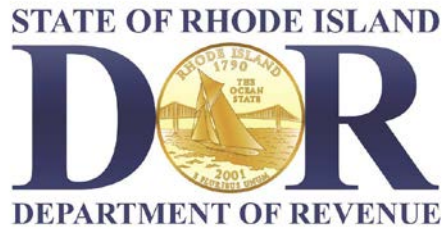


STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
GOVERNOR GINA M. RAIMONDO



Office of Revenue Analysis

Cash Collections Report as of September 2016 Summary

Fiscal Year-to-Date through September:

FY 2017 total general revenue cash collections through September were \$952.1 million, up \$23.9 million or 2.6 percent over the same period in FY 2016. The breakdown by major revenue components is as follows:

Component	FY 2017	FY 2016	Difference	% Change
Personal Income Tax	\$ 312,410,942	\$ 305,154,809	\$ 7,256,133	2.4 %
Sales and Use Taxes	274,077,919	267,801,944	6,275,975	2.3 %
Departmental Receipts	192,699,082	183,110,500	9,588,582	5.2 %
Lottery Transfer	62,247,688	60,894,618	1,353,070	2.2 %
All Other Revenues	110,714,203	111,255,060	(540,857)	-0.5 %
Total General Revenues	\$ 952,149,834	\$ 928,216,931	\$ 23,932,903	2.6 %

Month of September:

September 2016 total general revenue cash collections were \$301.2 million, down \$9.2 million or -2.9 percent from September 2015. The breakdown by major revenue components is as follows:

Component	September 2016	September	Difference	% Change
Personal Income Tax	\$ 135,818,782	\$ 132,562,580	\$ 3,256,202	2.5 %
Sales and Use Taxes	86,746,465	87,232,107	(485,642)	-0.6 %
Departmental Receipts	13,639,678	13,085,906	553,772	4.2 %
Lottery Transfer	29,488,164	30,203,992	(715,828)	-2.4 %
All Other Revenues	35,486,222	47,249,515	(11,763,293)	-24.9 %
Total General Revenues	\$ 301,179,311	\$ 310,334,100	\$ (9,154,789)	-2.9 %

STATE OF RHODE ISLAND MONTHLY CASH COLLECTIONS
Fiscal Year To Date

2

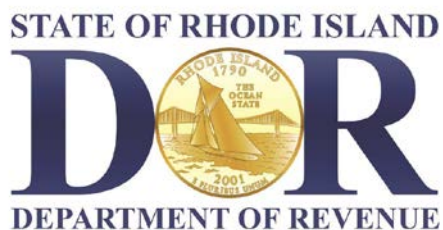
	FY 2017 YTD September	FY 2016 YTD September	Nominal Difference	Change
<u>Personal Income Tax</u>	\$ 312,410,942	\$ 305,154,809	\$ 7,256,133	2.4%
<u>General Business Taxes</u>				
Business Corporations	22,841,518	29,458,439	(6,616,921)	-22.5%
Public Utilities Gross Earnings	1,078,448	1,163,369	(84,921)	-7.3%
Financial Institutions	643,305	485,972	157,333	32.4%
Insurance Companies	17,241,212	5,418,816	11,822,396	218.2%
Bank Deposits	(779)	28,707	(29,486)	-102.7%
Health Care Provider Assessment	10,434,073	11,102,016	(667,943)	-6.0%
<u>Excise Taxes</u>				
Sales and Use	274,077,919	267,801,944	6,275,975	2.3%
Motor Vehicle	2,575,344	7,476,629	(4,901,285)	-65.6%
Motor Carrier Fuel Use	-	(103,185)	103,185	-
Cigarettes	38,356,454	41,042,157	(2,685,703)	-6.5%
Alcohol	5,335,117	4,984,681	350,436	7.0%
<u>Other Taxes</u>				
Estate and Transfer	8,505,678	7,036,558	1,469,120	20.9%
Racing and Athletics	300,966	277,061	23,905	8.6%
Realty Transfer	3,372,319	2,878,151	494,168	17.2%
Total Taxes	\$ 697,172,516	\$ 684,206,124	\$ 12,966,392	1.9%
<u>Departmental Receipts</u>				
Licenses and Fees	\$ 181,485,060	\$ 171,346,920	\$ 10,138,140	5.9%
Fines and Penalties	3,236,266	2,360,193	876,073	37.1%
Sales and Services	2,322,337	2,623,435	(301,098)	-11.5%
Miscellaneous	5,655,419	6,779,952	(1,124,533)	-16.6%
Total Departmental Receipts	\$ 192,699,082	\$ 183,110,500	\$ 9,588,582	5.2%
Taxes and Departmentals	\$ 889,871,598	\$ 867,316,624	\$ 22,554,974	2.6%
<u>Other General Revenue Sources</u>				
Other Miscellaneous Revenues	\$ 30,548	\$ 5,689	\$ 24,859	437.0%
Lottery Transfer	62,247,688	60,894,618	1,353,070	2.2%
Unclaimed Property	-	-	-	-
Total Other Sources	\$ 62,278,236	\$ 60,900,307	\$ 1,377,929	2.3%
Total General Revenues	\$ 952,149,834	\$ 928,216,931	\$ 23,932,903	2.6%

STATE OF RHODE ISLAND MONTHLY CASH COLLECTIONS
Month of September

3

	FY 2017 Month of September		FY 2016 Month of September	Nominal Difference	% Change
<u>Personal Income Tax</u>	\$ 135,818,782		\$ 132,562,580	\$ 3,256,202	2.5%
<u>General Business Taxes</u>					
Business Corporations	11,791,569		17,291,084	(5,499,515)	-31.8%
Public Utilities Gross Earnings	463,128		305,167	157,961	51.8%
Financial Institutions	869,547		410,084	459,463	112.0%
Insurance Companies	231,915		1,610,831	(1,378,916)	-85.6%
Bank Deposits	(2,080)		199	(2,279)	-1145.2%
Health Care Provider Assessment	3,506,338		3,672,747	(166,409)	-4.5%
<u>Excise Taxes</u>					
Sales and Use	86,746,465		87,232,107	(485,642)	-0.6%
Motor Vehicle	1,010,041		2,593,390	(1,583,349)	-61.1%
Motor Carrier Fuel Use	104,986		(93,251)	198,237	-212.6%
Cigarettes	12,658,455		16,770,643	(4,112,188)	-24.5%
Alcohol	1,869,775		1,507,583	362,192	24.0%
<u>Other Taxes</u>					
Estate and Transfer	1,691,802		2,207,970	(516,168)	-23.4%
Racing and Athletics	95,970		102,429	(6,459)	-6.3%
Realty Transfer	1,164,995		870,394	294,601	33.8%
Total Taxes	\$ 258,021,688		\$ 267,043,957	\$ (9,022,269)	-3.4%
<u>Departmental Receipts</u>					
Licenses and Fees	\$ 9,037,031		\$ 8,196,834	\$ 840,197	10.3%
Fines and Penalties	1,148,118		1,168,115	(19,997)	-1.7%
Sales and Services	811,016		992,340	(181,324)	-18.3%
Miscellaneous	2,643,513		2,728,617	(85,104)	-3.1%
Total Departmental Receipts	\$ 13,639,678		\$ 13,085,906	\$ 553,772	4.2%
Taxes and Departmentals	\$ 271,661,366		\$ 280,129,863	\$ (8,468,497)	-3.0%
<u>Other General Revenue Sources</u>					
Other Miscellaneous Revenues	\$ 29,781		\$ 245	\$ 29,536	12055.5%
Lottery Transfer	29,488,164		30,203,992	(715,828)	-2.4%
Unclaimed Property	-		-	-	-
Total Other Sources	\$ 29,517,945		\$ 30,204,237	\$ (686,292)	-2.3%
Total General Revenues	\$ 301,179,311		\$ 310,334,100	\$ (9,154,789)	-2.9%

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
GOVERNOR GINA M. RAIMONDO



Office of Revenue Analysis

**State of Rhode Island Cash Collections Report
 September 2016 Detail**

The Rhode Island Department of Revenue cash collections report is a comprehensive analysis of fiscal year-to-date and monthly cash collections on all revenue sources estimated by the principals of the Revenue Estimating Conference (see Rhode Island General Laws § 35-16-1). *Users of this report should be cautious when comparing year-to-date growth rates for Other Miscellaneous Revenues and Unclaimed Property as the receipt of these revenues occurs at discrete points in time over the course of a fiscal year. Further complicating matters is the fact that the discrete pattern of receipts varies so that payments received do not necessarily occur at the same point in time in each fiscal year.*

Cash Flow Differences

Fiscal Year-To-Date through September:

The following cash flow differences between FY 2017 and FY 2016 should be noted:

FY 2017

- Fiscal year-to-date personal income tax refunds and adjustments cash collections include \$9.3 million for refunds paid out in July and August 2016 but accrued back to FY 2016.
- Fiscal year-to-date business corporations tax cash collections include a transfer of \$(100,000) of receipts to financial institutions tax in September 2016 to properly record a tax payment that was incorrectly recorded in a prior month.
- Fiscal year-to-date financial institutions tax cash collections include \$100,000 of receipts that were moved in September 2016 from business corporations tax cash collections to properly record a tax payment that was incorrectly recorded in a prior month.
- Fiscal year-to-date insurance companies gross premiums tax cash collections include \$16.8 million in HMO payments posted in July 2016 that accrued back to FY 2016.

- Fiscal year-to-date sales and use tax cash collections include \$2.3 million from a payment received in August 2016 that is associated with the audit of prior year sales and use tax incurred.
- Fiscal year-to-date motor carrier fuel use tax cash collections are transferred from general revenues to other funds effective July 1, 2016. FY 2017 through September motor carrier fuel use tax cash collections include no receipts compared to the \$(103,185) collected in FY 2016 through September.
- Fiscal year-to-date realty transfer tax cash collections through September include \$59,708 of funds designated for the Housing Resources Commission (HRC). The amount reflects the difference between the June 2016 transfer that occurred in July 2016 and the September 2016 transfer that will occur in October 2016.
- For the fiscal year-to-date period through September, hospital licensing fee cash collections are \$8.5 million more than the same period in FY 2016. The increase in hospital licensing fee cash collections is due to an increase in the hospital licensing fee rate from 5.745 percent for FY 2015 to 5.862 percent for FY 2016 and the advancement of the hospital licensing fee base from hospital FY 2013 net patient revenues in FY 2015 to hospital FY 2014 net patient revenues in FY 2016. The prior fiscal year hospital licensing fee is received in July of the current year.
- The licenses and fees category of departmental receipts in FY 2017 through September includes a payment of \$276,946 for beach parking fees that was received in July 2016 but accrued to FY 2016.
- In the fines and penalties category of departmental receipts, collections from the Rhode Island Traffic Tribunal are \$547,536 more in FY 2017 through September compared to FY 2016 through September. Due to the implementation of a new collections system, receipts from the Traffic Tribunal are able to be posted in the same month as when the activity that generated those receipts occurred. Previously, receipts were posted in the month following the activity.
- In miscellaneous departmental receipts, collections from a Department of Health cost recovery account in FY 2017 through September were down by \$514,610 compared to FY 2016 through September. Effective January 1, 2016, deposits generated by quarterly payments for this account must be made into a lockbox and be transferred into the general fund by request. The transfers occur, in general, on a monthly basis, with the exception of the quarterly collection period when they are done weekly. Previously, deposits were made directly into the account and may have been done on a quarterly, semi-annual, or annual basis.

FY 2016

- Fiscal year-to-date personal income tax refunds and adjustments cash collections include \$1.4 million of reimbursed Historic Structures Tax Credits (HSTCs), which were recorded in July 2015 but accrued back to FY 2015.
- Fiscal year-to-date insurance companies gross premiums tax cash collections include \$4.5 million of reimbursed HSTCs, which were recorded in July 2015 but accrued back to FY 2015.

- Motor vehicle license and registration fees through September of FY 2016 are greater by \$4.9 million compared to motor vehicle license and registration fees through September of FY 2017. Effective July 1, 2016, the percentage of motor vehicle license and registration fees that are transferred to the Rhode Island Highway Maintenance Account (RIHMA) increased from 25 percent to 75 percent. On a fiscal year-to-date basis, the 75 percent transfer to RIHMA has reduced FY 2017 motor vehicle license and registration fees by \$7.7 million, an increase of \$5.2 million compared to the 25 percent transfer in the same period of FY 2016 of \$2.5 million.
- The licenses and fees category of departmental receipts in FY 2016 through September does not include a payment of \$679,646 for beach parking fees in July 2015 that was posted in October 2015.
- Miscellaneous departmental receipts in FY 2016 through September include \$215,960 received in July 2015 from a settlement between the Office of the Attorney General and a credit card provider and \$118,609 in July 2015 from a settlement with a mobile telephone provider for placing third-party service charges on consumers' bills, known as "mobile cramming".
- Year-to-date FY 2016 miscellaneous departmental receipts include \$388,625 in state hotel tax receipts that reflect hotel activity in June 2015. Effective July 1, 2015, the state's share and the statewide tourism district's share of the state 5.0 percent hotel tax were transferred from general revenues to the Rhode Island Commerce Corporation (RICC) for a state level tourism promotion and business attraction campaign.

The following table displays the differences in cash flows for FY 2017 through September and FY 2016 through September:

Revenue Source	Cash Flow Differences	YTD FY 2017	YTD FY 2016
Personal Income Tax	Refunds paid but accrued to prior year	\$9,297,000	\$0
Personal Income Tax	Late reimbursement of HSTCs	\$0	\$1,355,142
Bus Corp Tax	Transfer to financial institutions in Sept. 2016	\$(100,000)	\$0
Financial Inst. Tax	Transfer from bus corp tax in Sept. 2016	\$100,000	\$0
Ins Gross Premiums Tax	Late HMO payments	\$16,844,511	\$0
Ins Gross Premiums Tax	Late reimbursement of HSTCs	\$0	\$4,450,735
Sales and Use Tax	Audit payment	\$2,273,693	\$0
MV License & Reg Fees	25% RIHMA transfer increase to 75%	\$0	\$4,901,285
Motor Carrier Fuel Use	Transfer to other funds	\$0	\$(103,185)
Realty Transfer	Delayed transfer to Housing Resources Comm.	\$59,708	\$0
Departmental Receipts	Hospital licensing fee difference	\$8,504,219	\$0
Departmental Receipts	Late beach parking fee payments	\$276,946	\$(679,646)
Departmental Receipts	End of Traffic Tribunal delayed posting	\$547,536	\$0
Departmental Receipts	Health cost recovery deposit change	\$514,610	\$0

Revenue Source	Cash Flow Differences	YTD FY 2017	YTD FY 2016
Departmental Receipts	AG settlements/recoveries	\$0	\$334,569
Departmental Receipts	State hotel tax transfer	\$0	\$388,625

Month of September:

The following cash flow differences between September 2016 and September 2015 should be noted:

September 2016

- September 2016 business corporations tax cash collections include a transfer of \$(100,000) of receipts to financial institutions tax to properly record a tax payment that was incorrectly recorded in a prior month.
- September 2016 financial institutions tax cash collections include \$100,000 of receipts that were moved from business corporations tax cash collections to properly record a tax payment that was incorrectly recorded in a prior month.
- September 2016 motor carrier fuel use cash collections include \$104,986 to adjust for receipts that were incorrectly posted as general revenues in July and August 2016. Effective July 1, 2016, receipts generated by the motor carrier fuel use tax are reclassified from general revenues to other funds. September 2016 motor carrier fuel use tax cash collections are \$198,237 more than the \$(93,251) collected in September 2015.
- September 2016 realty transfer tax cash collections include \$14,426 of funds designated for the Housing Resources Commission (HRC). The amount reflects the difference between the August 2016 transfer that occurred in September 2016 and the September 2016 transfer that will occur in October 2016.

September 2015

- September 2015 personal income tax final payment cash collections are overstated by \$113,214 for historic structure tax credits which were recorded in September but reimbursed in August.
- September 2015 insurance companies gross premiums tax cash collections are overstated by \$1.5 million for historic structure tax credits which were recorded in September but reimbursed in August.
- September 2015 motor vehicle license and registration fees are greater by \$1.6 million compared to motor vehicle license and registration fees in September 2016. Effective July 1, 2016, the percentage of motor vehicle license and registration fees that are transferred to the Rhode Island Highway Maintenance Account (RIHMA) increase from 25 percent to 75 percent. In September 2016, the 75 percent transfer to RIHMA reduced motor vehicle license and registration fees by \$3.0 million, an increase of \$2.2 million compared to the 25 percent transfer in September 2015 of \$864,463.

The following table displays the differences in cash flows for September 2016 and September 2015.

Revenue Source	Cash Flow Differences	September 2016	September 2015
Personal Income Tax	Late posting of Aug. HSTC reimbursement	\$0	\$113,214
Business Corp Tax	Transfer of funds to financial institutions	\$(100,000)	\$0
Financial Inst. Tax	Transfer of funds from bus corp tax	\$100,000	\$0
Ins Gross Premiums Tax	Late posting of Aug. HSTC reimbursement	\$0	\$1,481,112
MV License & Reg Fees	25% RIHMA transfer increase to 75%	\$0	\$1,583,349
Motor Carrier Fuel Use	Correction of July and Aug. 2016 postings/transfer to other funds	\$104,986	\$(93,251)
Realty Transfer Tax	Delayed transfer to Housing Resources Comm.	\$14,426	\$0

Historic Structures Tax Credit Reimbursements:

FY 2017 total Historic Structures Tax Credit (HSTC) redemptions/reimbursements for all taxes through September were \$3.9 million compared to \$2.0 million reimbursed in FY 2016 through September, an increase of 93.8 percent. September 2016 total redemptions/reimbursements for all taxes were \$488,720 compared to \$236,275 in September 2015, an increase of 106.8 percent.

The breakdown of the reimbursement of redeemed HSTCs by tax type is shown in the table below:

Tax Type	Year-to-Date		Monthly	
	FY 2017	FY 2016	September 2017	September 2016
Personal Income	\$ 1,579,965	\$ 480,540	\$ 388,720	\$ 184,412
Business Corporations	103,411	0	100,000	0
Financial Institutions	0	0	0	0
Insurance/Non-HMOs	0	1,532,975	0	51,863
Insurance/HMOs	0	0	0	0
Non-Profit Refund	2,217,981	0	0	0
Total	\$ 3,901,357	\$ 2,013,515	\$ 488,720	\$ 236,275

Personal Income Tax Cash Collections by Component

The tables below are based on data provided by the Division of Taxation and break down personal income tax cash collections by component on both a fiscal year-to-date and monthly basis. It should be noted that 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 receipts.

Fiscal Year-to-Date through September:

Component	FY 2017	FY 2016	Difference	% Change
Estimated Payments	\$ 55,075,050	\$ 55,730,840	\$ (655,790)	-1.2 %
Final Payments *	13,061,040	11,187,667	1,873,373	16.7 %
Refunds/Adjustments †, ^	(25,525,019)	(11,901,051)	(13,623,968)	114.5 %
Withholding Tax Payments	269,799,872	250,137,353	19,662,518	7.9 %
* Final Payments include Historic Structures Tax Credit (HSTC) reimbursements of \$1,579,965 in year-to-date FY 2017 and \$480,540 in year-to-date FY 2016.				
† Fiscal 2017 YTD refunds and adjustments include \$9,297,000 in refunds paid out in July and August 2016 but accrued back to FY 2016.				
^ Fiscal 2016 YTD refunds and adjustments include an adjustment of \$1,355,142 for reimbursed FY 2015 HSTCs which were recorded in July 2015 but accrued back to FY 2015.				

Month of September:

Component	September 2016	September 2015	Difference	% Change
Estimated Payments	\$ 45,942,464	\$ 46,511,638	\$ (569,174)	-1.2 %
Final Payments *	6,525,648	5,732,741	792,907	13.8 %
Refunds/Adjustments	(4,962,651)	(3,496,394)	(1,466,257)	41.9 %
Withholding Tax Payments	88,327,069	83,814,595	4,512,474	5.4 %
* Final Payments include \$388,720 in historic structures tax credit (HSTC) reimbursements in September 2016, \$184,412 in September 2015 HSTC reimbursements, and \$113,214 in August 2015 HSTC reimbursements that were recorded in September 2015.				

Sales and Use Taxes Cash Collections by Component

The tables below are based on data provided by the Division of Taxation and break down sales and use tax cash collections by component on both a fiscal year-to-date and monthly basis. It should be noted that 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 receipts.

Fiscal Year-to-Date through September:

Component	FY 2017	FY 2016	Difference	% Change
Net Taxation *	\$ 243,462,669	\$ 236,244,689	\$ 7,217,980	3.1 %
Registry Receipts	27,430,728	28,137,980	(707,252)	-2.5 %
Providence Place Mall	3,206,700	3,316,628	(109,928)	-3.3 %

* FY 2017 includes \$2,273,693 from a payment received in August 2016 for a prior year audit.

Month of September:

Component	September 2016	September 2015	Difference	% Change
Net Taxation	\$ 76,377,335	\$ 75,585,255	\$ 792,079	1.0 %
Registry Receipts	9,412,335	10,576,357	(1,164,022)	-11.0 %
Providence Place Mall	1,049,600	1,057,978	(8,378)	-0.8 %

General Business Taxes

September	FY 2017	FY 2016	Difference	% Change
Fiscal YTD	\$ 52.2 million	\$ 47.7 million	\$ 4.6 million	9.6 %
Month	\$ 16.9 million	\$ 23.3 million	\$ (6.4 million)	-27.6 %

In general, businesses with Rhode Island tax liabilities make estimated payments of their tax year liabilities in March and June of the fiscal year, with 40.0 percent of the estimated total tax liability due in March and 60.0 percent of the estimated total tax liability due in June. There is one exception to this payment pattern, namely the health care provider assessment, payments of which are made on a monthly basis. Business corporations, or corporate income, tax payments are also received more consistently over the course of the fiscal year due to the varying fiscal years of corporations and the number of filers that are on extension at any given point in time. As a result, both business corporation taxes and health care provider assessments flow more evenly into the general fund over the course of a fiscal year.

Fiscal Year-to-Date through September:

General business taxes collected through September of FY 2017 increased by 9.6 percent over general business taxes collected through September of FY 2016. FY 2017 general business taxes collected through September were \$52.2 million compared to \$47.7 million collected for the same period in FY 2016, an increase of \$4.6 million.

FY 2017 business corporations tax cash collections through September were \$22.8 million, \$6.6 million below the \$29.5 million of business corporations tax cash collections received in FY 2016 through September, which is a decrease of 22.5 percent. In year-to-date FY 2017, business corporations tax cash collections include \$103,411 in historic structures tax credit reimbursements (HSTCs) compared to no HSTCs reimbursements in year-to-date FY 2016.

Further, FY 2017 through September business corporations tax cash collections include a transfer of \$(100,000) to financial institutions tax made in September 2016 due to an incorrect posting of payments received in a prior month.

FY 2017 financial institutions tax cash collections through September were \$643,305, \$157,333 more than the \$485,972 collected in FY 2016 through September, an increase of 32.4 percent. Year-to-date FY 2017 financial institutions cash collections include a transfer of \$100,000 from business corporations tax received in September 2016 due to an incorrect posting of payments received in a prior month.

FY 2017 insurance companies taxes collected through September increased by \$11.8 million or 218.2 percent over the \$5.4 million collected through September of FY 2016. It should be noted that insurance companies gross premiums tax cash collections for FY 2017 through September include \$16.8 million in health insurance (HMO) gross premiums tax payments that were recorded in July 2016 but accrued back to FY 2016. Year-to-date FY 2017 insurance companies gross premiums tax cash collections include no reimbursed HSTCs, but year-to-date FY 2016 collections include \$1.5 million in reimbursed HSTCs. In addition, insurance companies gross premiums tax cash collections for FY 2016 through September include \$4.5 million of reimbursed HSTCs that were recorded in July 2015 but accrued back to FY 2015.

Month of September:

General business taxes collected in September 2016 decreased 27.6 percent from general business taxes collected in September 2015. September 2016 general business taxes collected were \$16.9 million compared to \$23.3 million collected during the same period last fiscal year, a decrease of \$6.4 million.

September 2016 business corporations tax cash collections were \$11.8 million, \$5.5 million below the \$17.3 million of business corporations tax cash collections received in September 2015, a decrease of 31.8 percent. September 2016 business corporations tax cash collections include \$100,000 of HSTC reimbursements compared to no HSTCs reimbursements in September 2015. September 2016 business corporations tax cash collections include a transfer of \$(100,000) to financial institutions tax due to an incorrect posting of payments received in a prior month.

Insurance companies gross premiums tax cash collections were \$1.4 million less in September 2016 than in September 2015, a variance of -85.6 percent. There were no HSTC reimbursements in September 2016 for insurance companies gross premiums tax compared to \$51,863 of HSTC reimbursements in September 2015. September 2015 insurance companies gross premium tax cash collections are overstated by \$1.5 million due to HSTCs that were recorded in September 2015 but reimbursed in August 2015.

September 2016 financial institutions tax cash collections were \$869,547, \$459,463 more than the \$410,084 collected in September 2015, an increase of 112.0 percent. September 2016 financial institutions tax cash collections include a transfer of \$100,000 from business corporations tax due to an incorrect posting in a prior month.

Business Corporations Tax Cash Collections by Component:

The tables below are based on data provided by the Division of Taxation and break down business corporations tax cash collections by component on both a fiscal year-to-date and monthly basis. It should be noted that 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 receipts.

Fiscal Year-to-Date through September:

Component	FY 2017	FY 2016	Difference	% Change
Estimated Payments	\$ 20,793,329	\$ 21,625,909	\$ (832,580)	-3.8 %
Final Payments *	9,537,900	10,112,380	(574,480)	-5.7 %
Refunds/Adjustments ^	(7,521,989)	(2,288,650)	(5,233,339)	228.7 %
* Final Payments include \$103,411 in historic structures tax credit (HSTC) reimbursements in YTD 2017 and no HSTC reimbursements in YTD 2016.				
^ FY 2017 YTD refunds and adjustments include a transfer of \$(100,000) to financial institutions tax in September 2016 due to an incorrect posting of payments received.				

Business corporations tax refunds and adjustments cash collections were \$5.2 million more in FY 2017 through September compared to the same period last fiscal year, an increase of 228.7 percent. In FY 2017 through September, 756 business corporations tax refunds were paid for a total of \$7.4 million. In FY 2016 through September, 84 business corporations tax refunds were paid for a total of \$1.8 million. The Division of Taxation's Corporate Tax Section processed more refunds fiscal year-to-date through September compared to the same period last fiscal year in order to reduce the backlog of corporate tax returns.

Month of September:

Component	September 2016	September 2015	Difference	% Change
Estimated Payments	\$ 10,110,834	\$ 11,856,807	\$ (1,745,973)	-14.7 %
Final Payments *	6,261,570	6,486,634	(225,064)	-3.5 %
Refunds/Adjustments ^	(4,595,426)	(1,055,648)	(3,539,778)	335.3 %
* Final Payments include \$100,000 in historic structures tax credit (HSTC) reimbursements in September 2016 compared to no HSTC reimbursements in September 2015.				
^ September 2016 refunds and adjustments include a transfer of \$(100,000) to financial institutions tax due to an incorrect posting of payments received.				

Business corporations tax refunds and adjustments cash collections were \$4.6 million in September 2016, \$3.5 million more compared to the \$1.1 million collected in September 2015, an increase of 335.3 percent. In September 2016, 406 business corporations tax refunds were paid for a total of \$4.5 million. In September 2015, 27 business corporations tax refunds were

paid for a total of \$978,388. The Division of Taxation's Corporate Tax Section processed more refunds in September 2016 compared to September 2015 in order to reduce the backlog of corporate tax returns.

Excise Taxes Other Than the Sales and Use Tax

September	FY 2017	FY 2016	Difference	% Change
Fiscal YTD	\$ 46.3 million	\$ 53.4 million	\$ (7.1 million)	-13.4 %
Month	\$ 15.6 million	\$ 20.8 million	\$ (5.1 million)	-24.7 %

Fiscal Year-to-Date through September:

Excise taxes other than sales and use taxes collected in FY 2017 through September decreased by 13.4 percent from excise taxes other than sales and use taxes collected through September of FY 2016. FY 2017 excise taxes other than sales and use taxes collected through September were \$46.3 million compared to \$53.4 million collected for the same period last fiscal year, a decrease of \$7.1 million. Motor vehicle license and registration fees were \$2.6 million in FY 2017 through September, down \$4.9 million or -65.6 percent compared to FY 2016 through September. It is important to note that, effective July 1, 2016, the transfer from motor vehicle license and fees general revenues to the Rhode Island Highway Maintenance Account (RIHMA) increased from 25 percent to 75 percent of cash collections. To date in FY 2017, this transfer has totaled \$7.7 million, \$5.2 million more than the transfer of \$2.5 million during the same period last fiscal year. In the 2016 session, the General Assembly reclassified collections from generated from the motor carrier fuel use tax from general revenues to other funds effective July 1, 2016. In year-to-date FY 2017, there were no receipts from motor carrier fuel use tax compared to \$(103,185) in receipts in year-to-date FY 2016.

Rhode Island cigarettes tax receipts are comprised of excise taxes collected on the sale of cigarettes and smokeless tobacco (which also includes cigars and pipe tobacco), and a one-time cigarette floor stock tax. The cigarette floor stock tax is imposed only when there is an increase in the excise tax rate on cigarettes. Total cigarette excise tax cash receipts through September of FY 2017 were \$38.4 million, down \$2.7 million or -6.5 percent, compared to the \$41.0 million collected for the same period last fiscal year. Finally, the change in cigarette sales is determined. Cigarette floor stock tax and other tobacco products tax cash collections are netted out of the cigarettes tax cash receipts data, yielding only cigarette excise tax cash collections. Through September of FY 2017, Rhode Island cigarette sales decreased 9.7 percent compared to the same period last fiscal year.

Month of September:

Excise taxes other than sales and use taxes collected in September 2016 decreased 24.7 percent from excise taxes other than sales and use taxes collected in September 2015. September 2016 excise taxes other than sales and use taxes collected totaled \$15.6 million compared to \$20.8 million collected in September 2015, a decrease of \$5.1 million. Motor vehicle license and registration fees are down \$1.6 million in September 2016 compared to September 2015. The

September 2016 transfer to RIHMA from motor vehicle operator license and registration fees totaled \$3.0 million, \$2.2 million more than the transfer of \$864,463 made in September 2015.

September 2016 cigarette excise tax receipts were \$12.7 million, a decrease of \$4.1 million or -24.5 percent from the \$16.8 million collected in September 2015. After accounting for any cigarette floor stock receipts and other tobacco products tax cash collections, the percentage change in Rhode Island cigarette sales is determined. For September 2016, Rhode Island cigarette sales decreased by 25.8 percent compared to September 2015.

Other Taxes

September	FY 2017	FY 2016	Difference	% Change
Fiscal YTD	\$ 12.2 million	\$ 10.2 million	\$ 2.0 million	19.5 %
Month	\$ 3.0 million	\$ 3.2 million	\$ (228,026)	-7.2 %

Fiscal Year-to-Date through September:

Other taxes collected in FY 2017 through September increased 19.5 percent from other taxes collected through September of FY 2016. FY 2017 other taxes collected through September were \$12.2 million compared to the \$10.2 million collected in the same period last fiscal year, an increase of \$2.0 million. FY 2017 estate and transfer taxes collected through September were \$8.5 million, up \$1.5 million or 20.9 percent compared to the same period in FY 2016.

FY 2017 realty transfer taxes collected through September were \$3.4 million, up \$494,168 or 17.2 percent compared to the same period last fiscal year. It should be noted that fiscal year-to-date realty transfer tax cash collections through September include \$59,708 of receipts designated for the Housing Resources Commission (HRC). The amount reflects the difference between the June 2016 transfer that occurred in July 2016 and the September 2016 transfer that will occur in September of 2016.

Month of September:

Other taxes collected in September 2016 decreased 7.2 percent from other taxes collected in September 2015. September 2016 other taxes collected totaled \$3.0 million compared to \$3.2 million collected in September 2015, a decrease of \$228,026. Estate and transfer tax cash collections in September 2016 were \$1.7 million, down \$516,168 or -23.4 percent from the \$2.2 million collected in September 2015.

September 2016 realty transfer tax cash collections were \$1.2 million, up \$294,601 in September 2016 compared to September 2015, an increase of 33.8 percent. It should be noted that September 2016 realty transfer tax includes \$14,426 of receipts designated for the HRC. The amount reflects the difference between the August 2016 transfer that occurred in September 2016 and the September 2016 transfer that will occur in October 2016.

Departmental Receipts Cash Collections by Component

The tables below are based on data provided by the Controller and break down departmental receipts cash collections by component on both a fiscal year-to-date and monthly basis.

Fiscal Year-to-Date through September:

Component	FY 2017	FY 2016	Difference	% Change
Licenses and Fees *	\$ 181,485,060	\$ 171,346,920	\$ 10,138,140	5.9 %
Fines and Penalties	3,236,266	2,360,193	876,073	37.1 %
Sales and Services	2,322,337	2,623,435	(301,098)	-11.5 %
Miscellaneous	5,655,419	6,779,952	(1,124,533)	-16.6 %
Total	\$ 192,699,082	\$ 183,110,500	\$ 9,588,582	5.2 %
* Licenses and fees cash collections include hospital licensing fees of \$154,710,510 in year-to-date FY 2017 and \$146,206,291 in year-to-date FY 2016.				

Total departmental receipts in FY 2017 through September increased by 5.2 percent compared to total departmental receipts in FY 2016 through September. Fiscal year-to-date total departmental receipts collected in FY 2017 were \$192.7 million compared to \$183.1 million collected for the same period last year, an increase of \$9.6 million.

The licenses and fees category of departmental receipts through September of FY 2017 was up 5.9 percent or \$10.1 million over the \$171.3 million collected through September of FY 2016. Much of the increase in licenses and fees is due to the increase in hospital licensing fee cash collections. For the fiscal year-to-date period through September, hospital licensing fee cash collections are \$8.5 million more than the same period in FY 2016. The increase in hospital licensing fee cash collections is due to an increase in the hospital licensing fee rate from 5.745 percent for FY 2015 to 5.862 percent for FY 2016 and the advancement of the hospital licensing fee base from hospital FY 2013 net patient revenues in FY 2015 to hospital FY 2014 net patient revenues in FY 2016. The prior fiscal year hospital licensing fee is received in July of the current year. Additionally, part of the increase in licenses and fees is due to the expense recovery cost account for public utilities being up \$1.4 million in FY 2017 through September compared to the same period last fiscal year.

In the enacted FY 2017 budget, signed into law by Governor Raimondo on June 15, 2016, parking fees at state beaches were reduced by 50.0 percent. Cash collections for beach parking fees are down \$86,549 in FY 2017 through September compared to FY 2016 through September. It should be noted that FY 2017 through September beach parking fees include a payment of \$276,946 received in July 2016 that accrued back to June 2016. Further, FY 2016 through September beach parking fees cash collections do not include a \$679,646 payment for activity in July 2015 that was posted in October 2015. It is also important to note that numerous licenses included in the licenses and fees category of departmental receipts are renewed on a biennial or triennial basis, which skews the fiscal year-to-date comparisons.

The fines and penalties category of departmental receipts through September of FY 2017 was up \$876,073 or 37.1 percent over the \$2.4 million collected through September of FY 2016. Much of this increase can be accounted for by cash collections from the Rhode Island Traffic Tribunal being up \$547,536 in FY 2017 through September compared to FY 2016 through September. This increase is due to the implementation of a new collections system that allows receipts to be posted in the same month they were generated rather than in the following month. Additionally, insurance verification license reinstatement fees are up \$306,624 in FY 2017 through September over the \$19,200 collected in FY 2016 through September.

The sales and services category of departmental receipts through September of FY 2017 was down \$301,098 or -11.5 percent from the \$2.6 million collected through September of FY 2016. Part of this decrease can be accounted for by clinical testing being down \$154,592 in FY 2017 through September compared to the same period last fiscal year.

FY 2017 miscellaneous departmental receipts through September are down \$1.1 million or -16.6 percent compared to cash collections through September of FY 2016. The Drinking Water Protection Fund was down \$168,487 in year-to-date FY 2017 from the \$944,434 collected in the same period last fiscal year. The Department of Health's cost recovery account was down \$514,610 in year-to-date FY 2017 compared to year-to-date FY 2016. Effective January 1, 2016, deposits generated by quarterly payments for this account must be made into a lockbox and be transferred into the general fund by request. The transfers occur, in general, on a monthly basis, with the exception of the quarterly collection period when they are done weekly. Previously, deposits were made directly into the account and may have been done on a quarterly, semi-annual, or annual basis. Additionally, miscellaneous departmental receipts for Office of the Attorney General in FY 2017 through September were down \$415,903 compared to FY 2016 through September. Included in the FY 2016 through September miscellaneous departmental receipts from the Office of the Attorney General is \$215,960 received in July 2015 from a settlement between the Office of the Attorney General and a credit card provider and \$118,609 in July 2015 from a settlement with a mobile telephone provider for placing third-party service charges on consumers' bills, known as "mobile cramming".

During the 2015 session, the General Assembly accepted the Governor's proposal to transfer the state's share and the statewide tourism district's share of the state 5.0 percent hotel tax from general revenues to the Rhode Island Commerce Corporation (RICC) for a state level tourism promotion and business attraction campaign effective July 1, 2015. As hotel tax receipts, in general, reflect activity for the prior month, the first transfer to the RICC from the legislative change occurred in August 2016. Due to this transfer, state hotel tax receipts are down \$388,625 in FY 2017 through September compared to the same period last fiscal year.

Month of September:

Component	September 2016	September 2015	Difference	% Change
Licenses and Fees *	\$ 9,037,031	\$ 8,196,834	\$ 840,197	10.3 %
Fines and Penalties	1,148,118	1,168,115	(19,997)	-1.7 %
Sales and Services	811,016	992,340	(181,324)	-18.3 %
Miscellaneous	2,643,513	2,728,617	(85,104)	-3.1 %
Total	\$ 13,639,678	\$ 13,085,906	\$ 553,772	4.2 %
* Licenses and fees include no hospital licensing fees in September 2016 or September 2015.				

Total departmental receipts in September 2016 increased 4.2 percent over total departmental receipts in September 2015. September 2016 total departmental receipts collected were \$13.6 million compared to \$13.1 million collected in September 2015, an increase of \$553,772.

The licenses and fees category of departmental receipts for September 2016 was up 10.3 percent or \$840,197 from the \$8.2 million collected in September of 2015. In licenses and fees, the E911 Wireless surcharge, E911 Wireline surcharge, E911 prepaid telephone fees, and the GIS and technical fund are up \$246,270 in September 2016 compared to September 2015. Also in the licenses and fees category, cash collections from pharmacies were up \$234,133 in September 2016 over collections in September 2015. Food service fees were also up by \$140,545 in September 2016 over September 2015. Beach parking fees cash collections in September 2016 were \$480,078 compared to the \$567,537 million collected in September 2015, a decrease of \$87,459 due to the reduction in beach parking fees at state beaches.

The fines and penalties category of departmental receipts for September 2016 was down \$19,997 or -1.7 percent from the \$1.2 million collected in September 2015.

In September 2016, the sales and services category of departmental receipts was down \$181,324 from the \$992,340 collected in September 2015, a decrease of 18.3 percent. Part of this decrease can be accounted for by clinical testing being down \$102,418 in September 2016 compared to September 2015.

September 2015 miscellaneous departmental receipts are down \$85,104 or -3.1 percent compared to cash collections in September of 2015. The Drinking Water Protection Fund is down \$576,416 in September 2016 compared to September 2015. Partially offsetting this decrease is a cost recovery account for the Department of Labor and Training being up \$299,853 in September 2016 over the \$1.0 million collected in September 2015. Also, a cost recovery account for the Judiciary is up \$162,894 in September 2016 compared to September 2015.

Motor Fuel Tax, Per Penny Yield

September	FY 2017	FY 2016	Difference	% Change
Fiscal YTD	\$ 1.2 million	\$ 1.1 million	\$ 54,207	4.8 %
Month	\$ 399,036	\$ 371,348	\$ 27,688	7.5 %

In FY 2017, the State's motor fuel tax consists of a \$0.33 per gallon excise tax on the distribution of motor fuel in the State and an additional \$0.01 per gallon surcharge for motor fuel that is delivered to an underground storage tank. These tax rates were the same in FY 2016 except for the July 2015 receipts which were based on the FY 2015 motor fuel tax rates of \$0.32 per gallon and \$0.01 per gallon respectively. The revenue change from the one cent increase in the motor fuel excise tax, effective July 1, 2015, was not realized in the motor fuel tax cash collections until September 2015. No portion of the motor fuel tax is designated as general revenues. The data provided in this section of the report is for informational purposes only.

Fiscal Year-to-Date through September:

The per penny yield of the state's motor fuel tax collected in FY 2017 through September is \$54,207 more than in FY 2016 through September. This represents an increase of 4.8 percent between the two fiscal year-to-date periods. For FY 2017 through September, the per penny yield was \$1.2 million versus \$1.1 million for FY 2016 through September.

Month of September:

The per penny yield of the State's motor fuel tax collected in September 2016 totaled \$399,036, an increase of \$27,688 or 7.5 percent over the \$371,348 collected in September 2015.

Lottery Transfer Cash Collections by Component

The tables below are based on data provided by the Division of Lottery and break down the lottery transfer cash collections by component on both a fiscal year-to-date and monthly basis. It should be noted that slight differences may exist between the figures reported by the Division of Lottery and those reported by the Controller due to timing differences in the posting of receipts. Data on lottery transfer cash collections reflect the prior month's gaming activity.

Fiscal Year-to-Date through September:

Component	FY 2017	FY 2016	Difference	% Change
Traditional Games	\$ 6,732,165	\$ 6,128,216	\$ 603,949	9.9 %
Keno	2,984,154	2,929,457	54,697	1.9 %
Twin River VLTs	45,486,974	45,615,528	(128,554)	-0.3 %
Twin River Traditional Table Games	2,559,224	2,349,121	210,103	8.9 %
Twin River Poker Tables	145,200	0	145,200	n/a
Newport Grand VLTs	5,149,422	4,660,759	488,663	10.5 %

In fiscal year-to-date 2017, Twin River operated a maximum of 92 traditional table games and 16 poker tables. In the same period in FY 2016, Twin River operated a maximum of 83 traditional table games and no poker tables. It should be noted that in order to make space for additional table games and a poker room, Twin River had 34 fewer VLTs operating in fiscal year-to-date 2017 compared to the same period last fiscal year. Both Twin River and Newport Grand VLT cash collections do not reflect unclaimed prizes, distressed communities relief program receipts, or the State's payment to either Newport Grand's or Twin River's marketing program.

Month of September:

Component	September 2016	September 2015	Difference	% Change
Traditional Games	\$ 2,611,511	\$ 3,121,327	\$ (509,816)	-16.3 %
Keno	1,489,859	1,413,775	76,084	5.4 %
Twin River VLTs	21,860,221	22,524,337	(664,116)	-2.9 %
Twin River Traditional Table Games	1,318,960	1,208,772	110,188	9.1 %
Twin River Poker Tables	72,542	0	72,542	n/a
Newport Grand VLTs	2,553,017	2,307,667	245,350	10.6 %

In September 2016, Twin River operated a maximum of 92 traditional table games and 16 poker tables. In September 2015, Twin River operated a maximum of 85 traditional table games and no poker tables. Both Twin River and Newport Grand VLT cash collections do not reflect unclaimed prizes, distressed communities relief program receipts, or the State's payment to either Newport Grand's or Twin River's marketing program.

Robert S. Hull, Director
Rhode Island Department of Revenue
October 28, 2016