

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 March 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year as the Revenue Estimating Conference (see RI General Law § 35-16-1) convenes and modifies the revenue estimates originally enacted by the General Assembly.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 March:

Revenue Item	Percent Received		Revenue Item	Percent Received	
	Month	YTD		Month	YTD
Personal Income Taxes			Motor Vehicles Fees	16.4 %	67.8 %
Estimated Payments	1.8 %	65.9 %	Motor Carrier Fuel Use+	1.5 %	65.2 %
Final Payments+	8.0 %	26.7 %	Cigarettes Taxes+	8.1 %	74.9 %
Withholding Payments+	9.7 %	75.9 %	Alcohol Excise Taxes	6.3 %	73.0 %
Refunds Paid	23.5 %	66.9 %	Inheritance & Gift+	8.8 %	77.0 %
Business Corporations Taxes+	45.7 %	65.1 %	Racing & Athletics	8.8 %	72.8 %
Utilities Gross Earnings Taxes	39.2 %	45.5 %†	Realty Transfer	5.6 %	77.1 %
Financial Institutions Taxes	23.7 %	81.7 %†	Departmental Receipts+	7.1 %	65.5 %
Insurance Co. Gross Premiums+	38.6 %	45.3 %	Lottery Transfer	8.4 %	64.7 %
Bank Deposits	34.4 %	40.6 %	Other Misc. Revenues	n/a	n/a
Health Care Provider Assessment+	8.5 %	74.9 %	Unclaimed Property	0.0 %	0.0 %
Sales and Use Taxes+ <sup>1</sup>	7.3 %	75.4 %			

+ 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.

<sup>1</sup> 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 weighted 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 9<sup>th</sup>, the Office of Revenue Analysis (ORA) derived its own estimate of tax amnesty revenues by revenue item taking into account 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 monthly tax amnesty estimates by revenue item compared to actual year-to-date and monthly tax amnesty revenues. Details of the process used to incorporate 2012 tax amnesty revenues into monthly and fiscal year-to-date expected FY 2013 revised revenues can be found in **Appendix A**.

ORA's 2012 tax amnesty estimate for public utilities gross earnings taxes was set equal to the actual tax amnesty revenues received through October of \$3.2 million, with no additional 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:

<b>Revenue Item</b>	<b>Revised FY 2013 Estimate</b>	<b>Revenue Item</b>	<b>Revised FY 2013 Estimate</b>
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 Receipts+	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		
		<b>Total General Revenues^</b>	<b>\$ 3,328,415,000</b>
<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 adjusts 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 March of 7.3 percent and the fiscal year-to-date of 75.5 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 \$63.2 million for March and \$655.3 million for the fiscal year-to-date through March. 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 11.4 percent for March and 61.7 percent for the fiscal year-to-date period. The expected FY 2013 revised “additional” sales and use tax revenues are \$1.3 million in March and \$6.8 million for the fiscal year-to-date through March. Based on 2006 tax amnesty receipts for sales and use taxes, \$3,392 of tax amnesty payments are projected to be received in March, and 100.0 percent of the tax amnesty payments is expected to be received for the fiscal year-to-date period, or \$792,652. These figures are summed to arrive at total expected FY 2013 revised sales and use tax revenues of \$64.4 million for the month of March and \$662.9 million for the fiscal year-to-date through March. This translates to a modified average percentage of 7.3 percent for the month of March and 75.4 percent for the fiscal year-to-date through March.

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 March 2013**

The table, *Year-to-Date Estimate to Actual*, gives the results for the first nine months of FY 2013. As is apparent from the table, the Department of Revenue finds that fiscal year-to-date adjusted total general revenues through March trail expected revenues based on the revised FY 2013 revenue estimates adopted at the November 2012 Revenue Estimating Conference by \$8.5 million or -0.4 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 fiscal year-to-date adjusted revenues through March fall short of expected FY 2013 revised revenues by \$18.1 million or -1.0 percent. For departmental receipts, the difference from the fiscal year-to-date adjusted revenues through March to expected FY 2013 revised revenues is \$14.3 million or 10.6 percent. For other general revenue sources, fiscal year-to-date adjusted revenues through March is less than expected FY 2013 revised revenues by \$4.7 million or -1.9 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 (IRP), but not posted until February 2013.

In addition to departmental receipts, two revenue items have fiscal year-to-date adjusted revenues through March 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.

- Financial institutions tax adjusted revenues for FY 2013 through March are \$3.7 million, or 54.9 percent, more than expected FY 2013 revised revenues of \$6.7 million. Fiscal year-to-date financial institutions tax adjusted revenues include \$5.1 million of reimbursed Historic Structures Tax Credits (HSTCs). Fiscal year-to-date financial institutions tax adjusted revenues also 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.
- Fiscal year-to-date motor vehicle operator's license and registration fees adjusted revenues are \$1.8 million, or 5.3 percent, more than the expected FY 2013 revised revenues of \$33.0 million. Motor vehicle operator's license and registration fees 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. Fiscal year-to-date motor vehicle operator's license and registration fees adjusted revenues also include \$867,099 received from the International Registration Program (IRP) for FY 2013.

Fiscal year-to-date bank deposits tax, realty transfer tax, and alcohol excise tax adjusted revenues through March are greater than expected FY 2013 revised revenues, but by less than \$1.0 million.

On the negative side, eight revenue items have fiscal year-to-date adjusted revenues through March that are less than expected FY 2013 revised revenues by \$1.0 million or more.

- Personal income tax adjusted revenues for FY 2013 through March trail expected FY 2013 revised revenues by \$6.8 million or -0.9 percent. This shortfall is due to lower withholding, estimated and final payments adjusted revenues coming in less than expected FY 2013 revised revenues. Fiscal year-to-date withholding tax adjusted revenues are less than expected FY 2013 revised withholding tax revenues by \$6.8 million or -0.9 percent. 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 payments adjusted revenues are less than expected FY 2013 estimated tax revenues by \$2.9 million or -2.2 percent. Fiscal year-to-date final payments adjusted revenues are less than expected FY 2013 revised final payments revenues by \$1.8 million or -3.6 percent. This shortage is despite the fact that final payments 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 payments. Personal income tax final payments adjusted revenues also include \$2.4 million of reimbursed Historic Structures Tax Credits (HSTCs). Fiscal year-to-date

refunds and adjustments adjusted revenues are less than the expected FY 2013 revised refunds and adjustments revenue by \$4.7 million or -2.5 percent.

- The fiscal year-to-date lottery transfer through March lags the expected FY 2013 revised lottery transfer by \$4.7 million or -1.9 percent.
- Sales and use tax adjusted revenues for FY 2013 through March are below expected FY 2013 revised revenues by \$4.6 million or -0.7 percent. This shortage is despite the fact that 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.
- Fiscal year-to-date inheritance and gift tax adjusted revenues through March are less than expected FY 2013 revised revenues by \$2.9 million or -11.2 percent. 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.
- Public utilities gross earnings tax adjusted revenues through March of FY 2013 are \$2.1 million or -4.5 percent less than expected monthly FY 2012 revised revenues of \$47.3 million. Public utilities gross earnings tax adjusted revenues include \$5.2 million of 2012 tax amnesty revenues, which is more than the ORA 2012 tax amnesty estimate of \$3.2 million.
- Fiscal year-to-date insurance companies gross premiums tax adjusted revenues through March trail expected FY 2013 revised revenues by \$1.5 million or -3.6 percent. The insurance companies gross premiums tax adjusted revenues include \$200,055 of 2012 tax amnesty revenues, which exceeds the ORA 2012 tax amnesty estimate of \$1,142.
- Business corporations tax adjusted revenues for FY 2013 through March are \$1.3 million, or -1.5 percent, less than expected FY 2013 revised revenues of \$88.5 million. 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.

Fiscal year-to-date health care provider assessment, motor carrier fuel use tax and racing and athletics tax adjusted revenues through March are below expected FY 2013 revised revenues, but by less than \$1.0 million.

### **Results for the Month of March 2013**

The table, *Monthly Estimate to Actual*, gives the results for March. As is apparent from the table, the Department of Revenue finds that March adjusted total general revenues fall short of the monthly expected FY 2013 revised total general revenues by \$32.8 million or -10.0 percent. In total taxes, March adjusted revenues are below the monthly expected FY 2013 revised revenues by \$29.2 million or -10.5 percent. For departmental receipts, the difference from March adjusted revenues to the monthly expected FY 2013 revised revenues is \$304,677 or 2.1 percent. For other general revenue sources, March adjusted revenues lag the monthly expected FY 2013 revised revenue by \$3.9 million or -11.8 percent.

In March, one revenue item had adjusted revenues that exceed monthly expected FY 2013 revised revenues by \$1.0 million or more.

- Financial institutions tax adjusted revenues for March are \$1.1 million, or 145.2 percent, greater than the monthly expected FY 2013 revised revenues of \$736,725.

In addition to departmental receipts, motor vehicle operator's license and registrations fees, inheritance and gift tax, alcohol excise tax, and motor carrier fuel use tax adjusted revenues for March are all greater than monthly expected FY 2013 revised revenues, but by less than \$1.0 million.

On the negative side, six revenue items have March adjusted revenues that are less than the monthly expected FY 2013 revised revenues by \$1.0 million or more.

- Business corporations tax adjusted revenues for March are \$15.7 million, or -25.3 percent, less than the monthly expected FY 2013 revised revenues of \$62.1 million.
- Personal income tax adjusted revenues for March fall short of the monthly expected FY 2013 revised revenues by \$8.4 million or -17.2 percent. This shortfall is attributable to higher refunds and adjustments adjusted revenues than the monthly expected FY 2013 revised revenues, along with lower final, withholding and estimated tax payments adjusted revenues. Refunds and adjustments adjusted revenues are higher than the monthly expected FY 2013 revised refunds and adjustments revenue by \$6.1 million or 9.4 percent. The March final payments adjusted revenues are less than the monthly expected FY 2013 revised final payments revenues by \$1.6 million or -10.7 percent. Final payments adjusted revenues did not include any 2012 tax amnesty revenues, nor was there an ORA 2012 tax amnesty estimate included in the monthly expected FY 2013 revised final payments. The withholding tax payments adjusted revenues for March are lower than monthly expected FY 2013 revised withholding tax revenues by \$576,199 or -0.6 percent. The monthly expected FY 2013 revised personal income tax revenues include an ORA 2012 tax amnesty estimate of \$12,375 in withholding tax payments; however, withholding tax payments adjusted revenues did not include any 2012 tax amnesty revenues. Estimated tax adjusted revenues for March are less than monthly expected FY 2013 estimated tax revenues by \$168,011 or -4.7 percent. Personal income tax adjusted revenues also include \$78,919 of reimbursed Historic Structures Tax Credits (HSTCs).
- The March lottery transfer lags behind the monthly expected FY 2013 revised lottery transfer revenues by \$3.9 million or -11.9 percent.
- Public utilities gross earnings tax adjusted revenues for March trail the monthly expected FY 2013 revised revenues by \$2.7 million or -6.7 percent.
- Sale and use tax adjusted revenues for March are less than expected monthly FY 2013 revised revenues by \$1.9 million or -3.0 percent. The monthly expected FY 2013 revised revenues include an ORA 2012 tax amnesty estimate of \$3,392 in sales and use taxes; however, monthly adjusted revenues did not include any 2012 tax amnesty revenues.



- Cigarette excise tax adjusted revenues for March are less than the monthly expected FY 2013 revised revenues by \$1.4 million or -12.9 percent. The monthly expected FY 2013 revised revenues include an ORA 2012 tax amnesty estimate of \$387 in cigarette excise taxes; however, the monthly adjusted revenues did not include any 2012 tax amnesty revenues.

Finally, insurance companies gross premiums tax, health care provider assessment, bank deposits tax, realty transfer tax, racing and athletics tax adjusted revenues for March 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

April 10, 2013

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

Revenue Items	FY 2013	FY 2013	YTD	YTD	March	March	March	March
	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	\$ -	\$ -	\$ -	\$ -
Personal Income Taxes Withholding Payments	-	80,341	371,468	291,127	-	12,375	-	(12,375)
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	18,927	3,392	-	(3,392)
Motor Vehicle	-	-	24,155	24,155	-	-	-	-
Motor Carrier Fuel Use Taxes	-	2,316	5,550	3,234	-	10	-	(10)
Cigarette Excise Taxes	-	90,552	67,109	(23,443)	-	387	-	(387)
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	-	-	-	-
<b>Tax Amnesty Revenues</b>	<b>\$ 10,942,261</b>	<b>\$ 11,921,448</b>	<b>\$ 22,377,260</b>	<b>\$ 10,455,812</b>	<b>\$ 18,927</b>	<b>\$ 16,165</b>	<b>\$ -</b>	<b>\$ (16,165)</b>

\* 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 March Estimate of Revised FY 2013 Revenues		YTD March Adjusted Revenues FY 2013		Difference	Variance
<b>Personal Income Tax</b>	\$ 739,091,078		\$ 732,287,735	*	\$ (6,803,343)	-0.9%
<b>General Business Taxes</b>						
Business Corporations	88,488,064		87,157,987	*	(1,330,077)	-1.5%
Public Utilities Gross Earnings	47,330,473	†	45,210,114	*	(2,120,359)	-4.5%
Financial Institutions	6,699,898	†	10,380,839	*	3,680,941	54.9%
Insurance Companies	41,622,753		40,119,181	* <sup>a</sup>	(1,503,572)	-3.6%
Bank Deposits	852,962		1,285,837		432,875	50.7%
Health Care Provider Assessment	31,691,256		30,840,161	*	(851,095)	-2.7%
<b>Excise Taxes</b>						
Sales and Use	662,892,870		658,260,635	*	(4,632,235)	-0.7%
Motor Vehicle	33,001,870		34,767,159	* <sup>b</sup>	1,765,289	5.3%
Motor Carrier Fuel Use	651,966		497,803	*	(154,163)	-23.6%
Cigarettes	103,346,668		99,295,567	*	(4,051,101)	-3.9%
Alcohol	8,765,346		8,792,350		27,004	0.3%
Controlled Substances	-		-		-	
<b>Other Taxes</b>						
Inheritance and Gift	26,012,953		23,105,193	*	(2,907,760)	-11.2%
Racing and Athletics	873,245		861,759		(11,486)	-1.3%
Realty Transfer	5,008,964		5,399,284		390,320	7.8%
<b>Total Taxes</b>	<b>\$ 1,796,330,366</b>		<b>\$ 1,778,261,604</b>		<b>\$ (18,068,762)</b>	<b>-1.0%</b>
<b>Departmental Receipts</b>	<b>\$ 135,138,219</b>		<b>\$ 149,418,369</b>	* <sup>c</sup>	<b>\$ 14,280,151</b>	<b>10.6%</b>
<b>Taxes and Departmentals</b>	<b>\$ 1,931,468,584</b>		<b>\$ 1,927,679,973</b>		<b>\$ (3,788,611)</b>	<b>-0.2%</b>
<b>Other General Revenue Sources</b>						
Other Miscellaneous Revenues	2,804,232	+	2,804,232	<sup>d</sup>	-	0.0%
Lottery Transfer	250,249,566		245,560,217	<sup>e</sup>	(4,689,349)	-1.9%
Unclaimed Property	-	+	-		-	n/a
<b>Total Other Sources</b>	<b>\$ 253,053,798</b>		<b>\$ 248,364,449</b>		<b>\$ (4,689,349)</b>	<b>-1.9%</b>
<b>Total General Revenues</b>	<b>\$ 2,184,522,383</b>		<b>\$ 2,176,044,422</b>		<b>\$ (8,477,960)</b>	<b>-0.4%</b>

† 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*.

<sup>a</sup> Deducts \$1,722,000 for an insurance settlement received in FY 2013 that was accrued back to FY 2012.

<sup>b</sup> Motor vehicle registration fees adjusted revenues include \$867,099 for International Registration Program (IRP) registration fees received for FY 2013.

<sup>c</sup> Deducts \$125,991,931 in Hospital Licensing Fees, \$357,327 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. Also deducts \$499,484 for a cost recovery charge that was taken in error in March 2013 and will be reversed in April 2013.

<sup>d</sup> Deducts \$2,218,208 for two Medicaid settlements received in FY 2013 that were accrued back to FY 2012. Also, other miscellaneous adjusted revenues include \$964,658 for motor vehicle registration fees that were received in FY 2012 from the International Registration Program (IRP), but were not posted until February 2013.

<sup>e</sup> 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	\$ 128,989,484		126,094,637		\$ (2,894,847)	-2.2%
Final payments	49,126,395		47,368,993	*	(1,757,402)	-3.6%
Withholding	745,589,724		738,775,986	*	(6,813,738)	-0.9%
Refunds	(184,614,525)		(179,951,881)		4,662,644	-2.5%
Net Accrual					-	
<b>Total</b>	<b>\$ 739,091,078</b>		<b>\$ 732,287,735</b>		<b>\$ (6,803,343)</b>	<b>-0.9%</b>

**STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT**  
**Monthly Estimate to Actual**

	March Estimate of Revised FY 2013 Revenues	March Adjusted Revenues FY 2013	Difference	Variance
<b>Personal Income Tax</b>	\$ 48,906,013	\$ 40,495,804	\$ (8,410,209)	-17.2%
<b>General Business Taxes</b>				
Business Corporations	62,077,650	46,384,854	(15,692,796)	-25.3%
Public Utilities Gross Earnings	39,452,295	36,796,351	(2,655,944)	-6.7%
Financial Institutions	736,725	1,806,374	1,069,649	145.2%
Insurance Companies	35,460,360	34,873,633	(586,727)	-1.7%
Bank Deposits	721,667	683,051	(38,616)	-5.4%
Health Care Provider Assessment	3,594,949	3,219,581	(375,368)	-10.4%
<b>Excise Taxes</b>				
Sales and Use	64,410,611	62,470,314	(1,940,297)	-3.0%
Motor Vehicle	7,974,595	8,564,280 <sup>a</sup>	589,685	7.4%
Motor Carrier Fuel Use	14,620	21,647	7,027	48.1%
Cigarettes	11,093,600	9,658,347	(1,435,253)	-12.9%
Alcohol	750,794	843,719	92,925	12.4%
Controlled Substances	-	-	-	
<b>Other Taxes</b>				
Inheritance and Gift	2,966,806	3,182,386	215,580	7.3%
Racing and Athletics	106,174	91,142	(15,032)	-14.2%
Realty Transfer	366,493	344,738	(21,755)	-5.9%
<b>Total Taxes</b>	<b>\$ 278,633,352</b>	<b>\$ 249,436,221</b>	<b>\$ (29,197,130)</b>	<b>-10.5%</b>
<b>Departmental Receipts</b>	14,612,890	\$ 14,917,567 <sup>b</sup>	\$ 304,677	2.1%
<b>Taxes and Departmentals</b>	<b>\$ 293,246,242</b>	<b>\$ 264,353,788</b>	<b>\$ (28,892,453)</b>	<b>-9.9%</b>
<b>Other General Revenue Sources</b>				
Other Miscellaneous Revenues	204,734 <sup>+</sup>	204,734	-	0.0%
Lottery Transfer	32,546,881	28,685,126	(3,861,755)	-11.9%
Unclaimed Property	-	-	-	n/a
<b>Total Other Sources</b>	<b>\$ 32,751,615</b>	<b>\$ 28,889,860</b>	<b>\$ (3,861,755)</b>	<b>-11.8%</b>
<b>Total General Revenues</b>	<b>\$ 325,997,857</b>	<b>\$ 293,243,648</b>	<b>\$ (32,754,208)</b>	<b>-10.0%</b>

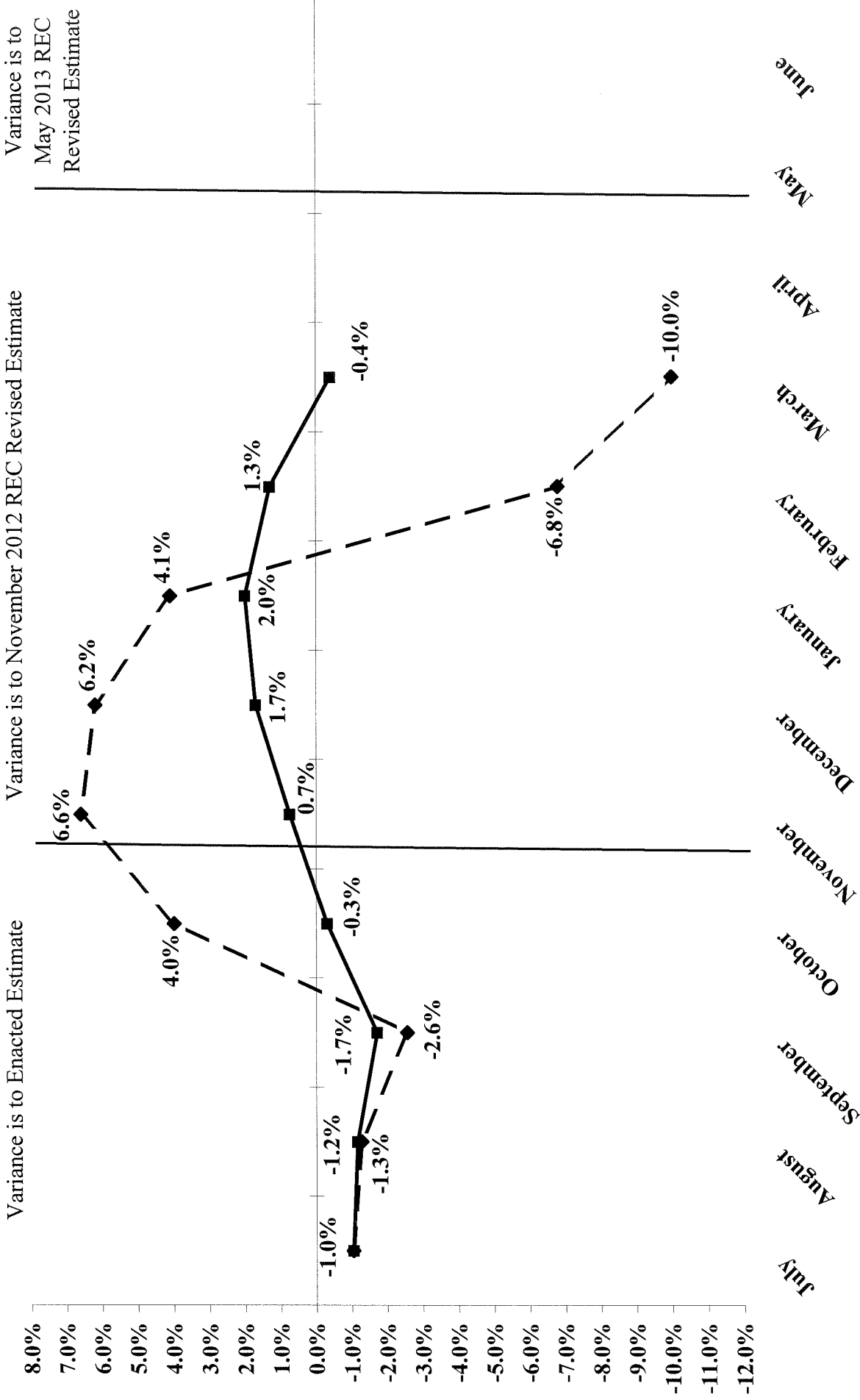
<sup>+</sup> Set equal to actual amounts received due to receipt of transfers in June.

<sup>a</sup> Motor vehicle registration fees adjusted revenues include \$196,350 for International Registration Program (IRP) registration fees received in March 2013.

<sup>b</sup> Deducts \$605,214 in Hospital Licensing Fees received in FY 2013 that was accrued back to FY 2012; deducts \$71,973 in Interim Hospital Settlements received in FY 2013 that was accrued back to FY 2012; and deducts \$499,484 for a cost recovery charge that was taken in error in March 2013 and will be reversed in April 2013.

PIT Component	Estimates	Actuals	Difference	Variance
Estimated payments	\$ 3,604,796	3,436,786	\$ (168,011)	-4.7%
Final payments	14,669,001	13,101,743	(1,567,258)	-10.7%
Withholding	95,410,171	94,833,972	(576,199)	-0.6%
Refunds	(64,777,956)	(70,876,696)	(6,098,741)	9.4%
<b>Total</b>	<b>\$ 48,906,013</b>	<b>\$ 40,495,804</b>	<b>\$ (8,410,209)</b>	<b>-17.2%</b>

# FY 2013 Variance of Adjusted Revenues to 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 8.5 percent for the month of March. 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 March's calculation.

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

$$8.5\% = 8.5\% \times \left( \frac{(\$42,300,000 - \$37,653)}{\$42,300,000} \right) + 0.0\% \times \left( \frac{\$37,653}{\$42,300,000} \right)$$

For the fiscal year-to-date period, each monthly percentage is summed to arrive at a modified percentage of 74.9 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 \$3.6 million and fiscal year-to-date expected health care provider assessment revenues of \$31.7 million.