 2010, cash collections were \$803.4 million with a net accrual \$3.6 million.

The Division of Taxation and the Office of Accounts and Controls provide the following component breakdown for sales and use tax collections. 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	Nominal Difference	Percent Difference
Net Taxation*	\$ 706,971,972	\$714,814,085	\$ 7,842,113	1.1 %
Registry	80,402,637	84,243,977	3,841,340	4.8 %
Prov. Place Mall	12,574,620	14,086,405	1,511,785	12.0 %
Net Accrual	3,630,033	(137,166)	(3,767,199)	-103.8 %
Total	\$803,394,856	\$813,007,301	9,612,445	1.2 %
*Adds \$1,468,194 to FY 2010 and \$320,025 to FY 2011 for receipts from non-sufficient funds checks. Additionally, \$184,406 is subtracted from FY 2010 to tie into the Office of Accounts and Controls audited General Fund Revenue Report. Finally, \$227,151 is added to FY 2011 to tie into the Office of Accounts and Controls preliminary General Fund Revenue Report issued on September 1, 2011.				

According to the Division of Taxation, within the sales tax components, registry receipts were up 4.8 percent in preliminary FY 2011 when compared to final FY 2010. This percentage increase translates into \$3.8 million more in registry receipts between preliminary FY 2011 and audited FY 2010. Net sales tax receipts remitted directly to the Division of Taxation posted an increase of 1.1 percent for preliminary FY 2011 over final FY 2010. This percentage increase translates into \$7.8 million more between preliminary FY 2011 and final FY 2010. Providence Place Mall (PPM) sales tax receipts were up 12.0 percent between preliminary FY 2011 and final FY 2010. This percentage increase translates into \$1.5 million more between preliminary FY 2011 and audited FY 2010. Finally, sales and use tax preliminary FY 2011 net accrual is \$3.8 million less than audited FY 2010 net accrual.

Motor Vehicle Licenses and Fees

<u>FY 2011</u>	<u>Final Enacted</u>	<u>Preliminary Close</u>
Growth Rates	6.7 %	-1.3 %
Revenues	\$51,500,000	\$47,654,534

Preliminary FY 2011 motor vehicle licenses and fees are down \$630,648 or -1.3 percent, from audited FY 2010 motor vehicle licenses and fees. This growth rate is lower than the enacted growth rate of 6.7 percent. The final enacted estimate for motor vehicle licenses and fees received in FY 2011 was \$51.5 million, \$3.8 million more than preliminary revenues. Preliminary FY 2011 collections for motor vehicle licenses and fees totaled \$47.7 million of which \$47.8 million were cash collections received during the July 2010 to June 2011 period and -\$96,558 was the net accrual. This compares to cash collections of \$46.6 million in FY 2010 and a net accrual of \$1.6 million.

The Division of Taxation and the Office of Accounts and Controls provide the following component breakdown for motor vehicle license and fee tax collections:

Component	FY 2010	FY 2011	Nominal Difference	Percent Difference
<u>Motor Vehicle</u>				
Cash	\$ 44,173,206	\$ 44,980,955	\$ 807,749	1.8 %
Net Accrual	1,637,419	(104,551)	(1,741,970)	-106.4%
Total	\$ 45,810,625	\$ 44,876,404	\$ (934,221)	-2.0 %
<u>Rental Vehicle Surcharge</u>				
Cash	\$ 2,465,928	\$ 2,770,137	\$ 304,209	12.3 %
Net Accrual	8,629	7,993	(636)	-7.4 %
Total	\$ 2,474,557	\$ 2,778,130	\$ 303,573	12.3 %

Preliminary FY 2011 motor vehicle registration and license fees were \$44.9 million of which \$45.0 million were cash collections and -\$104,551 was the net accrual. Preliminary FY 2011 cash collections increased by \$807,749, or 1.8 percent, compared to audited FY 2010 cash collections. While cash collections increased between FY 2011 and FY 2010, the preliminary net accrual decreased by \$1.7 million.

Preliminary FY 2011 rental vehicle surcharge receipts were \$2.8 million compared to the \$2.5 million in audited FY 2010 collections. This translates into an increase of \$303,573, or 12.3 percent. The preliminary FY 2011 rental vehicle surcharge net accrual decreased by 7.4 percent, or \$636 from audited FY 2010 collections.

Motor Carrier Fuel Use Taxes

<u>FY 2011</u>	<u>Final Enacted</u>	<u>Preliminary Close</u>
Growth Rates	13.5 %	8.9 %
Revenues	\$1,100,000	\$1,054,939

Preliminary FY 2011 motor carrier fuel use taxes are up \$86,069 or 8.9 percent, from audited FY 2010 motor carrier fuel use taxes. Motor carrier fuel use taxes are those taxes paid by commercial truckers for use of Rhode Island highways. This growth rate is lower than the final enacted growth rate for FY 2011 of 13.5 percent. The final enacted estimate for motor carrier fuel use taxes collected in FY 2011 was \$1.1 million. Preliminary FY 2011 collections for motor fuel taxes totaled \$1.1 million or \$45,061 less than enacted.

Cigarettes Taxes

<u>FY 2011</u>	<u>Final Enacted</u>	<u>Preliminary Close</u>
Growth Rates	-1.0 %	-3.1 %
Revenues	\$136,900,000	\$134,060,439

Rhode Island cigarette tax receipts are comprised of excise taxes collected on the sale of cigarettes, a tax on the wholesale price of other tobacco products such as cigars, pipe tobacco, and smokeless tobacco, and a one-time cigarette floor stock tax.

Cigarettes tax receipts for preliminary FY 2011 including other tobacco products and any cigarette floor stock taxes are down 3.1 percent, or -\$4.3 million, compared to audited FY 2010 collections. This preliminary rate of growth is lower than the FY 2011 enacted rate of growth of -1.0 percent over audited FY 2010 cigarettes tax collections included in the final budget signed by Governor Chafee on June 30, 2011. The preliminary collections for the cigarettes taxes totaled \$2.8 million less than the FY 2011 enacted estimate of \$136.9 million.

The Division of Taxation and the Office of Accounts and Controls provide the following component breakdown for motor vehicle license and fee tax collections:

Component	FY 2010	FY 2011	Nominal Difference	Percent Difference
<u>Cigarettes</u>				
Cash	\$133,606,619	\$131,612,222	\$ (1,994,397)	-1.5 %
Net Accrual	824,721	(863,571)	(1,688,292)	-204.7%
Total Cigarettes	\$134,431,340	\$130,748,651	\$ (3,682,689)	-2.7 %
<u>Other Tobacco Products</u>				
Cash	\$ 3,840,407	\$ 3,331,944	\$ (508,463)	-13.2 %
Net Accrual	(21,973)	(32,242)	(10,269)	46.7 %
Total Other Tobacco	\$ 3,818,434	\$ 3,299,702	\$ (518,732)	-13.6%

Preliminary FY 2011 cigarette taxes were \$130.7 million of which \$131.6 million were cash collections and -\$863,571 was the net accrual. Preliminary FY 2011 cash collections decreased by \$2.0 million, or 1.5 percent, compared to audited FY 2010 cash collections. Cash collections decreased between FY 2011 and FY 2010 as did the preliminary net accrual by \$1.7 million.

Preliminary FY 2011 smokeless tobacco product tax receipts were \$3.3 million compared to the \$3.8 million in audited FY 2010 collections. This translates into a decrease of \$518,732, or 13.6 percent. The preliminary FY 2011 smokeless tobacco product tax net accrual increased by 46.7 percent, or -\$10,269 from audited FY 2010 collections.

The change in cigarette sales between preliminary FY 2011 and FY 2010 is determined as follows. The value of the other tobacco products tax is netted out of the data for FY 2011 and FY 2010. The cigarette tax rate increased in FY 2009 by \$1.00 per pack of 20 cigarettes on April 10, 2009 so the amount of the cigarette floor stock tax is subtracted from the FY 2010 and FY 2011 cigarette tax collections. After netting out the receipts from other tobacco products and the cigarette floor stock tax, it is determined that Rhode Island sales of packs of cigarettes declined 1.5 percent in FY 2011.

Alcohol Taxes

<u>FY 2011</u>	<u>Final Enacted</u>	<u>Preliminary Close</u>
Growth Rates	5.6 %	3.7 %
Revenues	\$11,900,000	\$11,683,059

Preliminary FY 2011 alcohol excise taxes are up \$413,582 or 3.7 percent, from audited FY 2010 alcohol excise tax collections of 11.3 million. This growth rate is lower than the final enacted growth rate of 5.6 percent included in the final enacted FY 2011 budget signed into law by Governor Chafee on June 30, 2011. The final enacted estimate for alcohol excise taxes collected in FY 2011 was \$11.9 million. Preliminary FY 2011 collections for alcohol excise taxes totaled \$11.7 million, \$216,941 less than enacted.

Inheritance and Gift Taxes

<u>FY 2011</u>	<u>Final Enacted</u>	<u>Preliminary Close</u>
Growth Rates	71.0 %	61.3 %
Revenues	\$49,700,000	\$46,855,153

Preliminary FY 2011 inheritance taxes are \$17.8 million more than audited FY 2010 inheritance taxes collected, an increase of 61.3 percent. This growth rate trails the final enacted growth rate of 71.0 percent included in the final enacted FY 2011 budget signed by Governor Chafee on June 30, 2011. The final enacted estimate for inheritance taxes collected in FY 2011 was \$49.7 million or \$2.8 million more than preliminary revenues for FY 2011.

Preliminary FY 2011 collections for inheritance taxes totaled \$46.9 million of which \$24.9 million were cash collections received in FY 2011 and \$22.0 million was the net accrual. This compares to cash collections of \$30.1 million received in FY 2010 and a net accrual of -\$1.1 million. The net accrual in FY 2011 is due to a change in the accrual methodology implemented by the Office of the Auditor General (OAG) and the Office of Accounts and Controls (OAC) beginning in FY 2011.

Racing Athletics Taxes

<u>FY 2011</u>	<u>Final Enacted</u>	<u>Preliminary Close</u>
Growth Rates	-12.9 %	-11.2 %
Revenues	\$1,300,000	\$1,325,193

Preliminary FY 2011 racing and athletics taxes are down \$167,028 or -11.2 percent, from audited FY 2010 racing and athletics taxes collected of \$1.5 million. This growth rate compares to a final enacted growth rate of -12.9 percent included in the final enacted FY 2011 budget. The final enacted estimate for racing and athletics taxes collected in FY 2011 was \$1.3 million.

Preliminary FY 2011 collections for racing and athletics taxes are \$25,193 more than the final enacted estimate.

Realty Transfer Taxes

<u>FY 2011</u>	<u>Final Enacted</u>	<u>Preliminary Close</u>
Growth Rates	-8.5 %	-8.9 %
Revenues	\$6,400,000	\$6,370,632

Preliminary FY 2011 realty transfer taxes are down \$623,283 or 8.9 percent, from audited FY 2010 realty transfer taxes collected of \$7.0 million. This growth rate lags the final enacted growth rate of -8.5 percent. The final enacted estimate for realty transfer taxes collected in FY 2011 was \$6.4 million. Preliminary FY 2011 collections for realty transfer taxes are \$29,368 less than the final enacted estimate.

Total Departmental Receipts

<u>FY 2011</u>	<u>Final Enacted</u>	<u>Preliminary Close</u>
Growth Rates	0.3 %	0.5 %
Revenues	\$334,116,107	\$334,665,834

FY 2011 preliminary departmental receipts total \$334.7 million, an increase of \$1.5 million from the amount that was collected in FY 2010. Preliminary departmental receipts for FY 2011 are up 0.5 percent when compared to audited receipts collected in FY 2010. The FY 2011 growth rate estimate included in the final enacted FY 2011 budget signed into law by Governor Chafee on June 30, 2011 is 0.3 percent over audited FY 2010 departmental receipt collections. The final enacted estimate for FY 2011 departmental receipts was \$334.1 million or \$549,727 less than preliminary FY 2011 collections.

Within the total departmental receipt components, licenses and fees are up \$4.8 million or 1.9 percent, for preliminary FY 2011 versus audited FY 2010. Preliminary FY 2011 revenues were \$262.5 million of which \$251.7 million were cash collections received during the July 2010 to June 2011 period and \$10.9 million is the FY 2011 net accrual. This compares to FY 2010 cash collections of \$254.8 million and a net accrual of \$2.8 million. It is important to note that, in the licenses and fees category of departmental receipts, the Hospital Licensing Fee was not due for FY 2011 until July 16, 2011 and was accrued back to FY 2011 after payment was received. The Hospital Licensing Fee accounted for \$141.8 million in departmental revenues in FY 2011. In FY 2010, the Hospital Licensing Fee totaled \$131.7 million.

Fines and penalties are down \$2.4 million or -6.6 percent, for preliminary FY 2011 versus audited FY 2010. Sales and services revenues are down \$3.2 million or -18.7 percent, for preliminary FY 2011 versus audited FY 2010. Preliminary revenues for sales and services were \$13.8 million of which \$21.1 million were cash collection received in FY 2011 and -\$7.3 million was the net accrual. This compares to cash collections of \$16.0 million and a net accrual of \$1.1

million in FY 2010. Finally, miscellaneous departmental revenues are up \$2.3 million or an increase of 10.3 percent for preliminary FY 2011 versus audited FY 2010 revenues.

Gas Tax Transfer

<u>FY 2011</u>	<u>Final Enacted</u>	<u>Preliminary Close</u>
Growth Rates	-100.0 %	-221.9 %
Revenues	\$0	\$(29,415)

The preliminary FY 2011 gas tax transfer is down 221.9 percent, or \$55,550, when compared to audited FY 2010 receipts. The final enacted growth rate estimate for the gas tax transfer was -100.0 percent over the audited FY 2010 gas tax transfer. The preliminary FY 2011 gas tax transfer totaled \$29,415 less than the final enacted transfer of zero. Based on information provided by the Office of Accounts and Controls, the per penny yield of the State's motor fuel tax was \$4,210,324 in FY 2011, a decrease of \$78,913, or -1.8 percent, from the final audited FY 2010 per penny yield of \$4,289,237.

Other Miscellaneous Revenues

<u>FY 2011</u>	<u>Final Enacted</u>	<u>Preliminary Close</u>
Growth Rates	5.3 %	-26.2 %
Revenues	\$13,130,000	\$9,194,296

Preliminary other miscellaneous revenues are down 26.2 percent in FY 2011, a decrease of \$3.3 million from audited other miscellaneous revenues collected in FY 2010. Other miscellaneous revenues for preliminary FY 2011 total \$9.2 million compared to \$12.5 million collected last fiscal year. The final enacted FY 2011 growth rate included in the final budget passed by the General Assembly in June is 5.3 percent over audited FY 2010 other miscellaneous revenues. Preliminary FY 2011 collections for other miscellaneous revenues were \$3.9 million less than the final enacted estimate of \$13.1 million. Preliminary revenues were \$9.2 million of which \$10.8 million were cash collections received during the July 2010 to June 2011 period and -\$1.6 million was the net accrual. This compares to cash collections of \$14.0 million and a net accrual of -\$1.5 million in FY 2010.

Included in the final enacted estimate is a one time receipt for the recovery of indirect costs associated with child support enforcement activities from FY 2005 through FY 2009. In February, the Judiciary received \$5.5 million in child support enforcement payments for the indirect costs incurred during that period. In June 2011 the Office of Accounts and Controls credited the FY 2011 fund balance for the collection of these prior fiscal years' child support collections. As a result, other miscellaneous revenues were reduced by \$5.5 million.

Lottery Transfer

<u>FY 2011</u>	<u>Final Enacted</u>	<u>Preliminary Close</u>
Growth Rates	2.4 %	3.0 %
Revenues	\$353,037,000	\$354,860,987

The Lottery Transfer to the general fund is up 3.0 percent, or \$10.2 million, for preliminary FY 2011 compared to the audited FY 2010 lottery transfer. The final enacted FY 2011 growth rate is 2.4 percent over the audited FY 2010 lottery transfer. The preliminary FY 2011 lottery transfer was \$354.9 million or \$1.8 million more than the FY 2011 final enacted estimate of \$353.0 million.


With respect to video lottery net terminal income (NTI), on a nominal basis, the State's share of video lottery NTI increased by 4.1 percent in preliminary FY 2011 versus audited FY 2010. This growth rate exceeds the final enacted growth rate of 3.4 percent over FY 2010 included in the final enacted FY 2011 budget signed into law by Governor Chafee on June 30, 2011. The preliminary FY 2011 video lottery transfer was \$301.0 million or \$2.0 million more than the FY 2011 final enacted estimate of \$299.0 million.

The transfer to the State general fund from instant and monitor games are down 3.1 percent for preliminary FY 2011 versus audited FY 2010. On a nominal basis this equates to a decrease of \$1.7 million in the transfer to the general fund from combined games. The final enacted FY 2011 growth rate estimate for instant and monitor games was -2.8 percent over the audited FY 2010 combined games lottery transfer. The preliminary FY 2011 combined games lottery transfer was \$53.8 million or \$178,440 less than the FY 2011 final enacted combined games lottery transfer of \$54.0 million.

Unclaimed Property Transfer

<u>FY 2011</u>	<u>Final Enacted</u>	<u>Preliminary Close</u>
Growth Rates	21.0%	30.2%
Revenues	\$7,100,000	\$7,640,462

The preliminary FY 2011 unclaimed property transfer totals \$7.6 million, an increase of \$1.8 million from the final unclaimed property transfer received in FY 2010. The unclaimed property transfer for preliminary FY 2011 is up 30.2 percent when compared to the audited FY 2010 unclaimed property transfer. The growth rate incorporated in the final enacted FY 2011 budget was 21.0 percent over the final FY 2010 unclaimed property transfer. The preliminary FY 2011 unclaimed property transfer was \$540,462 more than the final enacted FY 2011 unclaimed property transfer of \$7.1 million.

A handwritten signature in black ink, reading "Rosemary Booth Gallogly". The signature is written in a cursive style with a large initial 'R' and 'B'.

Rosemary Booth Gallogly, Director
Department of Revenue

September 8, 2011

STATE OF RHODE ISLAND SPECIAL REPORT ON PRELIMINARY REVENUES
Final Enacted to Preliminary

	Final Enacted Revenues FY 2011	Preliminary Revenues FY 2011	Difference	Variance
Personal Income Tax	\$ 1,003,600,000	\$ 1,021,338,869	\$ 17,738,869	1.8%
General Business Taxes				
Business Corporations	95,100,000	84,510,308	(10,589,692)	-11.1%
Public Utilities Gross Earnings	104,200,000	103,743,912	(456,088)	-0.4%
Financial Institutions	1,000,000	1,652,158	652,158	65.2%
Insurance Companies	68,000,000	60,590,000	(7,410,000)	-10.9%
Bank Deposits	2,000,000	1,967,288	(32,712)	-1.6%
Health Care Provider Assessment	40,500,000	40,760,872	260,872	0.6%
Excise Taxes				
Sales and Use	810,400,000	813,007,301	2,607,301	0.3%
Motor Vehicle Licenses and Registrations	51,500,000	47,654,534	(3,845,466)	-7.5%
Motor Carrier Fuel Use	1,100,000	1,054,939	(45,061)	-4.1%
Cigarettes	136,900,000	134,060,439	(2,839,561)	-2.1%
Alcohol	11,900,000	11,683,059	(216,941)	-1.8%
Other Taxes				
Inheritance and Gift	49,700,000	46,855,153	(2,844,847)	-5.7%
Racing and Athletics	1,300,000	1,325,193	25,193	1.9%
Realty Transfer	6,400,000	6,370,632	(29,368)	-0.5%
Total Taxes	\$ 2,383,600,000	\$ 2,376,574,657	\$ (7,025,343)	-0.3%
Total Departmental Receipts	\$ 334,116,107	\$ 334,665,834	\$ 549,727	0.2%
Taxes and Departmentals	\$ 2,717,716,107	\$ 2,711,240,491	\$ (6,475,616)	-0.2%
Other General Revenue Sources				
Gas Tax Transfer	\$ -	(29,415)	(29,415)	
Other Miscellaneous Revenues	13,130,000	9,194,296	(3,935,704)	-30.0%
Lottery Transfer	353,037,000	354,860,987	1,823,987	0.5%
Unclaimed Property	7,100,000	7,640,462	540,462	7.6%
Total Other Sources	\$ 373,267,000	\$ 371,666,330	\$ (1,600,670)	-0.4%
Total General Revenues	\$ 3,090,983,107	\$ 3,082,906,821	\$ (8,076,286)	-0.3%

PIT Component	YTD Estimates	YTD Actuals	Difference	Variance
Estimateds	\$ 165,000,000	\$ 171,529,336	\$ 6,529,336	4.0%
Finals	186,200,000	187,693,689	1,493,689	0.8%
Withholding	926,600,000	928,652,535	2,052,535	0.2%
Refunds	(269,000,000)	(262,291,890)	6,708,110	-2.5%
Net Accrual	(5,200,000)	(4,244,802)	955,198	-18.4%
Total	\$ 1,003,600,000	\$ 1,021,338,869	\$ 17,738,869	1.8%