

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
GOVERNOR LINCOLN D. CHAFEE



DEPARTMENT OF REVENUE
Office of Revenue Analysis

State of Rhode Island Revenue Assessment Report
Year-to-Date FY 2013 through February 2013

The monthly revenue assessment report compares adjusted revenues on a monthly and fiscal year-to-date basis to the Office of Revenue Analysis' monthly and fiscal year-to-date estimate of revenues based on the current fiscal year revised 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year as the Revenue Estimating Conference (see RI General Law § 35-16-1) convenes and modifies the revenue estimates originally enacted by the General Assembly.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 revenues 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 revenues may vary significantly from historical 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 revenues trail the fiscal year-to-date revenue estimates, it is possible for the fiscal year end accrual to make up any shortfall.

Estimates of Revised FY 2013 Revenues Adopted at the November 2012 REC

In order to determine the expected monthly and fiscal year-to-date revenues based on the revised revenue estimates adopted at the November 2012 Revenue Estimating Conference (REC), the Office of Revenue Analysis first calculates the average percentage of total adjusted revenues that occurred in a given month over the past five fiscal years for each revenue item. For inheritance and gift taxes the past ten fiscal years are used. To determine the expected monthly revenues, these percentages are applied to the revised FY 2013 revenue estimate for each revenue item. To determine the expected fiscal year-to-date revenues, the monthly percentages are summed and then applied to the revised FY 2013 revenue estimate for each revenue item. In the case of other miscellaneous revenues, the actual year-to-date revenues are used in place of an estimate due to the discrete and unpredictable nature of the timing of these receipts.

The following table provides the rounded five year or ten year average percentages for monthly and fiscal year-to-date revenues for February:

Revenue Item	Percent Received		Revenue Item	Percent Received	
	Month	YTD		Month	YTD
Personal Income Taxes			Motor Vehicles Fees	7.8 %	51.4 %
Estimated Payments	1.3 %	64.0 %	Motor Carrier Fuel Use+	7.8 %	63.7 %
Final Payments+	2.1 %	18.7 %	Cigarettes Taxes+	6.7 %	66.9 %
Withholding Payments+	8.5 %	66.2 %	Alcohol Excise Taxes	6.2 %	66.8 %
Refunds Paid	21.7 %	43.4 %	Inheritance & Gift+	7.4 %	68.2 %
Business Corporations Taxes+	-0.7 %	19.4 %	Racing & Athletics	8.0 %	63.9 %
Utilities Gross Earnings Taxes	2.5 %	7.6 %†	Realty Transfer	6.9 %	71.4 %
Financial Institutions Taxes	-9.7 %	72.7 %†	Departmental Receipts+	6.2 %	58.4 %
Insurance Co. Gross Premiums+	5.7 %	6.7 %	Lottery Transfer	7.9 %	56.3 %
Bank Deposits	0.2 %	6.3 %	Other Misc. Revenues	n/a	n/a
Health Care Provider Assmnt.+	8.2 %	66.4 %	Unclaimed Property	0.0 %	0.0 %
Sales and Use Taxes+ ¹	7.3 %	68.1 %			

+ ORA tax amnesty estimates are incorporated into the average percentage calculations for the following revenue items: personal income tax final payments, personal income tax withholding payments, business corporations taxes, insurance companies gross premiums taxes, health care provider assessments, sales and use taxes, motor carrier fuel use taxes, cigarette excise taxes, inheritance and gift taxes, and departmental receipts which includes hotel taxes, prepaid wireless E-911 fees, litter control participation permit fees, and interest owed on overdue taxes. See **Appendix A** for details.

¹ Percentages are a weighted average of the standard monthly and fiscal year-to-date percentages for base sales and use tax adjusted revenues and the monthly and fiscal year-to-date percentages calculated by the Office of Revenue Analysis for sales and use tax revenues generated by the expansion of the State's sales and use tax base that went into effect on October 1, 2012. See below for a more detailed discussion of this methodology.

† "Year-to-Date Percent Received" has been adjusted for public utilities gross earnings taxes to account for the ORA 2012 tax amnesty estimate and for financial institutions taxes to account for the historic structure tax credit reimbursement not otherwise incorporated into these average percentage calculations.

The revised FY 2013 revenue estimates adopted at the November 2012 Revenue Estimating Conference (REC) incorporate revenues attributable to the 2012 Tax Amnesty Act. The tax amnesty program ran from September 2, 2012 through November 15, 2012. The principals of the November 2012 REC did not formally adopt an estimate of tax amnesty revenues. Prior to convening the November 2012 REC on November 9th, the Office of Revenue Analysis (ORA) derived its own estimate of tax amnesty revenues based on actual tax amnesty revenues received through October 31, 2012 and testimony provided by the Division of Taxation on November 5, 2012. The table, *2012 Tax Amnesty Estimate to Actual*, details the fiscal year-to-date and February tax amnesty estimates by revenue item compared to actual year-to-date and monthly

tax amnesty revenues. Details of the incorporation of 2012 tax amnesty revenues into monthly and fiscal year-to-date expected FY 2013 revised revenues can be found in **Appendix A**.

The ORA 2012 tax amnesty estimate for public utilities gross earnings taxes was set equal to actual tax amnesty revenues received through October of \$3.2 million, with no further tax amnesty revenues anticipated. As there were no tax amnesty payments received in 2006 for public utilities gross earnings taxes, ORA is not able to compute a ratio to allocate the ORA estimate of tax amnesty revenues. The expected monthly revised public utilities gross earnings tax revenues are calculated net of the ORA tax amnesty estimate. However, to fairly report the expected fiscal year-to-date revised public utilities gross earnings tax revenues, the ORA 2012 tax amnesty estimate for public utilities gross earnings taxes is added to the expected fiscal year-to-date revised revenues as calculated net of the ORA 2012 tax amnesty estimate.

Any interest owed on overdue personal income, business corporations, sales and use, and inheritance and gift taxes is transferred to departmental receipts on a quarterly basis in October, January, April and June. For the 2012 tax amnesty program, September receipts of interest owed on overdue personal income, business corporations, sales and use and inheritance and gift taxes was transferred in October and October, November and December receipts were transferred in January. Interest owed on overdue taxes related to the 2012 tax amnesty received for all other revenue items is included in the adjusted revenues for these revenue items. No additional revenues associated with the tax amnesty program are expected in FY 2013.

The health care provider assessment includes only an assessment on nursing homes. Racing and athletics taxes consist of a tax on simulcast wagering. In addition, the "Percent Received" for monthly and year-to-date departmental receipts is calculated excluding hospital licensing fee revenues, which are large, generally 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 revised FY 2013 revenue estimates adopted at the November 2012 Revenue Estimating Conference by revenue item is as follows:

Revenue Item	Revised FY 2013 Estimate	Revenue Item	Revised FY 2013 Estimate
Personal Income Taxes		Motor Vehicles	\$ 48,700,000
Estimated Payments	\$ 195,800,000	Motor Carrier Fuel+	1,000,000
Final Payments+	184,000,000	Cigarettes Taxes+	137,700,000
Withholding Payments+	981,700,000	Alcohol Excise Taxes	12,000,000
Refunds Paid	(275,900,000)	Inheritance & Gift+	33,800,000
Business Corporations Taxes+	135,900,000	Racing & Athletics	1,200,000
Public Utilities Gross Earnings+	104,000,000	Realty Transfer	6,500,000
Financial Institutions Taxes	8,200,000	Departmental Rcpts.+	347,500,000
Insurance Co. Gross Premiums+	91,900,000	Lottery	386,700,000
Bank Deposits	2,100,000	Other Misc. Revenues	4,615,000
Health Care Provider Assessment+	42,300,000	Unclaimed Property	6,300,000
Sales and Use Taxes+	879,400,000		
		Total General Revenues[^]	\$ 3,328,415,000
<p>+ ORA estimated tax amnesty revenues for the following revenue items: personal income tax final payments, personal income tax withholding payments, business corporations taxes, insurance companies gross premiums taxes, health care provider assessments, sales and use taxes, motor carrier fuel use taxes, cigarette excise taxes, inheritance and gift taxes, and departmental receipts which includes hotel taxes, prepaid wireless E-911 fees, litter control participation permit fees, and interest owed on overdue taxes. These estimates are assumed to be included in the revised FY 2013 adopted revenue estimates. See the <i>2012 Tax Amnesty Estimate to Actual</i> table for details.</p>			
<p>[^] Total General Revenues includes the net accrual for personal income taxes which is estimated to be \$(7,000,000) in the revised FY 2013 adopted revenues.</p>			

As noted above, the revised FY 2013 revenue estimate for sales and use taxes adopted at the November 2012 Revenue Estimating Conference is \$879.4 million. The Office of Revenue Analysis (ORA) has estimated that this figure is comprised of \$867.6 million of “base” sales and use tax revenues, \$11.0 million of “additional” sales and use tax revenues generated by the expansion of the State’s sales and use tax base effective October 1, 2012, and \$792,652 of ORA estimated 2012 tax amnesty revenues. (Sales and use taxes generated during the month of October are remitted to the Division of Taxation in November.) ORA further adjust the methodology for estimating expected FY 2013 revised sales and use tax revenues to account for these additions.

To illustrate the process, the average percentages of sales and use tax adjusted revenues for February of 7.2 percent and the fiscal year-to-date of 68.3 percent are applied to the revised FY 2013 “base” sales and use tax estimate. The expected FY 2013 revised “base” sales and use tax revenues are \$62.8 million for February and \$592.2 million for the fiscal year-to-date through

February. The revised FY 2013 “additional” sales and use tax estimate due to the expansion of the State’s sales and use tax base is calculated using the average percentages based on the ratio of monthly adjusted revenues to total adjusted revenues for November through June for the previous fiscal year, or 11.1 percent for February and 50.3 percent for the fiscal year-to-date period. The expected FY 2013 revised “additional” sales and use tax revenues are \$1.2 million in February and \$5.5 million for the fiscal year-to-date through February. Based on 2006 tax amnesty receipts for sales and use taxes, no tax amnesty payments are projected to be received in February but 99.6 percent is estimated to have been received for the fiscal year-to-date period, or \$789,259. These figures are summed to arrive at total expected FY 2013 revised sales and use tax revenues of \$64.0 million for the month of February and \$598.5 million for the fiscal year-to-date through February. This translates to a modified average percentage of 7.3 percent for the month of February and 68.1 percent for the fiscal year-to-date through February.

It should be noted that the revised FY 2013 revenue estimate for financial institutions taxes adopted at the November 2012 REC takes into account the \$5.1 million historic structure tax credit reimbursement received in October 2012. To better show the comparison between the fiscal year-to-date estimated revenues to fiscal year-to-date actual revenues, the expected FY 2013 revised financial institutions tax revenues is calculated exclusive of the historic structure tax credit reimbursement and then the historic structure tax credit reimbursement is added to the figure.

Results for Year-to-Date FY 2013 through February 2013

The table, *Year-to-Date Estimate to Actual*, gives the results for the first eight months of FY 2013. As is apparent from the table, the Department of Revenue finds that fiscal year-to-date adjusted revenues through February for total general revenues exceed expected revenues based on the revised FY 2013 revenue estimates adopted at the November 2012 Revenue Estimating Conference by \$24.3 million or 1.3 percent. Fiscal year-to-date adjusted revenues include \$22.3 million of 2012 tax amnesty revenues, which is \$10.4 million greater than the total ORA tax amnesty estimate of \$11.9 million. In total taxes, the variance between fiscal year-to-date adjusted revenues through February to the expected FY 2013 revised revenues is \$11.1 million or 0.7 percent. For departmental receipts, the difference from the fiscal year-to-date adjusted revenues through February to expected FY 2013 revised revenues is \$14.0 million or 11.6 percent. For other general revenue sources, fiscal year-to-date adjusted revenues through February fall short of expected FY 2013 revised revenues by \$827,594 or -0.4 percent. The other miscellaneous revenues component of other general revenue sources includes \$964,658 for motor vehicle registration fees that were received in FY 2012 through the International Registration Program, but not posted until February 2013.

In addition to departmental receipts, four revenue items have fiscal year-to-date adjusted revenues through February that exceed expected FY 2013 revised revenues by \$1.0 million or more. Fiscal year-to-date adjusted revenues for departmental receipts include \$5.4 million of 2012 tax amnesty interest owed on overdue personal income, business corporations, sales and use, and inheritance and gift taxes which exceeds the ORA 2012 tax amnesty estimate of \$2.8 million.

- Business corporations tax adjusted revenues are \$14.4 million, or 54.4 percent, more than expected FY 2013 revised revenues of \$26.4 million. The surplus is partially attributed to a decrease in business corporations tax refunds paid in the current fiscal year. Fiscal year-to-date business corporations tax adjusted revenues include \$1.6 million of 2012 tax amnesty revenues, which trails the ORA 2012 tax amnesty estimate for business corporations taxes of \$1.9 million.
- Financial institutions tax adjusted revenues are \$2.6 million, or 43.8 percent, more than expected FY 2013 revised revenues of \$6.0 million. Fiscal year-to-date financial institutions tax adjusted revenues include \$5.1 million of reimbursed Historic Structures Tax Credits (HSTCs). Further, fiscal year-to-date financial institutions tax adjusted revenues include \$128,747 of tax amnesty revenues. Based on the 2006 tax amnesty, ORA did not estimate any 2012 tax amnesty revenues for financial institution taxes.
- Personal income tax adjusted revenues exceed expected FY 2013 revised revenues by \$1.6 million or 0.2 percent. This overage is mainly attributable to refunds and adjustments adjusted revenues being less than expected FY 2013 revised refunds and adjustments revenues by \$10.8 million or -9.0 percent. The overage is reduced by lower withholding, estimated, and final tax payments than expected FY 2013 revised revenues. Fiscal year-to-date withholding tax adjusted revenues is less than expected FY 2013 revised withholding tax revenues by \$6.2 million or -1.0 percent. Fiscal year-to-date withholding tax adjusted revenues include \$371,468 in 2012 tax amnesty revenues, which exceeds the ORA 2012 tax amnesty withholding tax revenue estimate by \$291,127. Fiscal year-to-date estimated tax adjusted revenues is less than expected FY 2013 estimated tax revenues by \$2.7 million or -2.2 percent. Fiscal year-to-date final tax payment adjusted revenues is less than expected FY 2013 revised final tax payments revenues by \$190,144 or -0.6 percent. Fiscal year-to-date final tax payment adjusted revenues include \$5.7 million of 2012 tax amnesty revenues, which is \$2.8 million more than the ORA 2012 tax amnesty revenue estimate for final tax payments. Fiscal year-to-date personal income tax final payments adjusted revenues also include \$2.3 million of reimbursed Historic Structures Tax Credits (HSTCs).
- Motor vehicle operator's license and registration fees adjusted revenues are \$1.2 million, or 4.7 percent, more than the expected FY 2013 revised revenues of \$25.0 million. Fiscal year-to-date motor vehicle operator's license and registration fees adjusted revenues include \$595,291 that were received in prior months of the current fiscal year through the International Registration Program (IRP), but not posted until February 2013. The fiscal year-to-date motor vehicle operator's license and registration fees adjusted revenues also include \$75,459 that was received through the IRP in February 2013 for the current month. Fiscal year-to-date adjusted revenues include \$24,155 of 2012 tax amnesty revenues. Based on the 2006 tax amnesty, ORA did not estimate any 2012 tax amnesty revenues for motor vehicle operator's license and registration fees.

Public utilities gross earnings tax, bank deposits tax, realty transfer tax, and racing and athletics tax adjusted revenues through February of the fiscal year are all greater than expected FY 2013 revised revenues but by less than \$1.0 million.

On the negative side, three revenue items have fiscal year-to-date adjusted revenues through February that trail expected FY 2013 revised revenues by more than \$1.0 million.

- Inheritance and gift tax adjusted revenues lag expected FY 2013 revised revenues by \$3.1 million or -13.6 percent. Fiscal year-to-date inheritance and gift tax adjusted revenues include \$432,873 of 2012 tax amnesty revenues, which is more than the ORA 2012 tax amnesty estimate of \$161,186.
- Sales and use tax adjusted revenues is below expected FY 2013 revised revenues by \$2.7 million or -0.4 percent, despite the fact that fiscal year-to-date adjusted revenues include \$3.0 million of 2012 tax amnesty revenues, which is more than the ORA 2012 tax amnesty estimate of \$792,652. It should be noted that beginning in November 2012 adjusted revenues include an unknown amount of additional revenues from the sales and use tax base expansion.
- Adjusted revenues for the cigarettes and other tobacco products tax lag expected FY 2013 revised revenues by \$2.6 million or -2.8 percent. Fiscal year-to-date cigarettes and other tobacco products tax adjusted revenues include \$24,155 of 2012 tax amnesty revenues, which is less than the ORA 2012 tax amnesty estimate of \$90,552.

Insurance companies gross premiums tax, the lottery transfer, health care provider assessment, motor carrier fuel use tax, and alcohol excise tax adjusted revenues through February of the fiscal year are below expected FY 2013 revised revenues but by less than \$1.0 million.

Results for the Month of February 2013

The table, *Monthly Estimate to Actual*, gives the results for February. As is apparent from the table, the Department of Revenue finds that February adjusted revenues for total general revenues falls short of the monthly expected FY 2013 revised total general revenues by \$11.3 million or -6.8 percent. In total taxes, the variance between the February adjusted revenues and the monthly expected FY 2013 revised revenues is \$(12.4 million) or -10.2 percent. For departmental receipts, the difference from February adjusted revenues to the monthly expected FY 2013 revised revenues is \$2.1 million or 16.6 percent. For other general revenue sources, adjusted revenues in February lags the monthly expected FY 2013 revised revenue by \$1.1 million or -3.4 percent. The other miscellaneous revenues component in other general revenue sources includes \$964,658 for motor vehicle registration fees that were received in FY 2012 through the International Registration Program, but were not posted until February 2013.

In addition to departmental receipts, one revenue item has February adjusted revenues that exceed monthly expected FY 2013 revised revenues by \$1.0 million or more.

- Business corporations tax adjusted revenues in February of \$(11,596) exceed monthly expected FY 2013 revised revenues of \$(1.0 million). This translates into a growth rate of -98.9 percent.

Financial institutions tax, health care provider assessment, alcohol excise tax, and motor carrier fuel use tax adjusted revenues in February are all greater than monthly expected FY 2013 revised revenues but by less than \$1.0 million.

Five revenue items have adjusted revenues in February that trail monthly expected FY 2013 revised revenues by more than \$1.0 million.

- Personal income tax adjusted revenues fall short of the monthly expected FY 2013 revised revenues by \$7.0 million or -23.3 percent. This shortfall is attributable to higher refunds and adjustments adjusted revenues than the monthly expected FY 2013 revised revenues, along with lower estimated and final tax payments adjusted revenues. Refunds and adjustments adjusted revenues were more than the monthly expected FY 2013 revised refunds and adjustments revenue by \$7.2 million or 12.1 percent. Estimated tax adjusted revenues is less than monthly expected FY 2013 estimated tax revenues by \$988,746 or -38.7 percent. Final tax payments adjusted revenues is less than expected FY 2013 revised final tax payments revenues by \$195,354 or -4.9 percent. Based on the 2006 tax amnesty, monthly expected FY 2013 revised personal income tax revenues include an ORA 2012 tax amnesty estimate of \$13,956 in final tax payments; however, adjusted final tax payments revenues did not include any 2012 tax amnesty revenues. The shortfall is partially offset by withholding tax payments that were higher than monthly expected FY 2013 revised withholding tax revenues by \$1.4 million or 1.7 percent. Personal income tax adjusted revenues also include \$33,483 of reimbursed Historic Structures Tax Credits (HSTCs).
- Insurance companies tax adjusted revenues lag expected monthly FY 2013 revised insurance companies tax revenues by \$2.2 million or -41.9 percent.
- Public utilities gross earnings tax adjusted revenues in February trail expected monthly FY 2013 revised public utilities gross earnings tax revenues by \$1.6 million or -63.8 percent.
- Inheritance and gift tax adjusted revenues are less than the monthly expected FY 2013 revised revenues by \$1.4 million or -56.5 percent.
- The lottery transfer lags behind the monthly expected FY 2013 revised lottery transfer revenues by \$1.1 million or -3.5 percent.

Finally, sales and use tax, motor vehicle operator's license and registration fees, cigarette excise tax, realty transfer tax, racing and athletics tax, and bank deposits tax adjusted revenues in February are below monthly expected FY 2013 revised revenues for each of these revenue categories but by less than \$1.0 million.



Rosemary Booth Gallogly, Director
Department of Revenue
March 13, 2013

STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT
2012 Tax Amnesty Estimate to Actual

Revenue Items	FY 2013		FY 2013		YTD		YTD		February		February	
	Total Enacted Estimate	Total ORA Estimate	Total Enacted Estimate	Total ORA Estimate	Actual Revenues	Difference ORA to Actual	Enacted Estimate	ORA Estimate	Actual Revenues	Difference ORA to Actual		
Personal Income Taxes Final Payments	\$ 3,012,820	\$ 2,891,054	\$ 5,738,533	\$ 2,847,479			\$ 14,544	\$ 13,956	\$ -	\$ (13,956)		
Personal Income Taxes Withholding Payments	-	80,341	371,468	291,127			-	-	-	-		
Business Corporations Taxes	351,412	1,853,331	1,553,317	(300,014)			-	-	-	-		
Public Utilities Gross Earnings Taxes	-	3,249,910	5,161,691	1,911,781			-	-	-	-		
Financial Institutions Taxes	-	-	128,747	128,747			-	-	-	-		
Insurance Companies Gross Premiums Taxes	25,327	1,142	200,055	198,913			-	-	-	-		
Health Care Provider Assessments	6,533	37,653	19,873	(17,780)			-	-	-	-		
Sales and Use Taxes	4,422,820	792,652	2,996,775	2,204,123			-	-	-	-		
Motor Vehicle	-	-	24,155	24,155			-	-	-	-		
Motor Carrier Fuel Use Taxes	-	2,316	5,550	-3,234			-	-	-	-		
Cigarette Excise Taxes	-	90,552	67,109	(23,443)			-	-	-	-		
Inheritance Taxes	248,959	161,186	432,873	271,687			-	-	-	-		
Hotel Taxes (State's share)	47,348	770	4,962	4,192			-	-	-	-		
Prepaid Wireless E-911 Fees	-	15	8	(7)			-	-	-	-		
E-911 Wireless Surcharge Fees	-	-	36,086	36,086			-	-	-	-		
Litter Control Participation Permit Fees	-	12	7	(5)			-	-	-	-		
Imaging Surcharge Fees	-	-	74,727	74,727			-	-	-	-		
Hard to Dispose Fees	-	-	78,233	78,233			-	-	-	-		
Meals and Beverage Taxes *	-	5,183	26,709	21,526			-	-	-	-		
Other taxes not included in general revenues *	-	-	67,038	67,038			-	-	-	-		
Interest Owed on Overdue Taxes †	2,827,042	2,755,331	5,389,345	2,634,014			-	-	-	-		
Tax Amnesty Revenues	\$ 10,942,261	\$ 11,921,448	\$ 22,377,260	\$ 10,455,812			\$ 14,544	\$ 13,956	\$ -	\$ (13,956)		

* Tax amnesty revenues for meals and beverage taxes, payroll taxes, gas taxes, and the pass-through share of hotel taxes are not included in the State's general revenues.

† Interest owed on overdue personal income, business corporations, sales and use, and inheritance and gift taxes is transferred to departmental receipts on a quarterly basis in October, January, April and June. Interest on overdue taxes received through the tax amnesty program in September of \$749,312 was transferred in October. Interest owed on overdue taxes received in October through December of \$4.6 million was transferred in January 2013.

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

	YTD February Estimate of Revised FY 2013 Revenues		YTD February Adjusted Revenues FY 2013		Difference	Variance
Personal Income Tax	\$ 690,185,065		\$ 691,791,932	*	\$ 1,606,867	0.2%
General Business Taxes						
Business Corporations	26,410,414		40,773,133	*	14,362,719	54.4%
Public Utilities Gross Earnings	7,878,178	†	8,413,763	*	535,585	6.8%
Financial Institutions	5,963,174	†	8,574,465	*	2,611,291	43.8%
Insurance Companies	6,162,392		5,245,548	* ^a	(916,844)	-14.9%
Bank Deposits	131,295		602,786		471,491	359.1%
Health Care Provider Assessment	28,096,307		27,620,580	*	(475,727)	-1.7%
Excise Taxes						
Sales and Use	598,482,260		595,790,321	*	(2,691,939)	-0.4%
Motor Vehicle	25,027,275		26,202,879	* ^b	1,175,604	4.7%
Motor Carrier Fuel Use	637,346		476,156	*	(161,190)	-25.3%
Cigarettes	92,253,068		89,637,220	*	(2,615,848)	-2.8%
Alcohol	8,014,552		7,948,631		(65,921)	-0.8%
Controlled Substances	-		-		-	
Other Taxes						
Inheritance and Gift	23,046,146		19,922,807	*	(3,123,339)	-13.6%
Racing and Athletics	767,071		770,617		3,546	0.5%
Realty Transfer	4,642,470		5,054,546		412,076	8.9%
Total Taxes	\$ 1,517,697,014		\$ 1,528,825,384		\$ 11,128,370	0.7%
Departmental Receipts	\$ 120,525,329		\$ 134,500,803	* ^c	\$ 13,975,474	11.6%
Taxes and Departmentals	\$ 1,638,222,343		\$ 1,663,326,187		\$ 25,103,844	1.5%
Other General Revenue Sources						
Other Miscellaneous Revenues	2,599,498	+	2,599,498	^d	-	0.0%
Lottery Transfer	217,702,685		216,875,091	^e	(827,594)	-0.4%
Unclaimed Property	-	+	-		-	n/a
Total Other Sources	\$ 220,302,183		\$ 219,474,589		\$ (827,594)	-0.4%
Total General Revenues	\$ 1,858,524,526		\$ 1,882,800,776		\$ 24,276,250	1.3%

- † Year-to-date revised estimate is adjusted to include \$3.2 million for 2012 tax amnesty estimate included in Public Utility Gross Earnings Taxes and \$5.1 million in historic structure tax credit reimbursements included in Financial Institutions Taxes.
- + Set equal to actual amounts received due to general receipt of transfers in June.
- * 2012 Tax Amnesty revenues included in Year-to-Date February adjusted revenues are detailed in the table, *2012 Tax Amnesty Estimate to Actual*.
- ^a Deducts \$1,722,000 for an insurance settlement received in FY 2013 that was accrued back to FY 2012.
- ^b Motor vehicle registration fees adjusted revenues include \$595,291 from the International Registration Program (IRP) that were received in prior months of FY 2013, but were not posted until February 2013. Also includes \$75,459 in IRP registration fees received for February 2013.
- ^c Deducts \$124,781,503 in Hospital Licensing Fees, \$285,354 in Interim Medicaid Hospital Rate settlements, and \$1,026,551 for a drug settlement. Each of these revenues were received in FY 2013, but were accrued back to FY 2012.
- ^d Deducts \$2,218,208 for two Medicaid settlements received in FY 2013 that were accrued back to FY 2012. Includes \$964,658 for motor vehicle registration fees from the International Registration Program that were received in FY 2012, but were not posted until February 2013.
- ^e Deducts \$2,533,343 from the Lottery Transfer for revenues received in FY 2013 that were accrued back to FY 2012.

PIT Component	YTD Estimates		YTD Actuals		Difference	Variance
Estimated payments	\$ 125,384,688		122,657,852		\$ (2,726,837)	-2.2%
Final payments	34,457,394		34,267,250	*	(190,144)	-0.6%
Withholding	650,179,553		643,942,014	*	(6,237,539)	-1.0%
Refunds	(119,836,569)		(109,075,185)		10,761,385	-9.0%
Net Accrual					-	
Total	\$ 690,185,065		\$ 691,791,930		\$ 1,606,865	0.2%

STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT
Monthly Estimate to Actual

	February Estimate of Revised FY 2013 Revenues	February Adjusted Revenues FY 2013	Difference	Variance
Personal Income Tax	\$ 29,791,512	\$ 22,841,255	\$ (6,950,257)	-23.3%
General Business Taxes				
Business Corporations	(1,014,691)	(11,596)	1,003,095	-98.9%
Public Utilities Gross Earnings	2,495,363	904,120	(1,591,243)	-63.8%
Financial Institutions	(299,758)	15,468	315,226	-105.2%
Insurance Companies	5,263,050	3,055,925	(2,207,125)	-41.9%
Bank Deposits	3,428	-	(3,428)	
Health Care Provider Assessment	3,455,434	3,651,082	195,648	5.7%
Excise Taxes				
Sales and Use	64,044,102	63,084,573	(959,529)	-1.5%
Motor Vehicle	3,816,708	3,211,544 ^a	(605,164)	-15.9%
Motor Carrier Fuel Use	77,550	86,038	8,488	10.9%
Cigarettes	9,245,360	9,144,016	(101,344)	-1.1%
Alcohol	746,340	768,133	21,793	2.9%
Controlled Substances	-	-	-	
Other Taxes				
Inheritance and Gift	2,508,834	1,091,375	(1,417,459)	-56.5%
Racing and Athletics	96,275	75,229	(21,046)	-21.9%
Realty Transfer	448,680	401,844	(46,836)	-10.4%
Total Taxes	\$ 120,678,187	\$ 108,319,006	\$ (12,359,180)	-10.2%
Departmental Receipts	12,800,023	\$ 14,929,053 ^b	\$ 2,129,030	16.6%
Taxes and Departmentals	\$ 133,478,210	\$ 123,248,059	\$ (10,230,151)	-7.7%
Other General Revenue Sources				
Other Miscellaneous Revenues	967,035 ⁺	967,035 ^c	-	0.0%
Lottery Transfer	30,657,593	29,597,731	(1,059,862)	-3.5%
Unclaimed Property	-	-	-	n/a
Total Other Sources	\$ 31,624,628	\$ 30,564,766	\$ (1,059,862)	-3.4%
Total General Revenues	\$ 165,102,838	\$ 153,812,825	\$ (11,290,013)	-6.8%

+ Set equal to actual amounts received due to receipt of transfers in June.

^a Deducts \$595,291 from motor vehicle registration fees that were received from the International Registration Program (IRP) in prior months of FY 2013, but not posted until February 2013. Includes \$75,459 in IRP registration fees received for February 2013.

^b Deducts \$605,214 in Hospital Licensing Fees received in FY 2013 that was accrued back to FY 2012.

^c Other miscellaneous revenues includes \$964,658 for motor vehicle registration fees from the International Registration Program that were received in FY 2012, but not posted until February 2013.

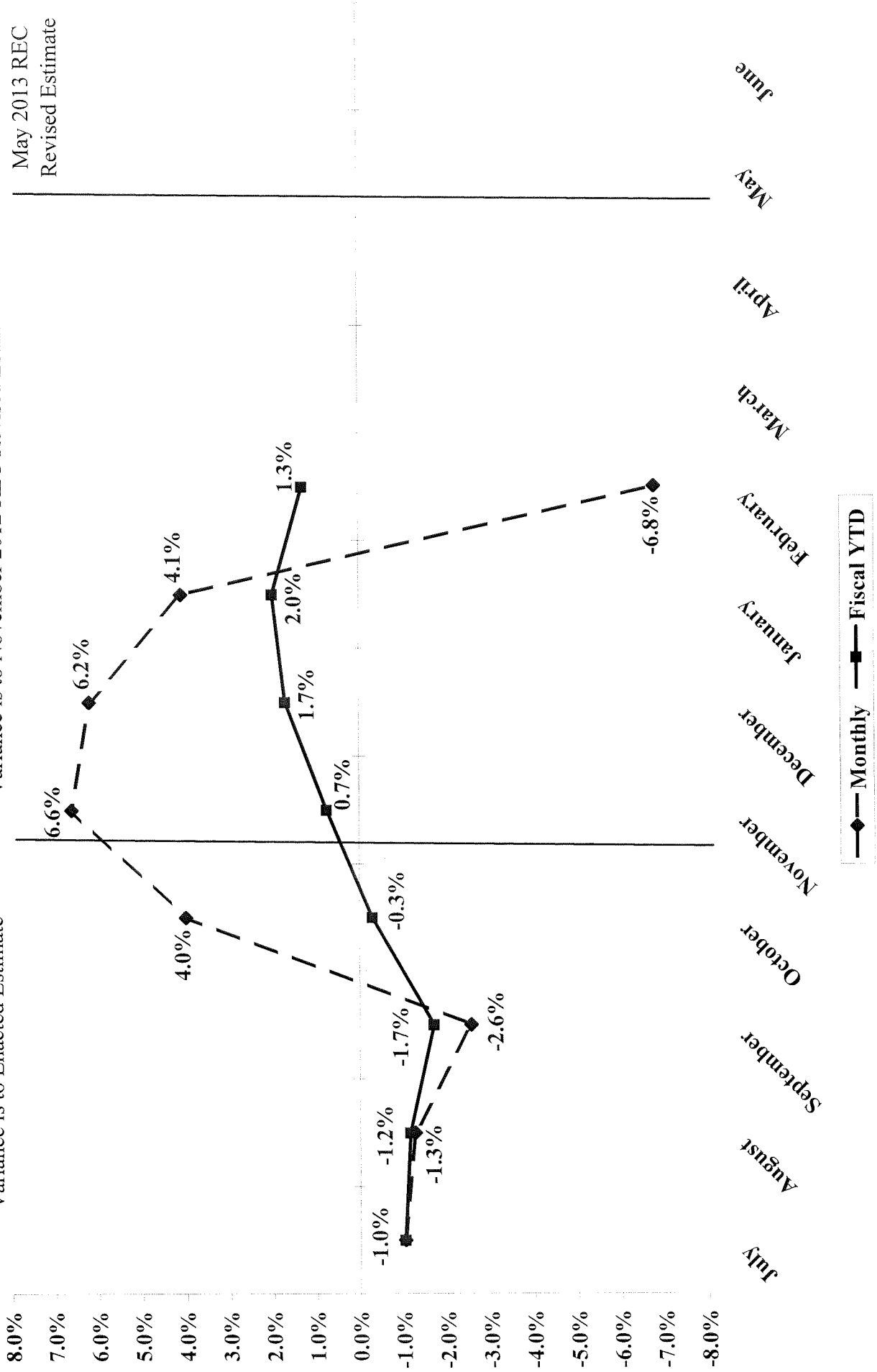
PIT Component	Estimates	Actuals	Difference	Variance
Estimated payments	\$ 2,552,440	1,563,694	\$ (988,746)	-38.7%
Final payments	3,955,263	3,759,909	(195,354)	-4.9%
Withholding	83,112,905	84,557,461	1,444,556	1.7%
Refunds	(59,829,097)	(67,039,810)	(7,210,713)	12.1%
Total	\$ 29,791,512	\$ 22,841,255	\$ (6,950,257)	-23.3%

FY 2013 Variance of Adjusted Revenues to Estimate

Variance is to Enacted Estimate

Variance is to November 2012 REC Revised Estimate

Variance is to
May 2013 REC
Revised Estimate



Appendix A

Incorporating 2012 Tax Amnesty Revenues into Expected FY 2013 Revised Revenues

The ORA 2012 tax amnesty estimates are allocated in accordance with the monthly revenues received during the 2006 Tax Amnesty program. That is, the percentage of tax amnesty revenues per revenue item in a given month in 2006 to the total tax amnesty revenues in 2006 is calculated. To determine the fiscal year-to-date tax amnesty revenue percentages, the monthly figures are summed over the relevant duration.

For revenue items that include an ORA estimate of 2012 tax amnesty revenues (as included in the table, *2012 Tax Amnesty Estimate to Actual*), ORA has modified the standard methodology in determining the monthly and fiscal year-to-date expected FY 2013 revised revenues to allow for the proper timing of these tax amnesty revenues. The modification is made to allocate ORA's estimate of tax amnesty revenues consistently over the limited duration of the tax amnesty program. First, ORA subtracted the estimate of 2012 tax amnesty revenue from the adopted revised FY 2013 revenue estimate for each revenue item. Second, the average percentage of total adjusted revenues that occurred in a given month over the past five fiscal years is combined with the percentage of tax amnesty receipts in a given month of 2006 to the total tax amnesty receipts in 2006 using a weighted average. The weight is based on the ratio of the adopted revised FY 2013 revenue estimate without estimated 2012 tax amnesty revenues to the adopted revised FY 2013 revenue estimate and the ratio of the estimated 2012 tax amnesty revenues to the adopted FY 2013 revised revenue estimate. The result of this calculation is a modified average monthly percentage of adjusted revenues including 2012 tax amnesty revenues. Fiscal year-to-date percentages are derived by summing the monthly percentages over the appropriate time frame. The modified percentage is then applied to the revised FY 2013 revenue estimates adopted at the November 2012 REC to arrive at expected FY 2013 revised revenues for each revenue item that has 2012 tax amnesty revenues associated with it.

To illustrate this procedure as applied to revenue items that include tax amnesty revenues, the revised FY 2013 revenue estimate for the health care provider assessment adopted at the November 2012 REC is used. The adopted revised FY 2013 revenue estimate for the health care provider assessment is \$42.3 million. The ORA estimates that this figure includes \$37,653 of tax amnesty revenues. The average percentage of adjusted revenues over the past five fiscal years for the health care provider assessment is 8.2 percent for the month of February. Based on the 2006 tax amnesty receipts for the health care provider assessment, 100.0 percent of tax amnesty revenues were received in the third month of the 2006 tax amnesty program, which corresponds to November 2012 in the 2012 tax amnesty program. Therefore, no tax amnesty revenues are included in February's calculation.

Using the weighted average formula described above yields a modified monthly percentage for February of:

$$8.2\% = 8.2\% \times \left(\frac{(\$42,300,000 - \$37,653)}{\$42,300,000} \right) + 0.0\% \times \left(\frac{\$37,653}{\$42,300,000} \right)$$

For the fiscal year-to-date period, each monthly percentage is summed to arrive at a modified percentage of 66.4 percent. These percentages are applied to the revised FY 2013 revenue estimate of \$42.3 million to yield expected monthly health care provider assessment revenues of \$3.5 million and fiscal year-to-date expected health care provider assessment revenues of \$28.1 million.