

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



DEPARTMENT OF REVENUE
Office of Revenue Analysis

State of Rhode Island Revenue Brief
Special Report on Preliminary FY 2014 Revenues

This special edition of the State of Rhode Island Revenue Brief is the traditional fiscal year-end report on preliminary revenues. This special report assesses the current fiscal year revenues on an accrual basis. That is, it considers total fiscal year revenues, which are equal to cash collections plus the net accrual between consecutive fiscal years. One result of this approach is that the detailed discussion of cash collection anomalies is absent from this report. This report's focus is on preliminary FY 2014 revenues and the fiscal year revenue estimates as adopted in the final enacted FY 2014 budget. Finally, the growth rates cited refer to preliminary FY 2014 revenues or final enacted fiscal year revenue estimates compared to audited FY 2013 revenues.

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

This report includes two tables. The first table, *Preliminary FY 2014 to Final Enacted FY 2014*, displays the amounts, difference and variance of preliminary FY 2014 revenues to final enacted FY 2014 revenues. The second table, *Preliminary FY 2014 to Audited FY 2013*, displays the amounts, difference and year-over-year growth of preliminary FY 2014 revenues to final audited FY 2013 revenues.

Total General Revenues

<u>FY 2014</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 3,436,302,230	\$ 3,416,041,280	\$ 20,260,950
	<u>From FY 2013 Audited</u>		<u>From Final Enacted</u>
Percentage Change	3.4 %	2.8 %	0.6 %

The State of Rhode Island Department of Revenue reports that preliminary FY 2014 total general revenues were 0.6 percent more than the final enacted FY 2014 total general revenue estimate of \$3.416 billion, a surplus of \$20.3 million.

Preliminary FY 2014 total general revenues of \$3.436 billion were up \$112.3 million compared to audited FY 2013 total general revenues of \$3.324 billion, which translates into a growth rate of 3.4 percent. It should be noted that audited FY 2013 total general revenues included \$22.3 million collected through the 2012 Tax Amnesty Program.

The General Assembly's final enacted FY 2014 total general revenue estimate increased by \$92.1 million or 2.8 percent over audited FY 2013 total general revenues.

Total Taxes and Departmental Receipts

<u>FY 2014</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 3,040,859,299	\$ 3,014,960,861	\$ 25,898,438
	<u>From FY 2013 Audited</u>		<u>From Final Enacted</u>
Percentage Change	3.6 %	2.7 %	0.9 %

Preliminary FY 2014 total taxes and departmental receipts were 0.9 percent more than the final enacted FY 2014 estimate of \$3.015 billion, a surplus of \$25.9 million.

Preliminary FY 2014 total taxes and departmental receipts of \$3.041 billion were up \$106.5 million compared to audited FY 2013 total taxes and departmental receipts of \$2.934 billion, which translates into a growth rate of 3.6 percent.

The final enacted FY 2014 total taxes and departmental receipts estimate increased by \$80.6 million or 2.7 percent over audited FY 2013 total taxes and departmental receipts.

Other General Revenue Sources

<u>FY 2014</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 395,442,931	\$ 401,080,419	\$ (5,637,488)
	<u>From FY 2013 Audited</u>		<u>From Final Enacted</u>
Percentage Change	1.5 %	2.9 %	-1.4 %

Preliminary FY 2014 other general revenue sources were 1.4 percent less than the final enacted FY 2014 estimate of \$401.1 million, a shortfall of \$5.6 million.

Preliminary FY 2014 other general revenue sources of \$395.4 million were up \$5.8 million compared to audited FY 2013 other general revenue sources of \$389.7 million, which translates into a growth rate of 1.5 percent.

The final enacted FY 2014 other general revenue sources estimate increased by \$11.4 million or 2.9 percent over audited FY 2013 other general revenue sources.

Total Taxes

<u>FY 2014</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 2,680,525,467	\$ 2,655,800,000	\$ 24,725,467
	<u>From FY 2013 Audited</u>		<u>From Final Enacted</u>
Percentage Change	4.0 %	3.0 %	0.9 %

Preliminary FY 2014 revenues for total taxes were 0.9 percent more than the final enacted FY 2014 estimate of \$2.656 billion, a surplus of \$24.7 million.

Preliminary FY 2014 total taxes revenues of \$2.681 billion were up \$103.0 million compared to audited FY 2013 total taxes revenues of \$2.578 billion, which translates into a growth rate of 4.0 percent.

The final enacted FY 2014 total taxes estimate increased by \$78.3 million or 3.0 percent over audited FY 2013 total tax revenues.

Historic Structures Tax Credit Reimbursements

It should be noted that any historic structures tax credits (HSTC) redeemed from FY 2009 onward are reimbursed from the Historic Structures Tax Credit Fund's bond proceeds upon receipt of the tax credit certificate. Prior to FY 2009, the redemption of HSTC certificates were deducted directly from realized tax receipts. Thus, the actual revenues for the tax types that had HSTCs redeemed to offset an actual tax liability were net receipts (i.e., total cash collections *less* HSTC redemptions). Since FY 2009, the actual revenues for the tax types that have HSTCs redeemed to offset an actual tax liability are gross receipts (i.e., total collections *plus* HSTC reimbursements).

In FY 2014, total historic structure tax credit redemptions/reimbursements for all taxes totaled \$7.6 million versus \$9.0 million in FY 2013, a decrease of \$1.4 million or a growth rate of -15.3 percent.

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

Historic Structures Tax Credit Reimbursements by Tax Type				
Tax Type	FY 2014	FY 2013	Difference	% Change
Personal Income	\$ 5,810,254	\$ 2,754,318	\$ 3,055,936	111.0 %
Business Corporations	407,599	0	407,599	n/a
Financial Institutions	0	5,094,709	(5,094,709)	-100.0 %
Insurance	39,623	1,145,533	(1,105,910)	-96.5 %
Insurance/HMOs	1,359,982	0	1,359,982	n/a
Total	\$ 7,617,458	\$ 8,994,560	\$ (1,377,102)	-15.3 %

Personal Income Taxes

<u>FY 2014</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 1,115,512,527	\$ 1,103,200,000	\$ 12,312,527
	<u>From FY 2013 Audited</u>		<u>From Final Enacted</u>
Percentage Change	2.7 %	1.6 %	1.1 %

According to the Controller's Preliminary General Fund Revenue Report, FY 2014 personal income tax revenues were 1.1 percent more than the final enacted FY 2014 estimate of \$1.103 billion, an overage of \$12.3 million.

Preliminary FY 2014 personal income tax revenues of \$1.116 billion were up \$29.7 million compared to audited FY 2013 personal income tax revenues of \$1.086 billion, which translates into a growth rate of 2.7 percent. It should be noted that audited FY 2013 personal income tax revenues included \$6.1 million collected through the tax amnesty program.

The final enacted FY 2014 personal income tax revenue estimate increased by \$17.4 million or 1.6 percent over audited FY 2013 personal income tax revenues.

The table below provides the component breakdown of the preliminary FY 2014 personal income tax revenues, as provided by the Division of Taxation, and the final enacted FY 2014 estimates for personal income tax revenues:

Component	Preliminary Close	Final Enacted	Variance	Percentage Change
Estimated Payments	\$ 196,404,409	\$ 194,000,000	\$ 2,404,409	1.2 %
Final Payments	170,857,896	172,000,000	(1,142,104)	-0.7 %
Withholding	1,015,014,509	1,015,600,000	(585,491)	-0.1 %
Refunds/Adjustments	(272,639,750)	(275,000,000)	2,360,250	-0.9 %
Net Accrual †	5,875,463	(3,400,000)	9,275,463	-272.8 %
Total	\$ 1,115,512,527	\$ 1,103,200,000	\$ 12,312,527	1.1 %
† Net Accrual figure is from the Controller's Preliminary General Fund Revenue Report for FY 2014.				

Within the components of personal income tax revenues, preliminary FY 2014 estimated tax payments were 1.2 percent more than the final enacted FY 2014 estimate of \$194.0 million, an overage of \$2.4 million. Preliminary FY 2014 final tax payments were 0.7 percent less than the final enacted FY 2014 estimate of \$172.0 million, a shortfall of \$1.1 million. Preliminary FY 2014 personal income tax withholding payments were 0.1 percent less than the final enacted FY 2014 estimate of \$1.016 billion, a shortfall of \$585,491. Preliminary FY 2014 refunds and adjustments were 0.9 percent less than the final enacted FY 2014 estimate of \$(275.0 million), a difference of \$2.4 million. Finally, the preliminary FY 2014 personal income tax net accrual was 272.8 percent less than the final enacted FY 2014 estimate of \$(3.4 million), a difference of \$9.3 million.

The table below provides the component breakdown of personal income tax revenues, as provided by the Division of Taxation, and compares preliminary FY 2014 revenues to audited FY 2013 revenues:

Component	Preliminary FY 2014	Audited FY 2013	Nominal Difference	Percent Difference
Estimated Payments	\$ 196,404,409	\$ 194,512,996	\$ 1,891,413	1.0 %
Final Payments * ^	170,857,896	196,918,196	(26,060,301)	-13.2 %
Withholding ^	1,015,014,509	977,296,980	37,717,530	3.9 %
Refunds/Adjustments ^	(272,639,750)	(279,736,111)	7,096,362	-2.5 %
Net Accrual †	5,875,463	(3,226,800)	9,102,263	-282.1 %
Total	\$ 1,115,512,527	\$ 1,085,765,261	\$ 29,747,267	2.7 %
* Final payments include historic structures tax credit (HSTC) reimbursements of \$5.8 million in preliminary FY 2014 and \$2.8 million in audited FY 2013.				
^ Audited FY 2013 final payments included \$8.1 million of tax amnesty receipts, withholding included \$505,835 of tax amnesty receipts, and refunds/adjustments included \$(2.5 million) of tax amnesty receipts for interest owed on overdue taxes that were transferred to departmental receipts.				
† Net Accrual figures are from the Controller's Preliminary General Fund Revenue Report for FY 2014 and the Final General Fund Revenue Report for FY 2013.				

Within the components of personal income tax revenues, preliminary FY 2014 estimated tax payments were up \$1.9 million compared to audited FY 2013 estimated tax payments, a growth rate of 1.0 percent. Preliminary FY 2014 final tax payments were down \$26.1 million compared to audited FY 2013 final tax payments, a growth rate of -13.2 percent. Preliminary FY 2014 final tax payments include \$5.8 million of historic structures tax credits (HSTC) reimbursements compared to \$2.8 million of HSTC reimbursements included in audited FY 2013 final tax payments. Audited FY 2013 final tax payments also included \$8.1 million collected through the tax amnesty program. Preliminary FY 2014 personal income tax withholding payments were up \$37.7 million compared to audited FY 2013 personal income tax withholding payments, a growth rate of 3.9 percent. Audited FY 2013 personal income tax withholding payments included \$505,835 collected through the tax amnesty program. Preliminary FY 2014 refunds and adjustments were down \$7.1 million compared to audited FY 2013 refunds and adjustments, a growth rate of -2.5 percent. Audited FY 2013 refunds and adjustments included \$(2.5 million) for the interest owed on overdue taxes collected through the tax amnesty program that was transferred to the fines and penalties category of departmental receipts. Finally, the preliminary FY 2014 personal income tax net accrual decreased by \$9.1 million compared to the audited FY 2013 personal income tax net accrual, a growth rate of -282.1 percent.

Business Corporations Taxes

<u>FY 2014</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 115,226,852	\$ 117,100,000	\$ (1,873,148)
	From FY 2013 Audited		From Final Enacted
Percentage Change	-12.6 %	-11.2 %	-1.6 %

Rhode Island business corporations tax revenues are comprised of taxes collected from the corporate income tax and taxes on nonresident contractors and political organizations. Preliminary FY 2014 business corporations tax revenues were 1.6 percent less than the final enacted FY 2014 estimate of \$117.1 million, a shortfall of \$1.9 million.

Preliminary FY 2014 business corporations tax revenues of \$115.2 million were down \$16.6 million compared to audited FY 2013 business corporations tax revenues of \$131.8 million, which translates into a growth rate of -12.6 percent. Audited FY 2013 business corporations tax revenues included \$1.6 million collected through the tax amnesty program.

The final enacted FY 2014 business corporations tax revenue estimate decreased by \$14.7 million or -11.2 percent over audited FY 2013 business corporations tax revenues.

The table below provides the component breakdown of corporate income tax revenues, as provided by the Division of Taxation, and compares preliminary FY 2014 revenues to audited FY 2013 revenues:

Component	Preliminary FY 2014	Audited FY 2013	Nominal Difference	Percent Difference
Estimated Payments	\$ 85,746,463	\$ 87,813,531	\$ (2,067,069)	-2.4 %
Final Payments * · ^	60,957,723	64,821,463	(3,863,740)	-6.0 %
Refunds	(20,353,805)	(18,254,213)	(2,099,592)	11.5 %
Adjustments ^	(465,995)	(2,680,145)	2,214,150	-82.6 %
Net Accrual †	(7,854,158)	(317,621)	(7,536,537)	2,372.8 %
Total	\$ 118,030,228	\$ 131,383,016	\$ (13,352,788)	-10.2 %
* Final payments include historic structures tax credit (HSTC) reimbursements of \$407,599 in preliminary FY 2014 and no HSTC reimbursements in audited FY 2013.				
^ Audited FY 2013 final payments included \$2.5 million of tax amnesty receipts and audited FY 2013 adjustments included \$897,345 of tax amnesty receipts for interest owed on overdue taxes that were transferred to departmental receipts.				
† Net Accrual figures are from the Controller's Preliminary General Fund Revenue Report for FY 2014 and Final General Fund Revenue Report for FY 2013.				

Within the components of corporate income tax revenues, preliminary FY 2014 estimated payments were 2.4 percent less than audited FY 2013 estimated payments, a decrease of \$2.1 million. Preliminary FY 2014 final payments were 6.0 percent less than audited FY 2013 final payments, a decrease of \$3.9 million. Preliminary FY 2014 final payments include \$407,599 of historic structures tax credits (HSTC) reimbursements; however, audited FY 2013 final payments did not include any HSTC reimbursements. Audited FY 2013 final payments included \$2.5 million collected through the tax amnesty program. Preliminary FY 2014 refunds were 11.5 percent more than audited FY 2013 refunds, a difference of \$(2.1 million). Preliminary FY 2014 adjustments were 82.6 percent less than audited FY 2013 adjustments, a difference of \$2.2 million. It should be noted that audited FY 2013 adjustments included \$897,345 for the interest owed on overdue taxes collected through the tax amnesty program that was transferred to the fines and penalties category of departmental receipts. The preliminary FY 2014 net accrual

increased 2,372.8 percent over the audited FY 2013 corporate income tax net accrual, an increase of \$7.5 million.

It should be noted that a taxpayer requested that \$4,195,000 be transferred from its' overpayment of financial institutions tax revenues, which is recorded as a liability by the State, to business corporations tax revenues to cover its' current taxes due under that revenue item. The Office of Accounts and Controls had allocated the taxpayer's overpayment of financial institutions taxes into a long-term liability account and a short-term liability account, with \$2,956,178 recorded as a long-term liability and \$1,238,822 recorded as a short-term liability. The Office of Accounts and Controls recognizes revenue when a short-term liability is reduced, but not when a long-term liability is reduced. As a result, the Controller's Preliminary General Fund Revenue Report for FY 2014 included only \$1,238,822 in business corporations tax revenues. The Division of Taxation, on the other hand, recognizes all cash collections in its' revenue reports regardless of the source of these receipts. Thus, the Division of Taxation included the full \$4,195,000 in the Adjustments component of business corporations tax revenues. The difference between these two figures is \$2,956,178, which is the difference between business corporations tax receipts as reported by the Division of Taxation and those reported by the Office of Accounts and Controls.

Public Utilities Gross Earnings Taxes

<u>FY 2014</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 101,382,220	\$ 108,000,000	\$ (6,617,780)
	<u>From FY 2013 Audited</u>		<u>From Final Enacted</u>
Percentage Change	1.7 %	8.4 %	-6.1 %

Preliminary FY 2014 public utilities gross earnings tax revenues were 6.1 percent less than the final enacted FY 2014 public utilities gross earnings tax revenue estimate of \$108.0 million, a short fall of \$6.6 million.

Preliminary FY 2014 public utilities gross earnings tax revenues of \$101.4 million were up \$1.7 million compared to audited FY 2013 public utilities gross earnings tax revenues of \$99.6 million, which translates into a growth rate of 1.7 percent. Audited FY 2013 public utilities gross earnings tax revenues included \$5.2 million collected through the tax amnesty program. Preliminary FY 2014 public utilities gross earnings tax revenues include cash collections of \$100.5 million and a net accrual of \$863,225. FY 2014 public utilities gross earnings tax cash collections decreased by \$40,754 over FY 2013 cash collections. The public utilities gross earnings tax net accrual decreased by 193.9 percent or \$1.8 million over the FY 2013 net accrual of \$(918,934).

The final enacted FY 2014 public utilities gross earnings tax revenue estimate increased \$8.4 million or 8.4 percent over audited FY 2013 public utilities gross earnings tax revenues.

Financial Institutions Taxes

<u>FY 2014</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 21,983,833	\$ 13,500,000	\$ 8,483,833
	<u>From FY 2013 Audited</u>		<u>From Final Enacted</u>
Percentage Change	74.5 %	7.2 %	62.8 %

Preliminary FY 2014 financial institutions tax revenues were 62.8 percent more than the final enacted FY 2014 estimate of \$13.5 million, an excess of \$8.5 million.

Preliminary FY 2014 financial institutions tax revenues of \$22.0 million were up \$9.4 million compared to audited FY 2013 financial institutions tax revenues of \$12.6 million, which translates into a growth rate of 74.5 percent. Preliminary FY 2014 financial institutions tax revenues do not include any historic structures tax credits (HSTC) reimbursements; however, audited FY 2013 financial institutions tax revenues included \$5.1 million of HSTC reimbursements. Audited FY 2013 financial institutions tax revenues also included \$128,747 collected through the tax amnesty program. Preliminary FY 2014 financial institutions tax revenues include cash collections of \$14.6 million and a FY 2014 adjusted net accrual of \$7.4 million. FY 2014 financial institutions tax cash collections increased by \$2.0 million over FY 2013 cash collections. The preliminary FY 2014 adjusted net accrual decreased by \$7.4 million over the audited FY 2013 adjusted net accrual of \$(13,881).

The final enacted FY 2014 financial institutions tax revenue estimate was \$13.5 million, an increase of \$905,079 or 7.2 percent over audited FY 2013 financial institutions tax revenues of \$12.6 million.

Insurance Companies Gross Premiums Taxes

<u>FY 2014</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Other Insurance	\$ 58,248,869	\$ 60,000,000	\$ (1,751,131)
Health Insurance	44,107,972	46,000,000	(1,892,028)
Total Revenues	\$ 102,356,841	\$ 106,000,000	\$ (3,643,159)
	<u>From FY 2013 Audited</u>		<u>From Final Enacted</u>
Percentage Change	10.4 %	14.3 %	-3.4 %

Preliminary FY 2014 insurance companies gross premiums tax revenues were 3.4 percent less than the final enacted FY 2014 estimate of \$106.0 million, a shortfall of \$3.6 million.

Preliminary FY 2014 insurance companies gross premiums tax revenues of \$102.4 million were up \$9.6 million compared to audited FY 2013 insurance companies gross premiums tax revenues of \$92.7 million, which translates into a growth rate of 10.4 percent. Preliminary FY 2014 insurance companies gross premiums tax revenues include \$1.4 million of historic structures tax credits (HSTC) reimbursements and audited FY 2013 insurance companies gross premiums tax revenues included \$1.1 million of HSTC reimbursements. Audited FY 2013 insurance

companies gross premiums tax revenues also included \$200,055 collected through the tax amnesty program.

The final enacted FY 2014 insurance companies gross premiums tax revenue estimate increased by \$13.3 million or 14.3 percent over audited FY 2013 insurance companies gross premiums tax revenues.

The table below provides the component breakdown of insurance companies gross premiums tax revenues, as provided in the Controller's Preliminary General Fund Revenue Report for FY 2014 and Final General Fund Revenue Report for FY 2013, and compares preliminary FY 2014 revenues to audited FY 2013 revenues:

Component	Preliminary FY 2014	Audited FY 2013	Nominal Difference	Percent Difference
<u>Other Insurance</u>				
Cash	\$ 61,578,120	\$ 60,219,001	\$ 1,359,119	2.3 %
Net Accrual	(3,329,251)	(2,170,049)	(1,159,202)	53.4 %
Total	\$ 58,248,869	\$ 58,048,952	\$ 199,917	0.3 %
<u>Health Insurance</u>				
Cash	\$ 44,107,972	\$ 34,695,993	\$ 9,411,979	27.1 %
Net Accrual	0	0	0	0.0 %
Total	\$ 44,107,972	\$ 34,695,993	\$ 9,411,979	27.1 %

Preliminary FY 2014 other insurance gross premiums tax revenues were \$58.2 million, which includes cash collections of \$61.6 million and a net accrual of \$(3.3 million). FY 2014 cash collections increased by \$1.4 million or 2.3 percent over FY 2013 cash collections. The net accrual increased by 53.4 percent or \$(1.2 million) between FY 2014 and FY 2013.

Preliminary FY 2014 health insurance gross premiums tax revenues were \$44.1 million compared to audited FY 2013 health insurance gross premiums tax revenues of \$34.7 million, an increase of \$9.4 million or 27.1 percent. There were no accruals in FY 2014 or FY 2013.

Bank Deposit Taxes

<u>FY 2014</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 2,471,553	\$ 2,400,000	\$ 71,553
	<u>From FY 2013 Audited</u>		<u>From Final Enacted</u>
Percentage Change	-14.1 %	-16.6 %	3.0 %

Preliminary FY 2014 bank deposit tax revenues were 3.0 percent more than the final enacted FY 2014 estimate of \$2.4 million, a surplus of \$71,553.

Preliminary FY 2014 bank deposit tax revenues of \$2.5 million were down \$405,772 compared to audited FY 2013 bank deposit tax revenues of \$2.9 million, which translates into a growth rate

of -14.1 percent. Preliminary FY 2014 bank deposit tax revenues do not include a net accrual compared to a \$(15) net accrual in FY 2013.

The final enacted FY 2014 bank deposit tax revenue estimate decreased by \$477,325 or -16.6 percent over audited FY 2013 bank deposit tax revenues.

Health Care Provider Assessment

<u>FY 2014</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 42,131,465	\$ 41,800,000	\$ 331,465
	<u>From FY 2013 Audited</u>		<u>From Final Enacted</u>
Percentage Change	1.4 %	0.6 %	0.8 %

Preliminary FY 2014 health care provider assessment revenues were 0.8 percent more than the final enacted FY 2014 estimate, an excess of \$331,465.

Preliminary FY 2014 health care provider assessment revenues of \$42.1 million were up \$562,876 compared to audited FY 2013 health care provider assessment revenues of \$41.6 million, a growth rate of 1.4 percent. Audited FY 2013 health care provider assessment revenues included \$19,873 collected through the tax amnesty program. Preliminary FY 2014 health care provider assessment revenues include cash collections of \$41.7 million and a net accrual of \$403,151. FY 2014 health care provider assessment cash collections increased by \$104,328 over FY 2013 cash collections. The FY 2014 net accrual decreased by 827.7 percent or \$458,548 compared to the FY 2013 net accrual of \$(55,397).

The final enacted FY 2014 health care provider assessment revenue estimate was \$41.8 million, an increase of \$231,411 or 0.6 percent over audited FY 2013 health care provider assessment revenues.

Sales and Use Taxes

<u>FY 2014</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 916,035,065	\$ 907,000,000	\$ 9,035,065
	<u>From FY 2013 Audited</u>		<u>From Final Enacted</u>
Percentage Change	4.2 %	3.2 %	1.0 %

Preliminary FY 2014 sales and use tax revenues were 1.0 percent more than the final enacted FY 2014 estimate of \$907.0 million, an overage of \$9.0 million.

Preliminary FY 2014 sales and use tax revenues of \$916.0 million were up \$37.2 million compared to audited FY 2013 sales and use tax revenues of \$878.9 million, a growth rate of 4.2 percent. Audited FY 2013 sales and use tax revenues included \$3.0 million collected through the tax amnesty program.

The final enacted FY 2014 sales and use tax revenue estimate increased by \$28.1 million or 3.2 percent over audited FY 2013 sales and use tax revenues.

The table below provides the component breakdown for sales and use tax revenues, as provided by the Division of Taxation, and compares preliminary FY 2014 revenues to audited FY 2013 revenues:

Component	Preliminary FY 2014	Audited FY 2013	Nominal Difference	Percent Difference
Net Taxation * ^	\$ 796,509,411	\$ 778,200,511	\$ 18,308,900	2.4 %
Registry	96,258,002	89,408,927	6,849,075	7.7 %
Providence Place Mall	13,576,025	13,839,818	(263,793)	-1.9 %
Net Accrual †	9,691,627	(2,583,182)	12,274,809	-475.2 %
Total	\$ 916,035,065	\$ 878,866,074	\$ 37,168,991	4.2 %
* The net Taxation component includes receipts from non-sufficient funds checks of \$349,707 in FY 2014 and \$8,618 in FY 2013.				
^ Audited FY 2013 net Taxation sales tax receipts include tax amnesty receipts of \$3.0 million.				
† Net Accrual figures are from the Controller's Preliminary General Fund Revenue Report for FY 2014 and Final General Fund Revenue Report for FY 2013.				

Within the sales and use tax components, preliminary FY 2014 net Taxation sales tax receipts of \$796.5 million were 2.4 percent more than net Taxation sales tax receipts of \$778.2 million in FY 2013, an increase of \$18.3 million. Audited FY 2013 net Taxation sales tax receipts include \$3.0 million collected through the tax amnesty program. Preliminary FY 2014 registry receipts of \$96.3 million were 7.7 percent more than FY 2013 registry receipts of \$89.4 million, an increase of \$6.8 million. The preliminary FY 2014 sales tax receipts from Providence Place Mall of \$13.6 million were 1.9 percent less than the sales tax receipts of \$13.8 million in FY 2013, a decrease of \$263,793. Finally, the preliminary FY 2014 sales and use tax net accrual was \$9.7 million, a difference of \$12.3 million or -475.2 percent over the audited FY 2013 sales and use tax net accrual of \$(2.6 million).

Motor Vehicle License and Fees

<u>FY 2014</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
License/Registration Fees	\$ 49,580,270	\$ 49,500,000	\$ 80,270
Rental Vehicle Surcharge	2,827,543	2,800,000	27,543
Total Revenues	\$ 52,407,813	\$ 52,300,000	\$ 107,813
	<u>From FY 2013 Audited</u>		<u>From Final Enacted</u>
Percentage Change	6.0 %	5.8 %	0.2 %

Preliminary FY 2014 motor vehicle operator license and vehicle registration fee revenues were 0.2 percent more than the final enacted FY 2014 estimate of \$52.3 million, an overage of \$107,813.

Preliminary FY 2014 motor vehicle operator license and vehicle registration fee revenues of \$52.4 million were up \$3.0 million compared to audited FY 2013 motor vehicle operator license

and vehicle registration fee revenues of \$49.4 million, which translates into a growth rate of 6.0 percent. Audited FY 2013 motor vehicle operator license and vehicle registration fee revenues included \$24,155 collected through the tax amnesty program.

The final enacted FY 2014 motor vehicle operator license and vehicle registration fee revenue estimate increased by \$2.9 million or 5.8 percent over audited FY 2013 motor vehicle operator license and vehicle registration fee revenues.

The table below provides the component breakdown for motor vehicle operator license and vehicle registration fee revenues, as provided in the Controller's Preliminary General Fund Revenue Report for FY 2014 and Final General Fund Revenue Report for FY 2013, and compares preliminary FY 2014 revenues to audited FY 2013 revenues:

Component	Preliminary FY 2014	Audited FY 2013	Nominal Difference	Percent Difference
<u>License and Registration Fees</u>				
Cash	\$ 49,582,042	\$ 46,709,562	\$ 2,872,480	6.1 %
Net Accrual	(1,772)	8,696	(10,468)	-120.4 %
Total	\$ 49,580,270	\$ 46,718,258	\$ 2,862,012	6.1 %
<u>Rental Vehicle Surcharge</u>				
Cash	\$ 2,815,902	\$ 2,587,146	\$ 228,756	8.8 %
Net Accrual	11,641	126,091	(114,450)	-90.8 %
Total	\$ 2,827,543	\$ 2,713,237	\$ 114,306	4.2 %

Within the motor vehicle operator license and vehicle registration fee revenue components, preliminary FY 2014 license and registration fees were \$49.6 million, which includes cash collections of \$49.6 million and a net accrual of \$(1,772). FY 2014 cash collections were up \$2.9 million or 6.1 percent compared to FY 2013 cash collections. The difference in the net accrual between FY 2014 and FY 2013 of \$(10,468) translates into a growth rate of -120.4 percent.

Preliminary FY 2014 rental vehicle surcharge revenues were \$2.8 million, which includes cash collections of \$2.8 million and a net accrual of \$11,641. FY 2014 cash collections increased by \$228,756 or 8.8 percent compared to FY 2013 cash collections. The difference in the rental vehicle surcharge net accrual between FY 2014 and FY 2013 of \$(114,450) translates into a growth rate of -90.8 percent.

Motor Carrier Fuel Use Taxes

<u>FY 2014</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 523,920	\$ 500,000	\$ 23,920
	<u>From FY 2013 Audited</u>		<u>From Final Enacted</u>
Percentage Change	19.5 %	14.1 %	4.8 %

Preliminary FY 2014 motor carrier fuel use tax revenues were up \$23,920 or 4.8 percent from the final enacted FY 2014 estimate of \$500,000.

Preliminary FY 2014 motor carrier fuel use tax revenues of \$523,920 were up \$85,665 compared to audited FY 2013 motor carrier fuel use tax revenues of \$438,255, which translates into a growth rate of 19.5 percent. Audited FY 2013 motor carrier fuel use tax revenues included \$5,550 collected through the tax amnesty program. Preliminary FY 2014 motor carrier fuel use tax revenues include cash collections of \$413,611 and a net accrual of \$110,309. FY 2014 motor carrier fuel use tax cash collections decreased by \$155,376 over FY 2013 cash collections and the preliminary FY 2014 motor carrier fuel use tax net accrual decreased by 184.4 percent or \$241,041 over the audited FY 2013 net accrual of \$(130,732).

The final enacted FY 2014 motor carrier fuel use tax revenue estimate increased by \$61,745 or 14.1 percent over audited FY 2013 motor carrier fuel use tax revenues.

Cigarettes Taxes

<u>FY 2014</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Cigarettes, w/ Floor Stock	\$ 134,608,965	\$ 134,700,000	\$ (91,035)
Other Tobacco Products	4,852,720	4,400,000	452,720
Total Revenues	\$ 139,461,685	\$ 139,100,000	\$ 361,685
	<u>From FY 2013 Audited</u>		<u>From Final Enacted</u>
Percentage Change	5.2 %	5.0 %	0.3 %

Rhode Island cigarettes tax receipts are made up of excise taxes collected on the sale of cigarettes, a tax on the wholesale price of other tobacco products such as cigars, pipe tobacco, and smokeless tobacco, and a cigarette floor stock tax, which is imposed when the cigarette excise tax rate is increased. Preliminary FY 2014 cigarettes tax revenues, including other tobacco products and any cigarette floor stock taxes, were up \$361,685 or 0.3 percent from the final enacted FY 2014 estimate of \$139.1 million.

Preliminary FY 2014 cigarettes tax revenues of \$139.5 million were up \$7.0 million compared to audited FY 2013 cigarettes tax revenues of \$132.5 million, a growth rate of 5.2 percent. Audited FY 2013 cigarettes tax revenues included \$67,109 collected through the tax amnesty program.

The final enacted FY 2014 cigarettes tax revenue estimate increased by \$6.6 million or 5.0 percent over audited FY 2013 cigarettes tax revenues.

The table below provides the component breakdown for cigarettes tax revenues, as provided in the Controller's Preliminary General Fund Revenue Report for FY 2014 and Final General Fund Revenue Report for FY 2013, and compares preliminary FY 2014 revenues to audited FY 2013 revenues:

Component	Preliminary FY 2014	Audited FY 2013	Nominal Difference	Percent Difference
<u>Cigarettes, including Floor Stock</u>				
Cash	\$ 133,504,346	\$ 128,149,868	\$ 5,354,478	4.2 %
Net Accrual	1,104,619	590,228	514,391	87.2 %
Total Cigarettes	\$ 134,608,965	\$ 128,740,096	\$ 5,868,869	4.6 %
<u>Other Tobacco Products</u>				
Cash	\$ 4,762,300	\$ 3,824,007	\$ 938,293	24.5 %
Net Accrual	90,420	(47,793)	138,213	-289.2 %
Total Other Tobacco	\$ 4,852,720	\$ 3,776,214	\$ 1,076,506	28.5 %

Within the cigarettes tax components, preliminary FY 2014 cigarettes tax revenues, including cigarette floor stock tax revenues, were up \$5.9 million or 4.6 percent over audited FY 2013 cigarettes tax revenues. Preliminary FY 2014 cigarettes tax revenues were \$134.6 million, which includes cash collections of \$133.5 million and a net accrual of \$1.1 million. FY 2014 cash collections increased by \$5.4 million or 4.2 percent compared to FY 2013 cash collections. The preliminary FY 2014 cigarettes tax net accrual increased by \$514,391 or 87.2 percent compared to the FY 2013 net accrual.

Preliminary FY 2014 other tobacco products tax revenues were up \$1.1 million or 28.5 percent over audited FY 2013 other tobacco products tax revenues. Preliminary FY 2014 other tobacco products tax revenues were \$4.9 million, which includes cash collections of \$4.8 million and a net accrual of \$90,420. FY 2014 cash collections increased by \$938,293 or 24.5 percent compared to FY 2013 cash collections. The change in the net accrual was \$138,213 or -289.2 percent from the FY 2013 net accrual.

Finally, the change in Rhode Island cigarette sales between preliminary FY 2014 and audited FY 2013 is determined by netting out the value of cigarette floor stock tax and other tobacco products tax revenues, along with tax amnesty receipts, in each fiscal year. After netting out these receipts, it is determined that the sale of packs of cigarettes in Rhode Island grew by 4.7 percent in FY 2014.

Alcohol Taxes

<u>FY 2014</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 18,252,450	\$ 17,600,000	\$ 652,450
	<u>From FY 2013 Audited</u>		<u>From Final Enacted</u>
Percentage Change	49.9 %	44.5 %	3.7 %

Preliminary FY 2014 alcohol tax revenues were 3.7 percent more than the final enacted FY 2014 estimate, an overage of \$652,450.

Preliminary FY 2014 alcohol tax revenues of \$18.3 million were up \$6.1 million compared to audited FY 2013 alcohol tax revenues, a growth rate of 49.9 percent. Preliminary FY 2014 alcohol tax revenues include cash collections of \$17.5 million and a net accrual of \$737,801. FY 2014 alcohol tax cash collections increased by \$5.6 million over FY 2013 cash collections. It should be noted that alcohol excise tax rates for beer and malt, still wine and high proof spirits were increased on July 1, 2013. The FY 2014 alcohol tax preliminary net accrual is 178.3 percent or \$472,682 more than the audited FY 2013 net accrual of \$265,119.

The final enacted FY 2014 alcohol tax revenue estimate was \$17.6 million, an increase of \$5.4 million or 44.5 percent over audited FY 2013 alcohol tax revenues of \$12.2 million.

Controlled Substances

<u>FY 2014</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 48,188	\$ 0	\$ 48,188
	<u>From FY 2013 Audited</u>		<u>From Final Enacted</u>
Percentage Change	n/a	n/a	n/a

Preliminary FY 2014 controlled substances revenues include a net accrual of \$48,188. There was no final enacted FY 2014 controlled substances revenue estimate and no controlled substances revenues were received in FY 2013.

Estate and Transfer Taxes

<u>FY 2014</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 43,592,370	\$ 38,100,000	\$ 5,492,370
	<u>From FY 2013 Audited</u>		<u>From Final Enacted</u>
Percentage Change	53.0 %	33.7 %	14.4 %

Preliminary FY 2014 estate and transfer tax revenues were 14.4 percent more than the final enacted FY 2014 estimate of \$38.1 million, a surplus of \$5.5 million.

Preliminary FY 2014 estate and transfer tax revenues of \$43.6 million were up \$15.1 million compared to audited FY 2013 estate and transfer tax revenues of \$28.5 million, a growth rate of 53.0 percent. Audited FY 2013 estate and transfer tax revenues included \$432,873 collected through the tax amnesty program. Preliminary FY 2014 estate and transfer tax revenues include cash collections of \$40.3 million and a net accrual of \$3.3 million. FY 2014 estate and transfer tax cash collections increased by \$9.1 million over FY 2013 cash collections and the preliminary FY 2014 estate and transfer tax net accrual decreased by 223.5 percent over the audited FY 2013 net accrual of \$(2.7 million).

The final enacted FY 2014 estate and transfer tax revenue estimate increased by \$9.6 million or 33.7 percent over audited FY 2013 estate and transfer tax revenues.

Racing and Athletics Taxes

<u>FY 2014</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 1,176,869	\$ 1,200,000	\$ (23,131)
	<u>From FY 2013 Audited</u>		<u>From Final Enacted</u>
Percentage Change	0.5 %	2.5 %	-1.9 %

Preliminary FY 2014 racing and athletics tax revenues were 1.9 percent less than the final enacted FY 2014 estimate of \$1.2 million, a shortfall of \$23,131.

Preliminary FY 2014 racing and athletics tax revenues of \$1.18 million were up \$5,761 compared to audited FY 2013 racing and athletics tax revenues of \$1.17 million, which translates into a growth rate of 0.5 percent. Preliminary FY 2014 racing and athletics tax revenues include cash collections of \$1.2 million and a net accrual of \$(3,185). FY 2014 racing and athletics tax cash collections decreased by \$4,232 over FY 2013 cash collections. The preliminary FY 2014 racing and athletics tax net accrual decreased by 75.8 percent over the audited FY 2013 net accrual of \$(13,178).

The final enacted FY 2014 racing and athletics tax revenue estimate increased by \$28,892 or 2.5 percent over audited FY 2013 racing and athletics tax revenues.

Realty Transfer Taxes

<u>FY 2014</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 7,961,816	\$ 8,000,000	\$ (38,184)
	<u>From FY 2013 Audited</u>		<u>From Final Enacted</u>
Percentage Change	7.6 %	8.1 %	-0.5 %

Preliminary FY 2014 realty transfer tax revenues were 0.5 percent less than the final enacted FY 2014 estimate of \$8.0 million, a shortfall of \$38,184.

Preliminary FY 2014 realty transfer tax revenues of \$8.0 million were up \$562,594 compared to audited FY 2013 realty transfer tax revenues of \$7.4 million, which translates into a growth rate of 7.6 percent. Preliminary FY 2014 realty transfer tax revenues include cash collections of \$7.9 million and a net accrual of \$103,897. FY 2014 realty transfer tax cash collections increased by \$441,513 over FY 2013 cash collections. The preliminary FY 2014 realty transfer tax net accrual decreased by 704.6 percent over the audited FY 2013 net accrual of \$(17,184).

The final enacted FY 2014 realty transfer tax revenue estimate increased by \$600,778 or 8.1 percent over audited FY 2013 realty transfer tax revenues.

Total Departmental Receipts

<u>FY 2014</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 360,333,832	\$ 359,160,861	\$ 1,172,971
	<u>From FY 2013 Audited</u>		<u>From Final Enacted</u>
Percentage Change	1.0 %	0.7 %	0.3 %

Preliminary FY 2014 total departmental receipts were 0.3 percent more than the final enacted FY 2014 estimate of \$359.2 million, an excess of \$1.2 million.

Preliminary FY 2014 total departmental receipts of \$360.3 million were up \$3.5 million compared to audited FY 2013 total departmental receipts of \$356.8 million, which translates into a growth rate of 1.0 percent. Audited FY 2013 total departmental receipts include \$5.6 million collected through the tax amnesty program.

The final enacted FY 2014 total departmental receipts estimate increased by \$2.3 million or 0.7 percent over audited FY 2013 total departmental receipts.

The table below provides the breakdown of total departmental receipts by category, as provided in the Controller's Preliminary General Fund Revenue Report for FY 2014 and Final General Fund Revenue Report for FY 2013, and compares preliminary FY 2014 revenues to audited FY 2013 revenues:

Category	Preliminary FY 2014	Audited FY 2013	Nominal Difference	Percent Difference
<u>Licenses and Fees</u>				
Cash	\$ 276,381,033	\$ 262,715,546	\$ 13,665,487	5.2 %
Net Accrual	8,565,027	9,228,171	(663,144)	-7.2 %
Total Licenses and Fees	\$ 284,946,060	\$ 271,943,717	\$ 13,002,343	4.8 %
<u>Fines and Penalties</u>				
Cash	\$ 28,187,204	\$ 34,707,560	\$ (6,520,356)	-18.8 %
Net Accrual	(77)	(241,113)	241,036	-100.0 %
Total Fines and Penalties	\$ 28,187,127	\$ 34,466,447	\$ (6,279,320)	-18.2 %
<u>Sales and Services</u>				
Cash	\$ 12,767,933	\$ 12,311,014	\$ 456,919	3.7 %
Net Accrual	29,626	(29,017)	58,643	-202.1 %
Total Sales and Services	\$ 12,797,559	\$ 12,281,997	\$ 515,562	4.2 %

Category	Preliminary FY 2014	Audited FY 2013	Nominal Difference	Percent Difference
<u>Miscellaneous Departmental Receipts</u>				
Cash	\$ 35,832,628	\$ 36,596,752	\$ (764,124)	-2.1 %
Net Accrual	(1,429,542)	1,542,740	(2,972,282)	-192.7 %
Total Misc. Dept. Receipts	\$ 34,403,086	\$ 38,139,492	\$ (3,736,406)	-9.8 %

Preliminary FY 2014 licenses and fees revenues were up \$13.0 million or 4.8 percent over audited FY 2013 licenses and fees revenues. Preliminary FY 2014 licenses and fees revenues totaled \$284.9 million, which includes cash collections of \$276.4 million and a net accrual of \$8.6 million. FY 2014 cash collections increased by \$13.7 million or 5.2 percent compared to FY 2013 cash collections. The change in the licenses and fees net accrual between FY 2014 and FY 2013 was \$(663,144) or -7.2 percent.

It should be noted that the hospital licensing fee rate increased from 5.350 percent of hospital FY 2011 net patient revenues to 5.418 percent of hospital FY 2012 net patient revenues in FY 2014. As a result, FY 2014 hospital licensing fee revenues were \$145.9 million, an increase of \$4.6 million over FY 2013 hospital licensing fee revenues of \$141.3 million. In addition, FY 2014 hospital licensing fee cash collections included \$7.1 million for delinquent FY 2012 hospital licensing fees that were accrued to the prior fiscal year. The preliminary FY 2014 hospital licensing fee receivable was \$146.0 million and the audited FY 2013 hospital licensing fee receivable was \$137.5 million, which translates into a hospital licensing fee net accrual of \$8.4 million in FY 2014. The increase in the preliminary FY 2014 licenses and fees revenues is mainly attributable to the increase in hospital licensing fee revenues as well as various Department of Health licenses and renewal fees that are payable biennially.

Preliminary FY 2014 fines and penalties revenues were down \$6.3 million or -18.2 percent over audited FY 2013 fines and penalties revenues. Preliminary FY 2014 fines and penalties revenues totaled \$28.2 million, which includes cash collections of \$28.2 million and a net accrual of \$(77). FY 2014 cash collections decreased by \$6.5 million or -18.8 percent compared to FY 2013 cash collections. The FY 2014 net accrual decreased \$241,036 or -100.0 percent over the FY 2013 net accrual. The decrease in preliminary FY 2014 fines and penalties revenues is primarily attributable to a decrease in interest on overdue taxes revenues. FY 2013 fines and penalties cash collections include \$5.4 million of interest on overdue taxes collected through the 2012 Tax Amnesty.

Preliminary FY 2014 sales and services revenues were up \$515,562 or 4.2 percent over audited FY 2013 sales and services revenues. Preliminary FY 2014 revenues for sales and services were \$12.8 million, which includes cash collections of \$12.8 million and a net accrual of \$29,626. FY 2014 cash collections increased by \$456,919 or 3.7 percent compared to FY 2013 cash collections and the net accrual decreased by \$58,643 or -202.1 percent.

Finally, preliminary FY 2014 miscellaneous departmental receipts were down \$3.7 million or -9.8 percent over audited FY 2013 miscellaneous departmental receipts. Preliminary FY 2014 miscellaneous departmental receipts totaled \$34.4 million, which includes cash collections \$35.8

million and a net accrual of \$(1.4 million). FY 2014 cash collections decreased by \$764,124 or -2.1 percent compared to FY 2013 cash collections. The FY 2014 net accrual decreased by \$3.0 million or -192.7 percent from FY 2013.

Per Penny Motor Fuel Tax Yield

<u>FY 2014</u>	<u>Preliminary Close</u>	<u>ORA Estimated</u>	<u>Variance</u>
Revenues	\$ 4,236,402	\$ 4,196,611	\$ 39,791
	<u>From FY 2013 Audited</u>		<u>From Final Enacted</u>
Percentage Change	2.4 %	1.4 %	0.9 %

The State's \$0.32 per gallon motor fuel tax is dedicated to the funding of transportation. In particular, the State's motor fuel tax is allocated to the Rhode Island Department of Transportation which receives \$0.2175 of the \$0.32 per gallon motor fuel tax, the Rhode Island Public Transit Authority which receives \$0.0925 of the \$0.32 per gallon motor fuel tax, and the Department of Human Services which receives \$0.01 of the \$0.32 per gallon motor fuel tax for its elderly transportation program. The ORA estimated figure above is the Office of Revenue Analysis' projection of the motor fuel tax per penny yield as it was computed in May 2014.

Based on information provided by the Office of Accounts and Controls, the preliminary FY 2014 per penny yield of the State's motor fuel tax was \$4.24 million, an increase of \$39,791 from the Office of Revenue Analysis' projection of the per penny yield. This increase translates into a 0.9 percent growth rate. The preliminary FY 2014 per penny yield was up \$98,691 or 2.4 percent compared to the audited FY 2013 per penny yield. The projected per penny yield of \$4.20 million was \$58,900 more than the audited FY 2013 motor fuel tax per penny yield of \$4.14 million or a growth rate of 1.4 percent.

Other Miscellaneous Revenues

<u>FY 2014</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 6,391,686	\$ 8,480,419	\$ (2,088,733)
	<u>From FY 2013 Audited</u>		<u>From Final Enacted</u>
Percentage Change	53.4 %	103.6 %	-24.6 %

Preliminary FY 2014 other miscellaneous revenues were 24.6 percent less than the final enacted FY 2014 estimate of \$8.5 million, a shortfall of \$2.1 million. It should be noted that the final enacted FY 2014 other miscellaneous revenue estimate includes \$1.8 million for the Neighborhood Health Plan of Rhode Island's Adult Dental Care grant. This grant, however, was reclassified as a restricted receipt and is not included in the preliminary FY 2014 general revenues.

Preliminary FY 2014 other miscellaneous revenues of \$6.4 million were up \$2.2 million compared to audited FY 2013 other miscellaneous revenues of \$4.2 million, a growth rate of 53.4 percent.

The final enacted FY 2014 other miscellaneous revenue estimate increased by \$4.3 million or 103.6 percent over audited FY 2013 other miscellaneous revenues.

Lottery Transfer

<u>FY 2014</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Traditional Games	\$ 58,148,516	\$ 59,500,000	\$ (1,351,484)
VLT	306,470,717	309,400,000	(2,929,283)
Table Games	11,707,887	11,800,000	(92,113)
Revenues	\$ 376,327,121	\$ 380,700,000	\$ (4,372,879)
	<u>From FY 2013 Audited</u>		<u>From Final Enacted</u>
Percentage Change	-0.8 %	0.4 %	-1.1 %

The preliminary FY 2014 lottery transfer to the State's general fund was down 1.1 percent compared to the final enacted FY 2014 estimate of \$380.7 million, a shortfall of \$4.4 million. Within the components of the lottery transfer, as provided by the Division of Lottery, the preliminary FY 2014 transfer from instant and monitor games was down 2.3 percent over the final enacted FY 2014 instant and monitor games transfer estimate of \$59.5 million, a shortfall of \$1.4 million. With respect to the State's share of video lottery net terminal income (NTI), the preliminary FY 2014 video lottery transfer was 0.9 percent less than the final enacted FY 2014 video lottery transfer estimate of \$309.4 million, a shortfall of \$2.9 million. The preliminary FY 2014 table games transfer was down 0.8 percent over the final enacted FY 2014 table games transfer estimate of \$11.8 million, a shortfall of \$92,113.

The preliminary FY 2014 lottery transfer was \$376.3 million or \$2.9 million less than the audited FY 2013 lottery transfer of \$379.2 million, which translates into a growth rate of -0.8 percent. The preliminary FY 2014 lottery transfer includes cash collections of \$376.9 million and a net accrual of \$(576,778). The FY 2014 lottery transfer cash collections decreased by \$4.0 million from FY 2013 cash collections. The preliminary FY 2014 lottery transfer net accrual is 65.8 percent less than the audited FY 2013 net accrual of \$(1.7 million).

The table below provides the component breakdown of revenues from the lottery transfer, as provided by the Division of Lottery, and compares preliminary FY 2014 revenues to audited FY 2013 revenues:

Component	Preliminary FY 2014	Audited FY 2013	Nominal Difference	Percent Difference
Traditional Games	\$ 58,148,516	\$ 63,388,468	\$ (5,239,952)	-8.3 %
VLT	306,470,717	316,408,535	(9,937,818)	-3.1 %
Table Games	11,707,887	(572,284)	12,280,171	-2,145.8 %
Total	\$ 376,327,121	\$ 379,224,719	\$ (2,897,599)	-0.8 %

Within the components of the lottery transfer, the preliminary FY 2014 transfer from instant and monitor games of \$58.1 million was down \$5.2 million compared to the audited FY 2013 transfer from instant and monitor games of \$63.4 million, a growth rate of -8.3 percent. The

preliminary FY 2014 video lottery transfer of \$306.5 million was down \$9.9 million compared to the audited FY 2013 video lottery transfer of \$316.4 million, a growth rate of -3.1 percent. The preliminary FY 2014 table games transfer of \$11.7 million was up \$12.3 million compared to the audited FY 2013 table games transfer of \$(572,284). The negative amount in the audited FY 2013 table games transfer reflects administrative expenses incurred by the Division of Lottery in excess of its' share of table games revenue in the months preceding the introduction of table gaming, which began operation at Twin River on June 16, 2013.

Unclaimed Property Transfer

<u>FY 2014</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 12,724,124	\$11,900,000	824,124
	From FY 2013 Audited	From Final Enacted	
Percentage Change	103.0 %	89.8 %	6.9 %

According to the Controller's Preliminary General Fund Revenue Report, the FY 2014 unclaimed property transfer was 6.9 percent more than the final enacted FY 2014 estimate of \$11.9 million, an excess of \$824,124.

The unclaimed property transfer of \$12.7 million for preliminary FY 2014 was up 103.0 percent or \$6.5 million compared to the audited FY 2013 unclaimed property transfer of \$6.3 million.

The final enacted FY 2014 unclaimed property transfer estimate increased by \$5.6 million or 89.8 percent over the audited FY 2013 unclaimed property transfer.



Rosemary Booth Gallogly, Director
Department of Revenue

September 10, 2014

STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT
Preliminary FY 2014 to Final Enacted FY 2014

	Preliminary Revenues FY 2014		Final Enacted Revenues FY 2014	Difference	Variance
<u>Personal Income Tax</u>	\$ 1,115,512,527		\$ 1,103,200,000	\$ 12,312,527	1.1%
<u>General Business Taxes</u>					
Business Corporations	115,226,852		117,100,000	(1,873,148)	-1.6%
Public Utilities Gross Earnings	101,382,220		108,000,000	(6,617,780)	-6.1%
Financial Institutions	21,983,833		13,500,000	8,483,833	62.8%
Insurance Companies	102,356,841		106,000,000	(3,643,159)	-3.4%
Bank Deposits	2,471,553		2,400,000	71,553	3.0%
Health Care Provider Assessment	42,131,465		41,800,000	331,465	0.8%
<u>Excise Taxes</u>					
Sales and Use	916,035,065 *		907,000,000	9,035,065	1.0%
Motor Vehicle	52,407,813		52,300,000	107,813	0.2%
Motor Carrier Fuel Use	523,920		500,000	23,920	4.8%
Cigarettes	139,461,685		139,100,000	361,685	0.3%
Alcohol	18,252,450		17,600,000	652,450	3.7%
Controlled Substances	48,188 *		-	48,188	n/a
<u>Other Taxes</u>					
Estate and Transfer	43,592,370		38,100,000	5,492,370	14.4%
Racing and Athletics	1,176,869		1,200,000	(23,131)	-1.9%
Realty Transfer	7,961,816		8,000,000	(38,184)	-0.5%
Total Taxes	\$ 2,680,525,467		\$ 2,655,800,000	\$ 24,725,467	0.9%
<u>Departmental Receipts</u>	\$ 360,333,832		\$ 359,160,861	\$ 1,172,971	0.3%
Taxes and Departmentals	\$ 3,040,859,299		\$ 3,014,960,861	\$ 25,898,438	0.9%
<u>Other General Revenue Sources</u>					
Other Miscellaneous Revenues	6,391,686		8,480,419	(2,088,733)	-24.6%
Lottery Transfer	376,327,121		380,700,000	(4,372,879)	-1.1%
Unclaimed Property	12,724,124		11,900,000	824,124	6.9%
Total Other Sources	\$ 395,442,931		\$ 401,080,419	\$ (5,637,488)	-1.4%
Total General Revenues	\$ 3,436,302,230		\$ 3,416,041,280	\$ 20,260,950	0.6%

* The Controller's Preliminary General Fund Revenue Report for FY 2014 includes Controlled Substances Revenues in Sales and Use Tax Revenues. This report treats these revenue sources separately.

PIT Component	Preliminary FY 2014		Final Enacted FY 2014	Difference	Variance
Estimated payments	196,404,409		\$ 194,000,000	\$ 2,404,409	1.2%
Final payments	170,857,896		172,000,000	(1,142,104)	-0.7%
Withholding	1,015,014,509		1,015,600,000	(585,491)	-0.1%
Refunds	(272,639,750)		(275,000,000)	2,360,250	-0.9%
Net Accrual	5,875,463		(3,400,000)	9,275,463	-272.8%
Total	\$ 1,115,512,527		\$ 1,103,200,000	\$ 12,312,527	1.1%

STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT
Preliminary FY 2014 to Audited FY 2013

	Preliminary Revenues FY 2014		Audited Revenues FY 2013	Difference	Year-over-Year Growth
Personal Income Tax	\$ 1,115,512,527		\$ 1,085,765,261	\$ 29,747,267	2.7%
General Business Taxes					
Business Corporations	115,226,852		131,827,907	(16,601,055)	-12.6%
Public Utilities Gross Earnings	101,382,220		99,640,815	1,741,405	1.7%
Financial Institutions	21,983,833		12,594,921	9,388,912	74.5%
Insurance Companies	102,356,841		92,744,945	9,611,896	10.4%
Bank Deposits	2,471,553		2,877,325	(405,772)	-14.1%
Health Care Provider Assessment	42,131,465		41,568,589	562,876	1.4%
Excise Taxes					
Sales and Use	916,035,065 *		878,866,074	37,168,991	4.2%
Motor Vehicle	52,407,813		49,431,495	2,976,318	6.0%
Motor Carrier Fuel Use	523,920		438,255	85,665	19.5%
Cigarettes	139,461,685		132,516,310	6,945,375	5.2%
Alcohol	18,252,450		12,176,109	6,076,341	49.9%
Controlled Substances	48,188 *		-	48,188	n/a
Other Taxes					
Estate and Transfer	43,592,370		28,489,275	15,103,095	53.0%
Racing and Athletics	1,176,869		1,171,108	5,761	0.5%
Realty Transfer	7,961,816		7,399,222	562,594	7.6%
Total Taxes	\$ 2,680,525,467		\$ 2,577,507,611	\$ 103,017,856	4.0%
Departmental Receipts	360,333,832		356,831,653	3,502,179	1.0%
Taxes and Departmentals	\$ 3,040,859,299		\$ 2,934,339,264	\$ 106,520,035	3.6%
Other General Revenue Sources					
Other Miscellaneous Revenues	6,391,686		4,166,214	2,225,472	53.4%
Lottery Transfer	376,327,121		379,224,715	(2,897,594)	-0.8%
Unclaimed Property	12,724,124		6,268,627	6,455,497	103.0%
Total Other Sources	\$ 395,442,931		\$ 389,659,556	\$ 5,783,375	1.5%
Total General Revenues	\$ 3,436,302,230		\$ 3,323,998,820	\$ 112,303,410	3.4%

* The Controller's Preliminary General Fund Revenue Report for FY 2014 includes Controlled Substances Revenues in Sales and Use Tax Revenues. This report treats these revenue sources separately.

PIT Component	Preliminary FY 2014		Audited FY 2013	Difference	Year-over-Year Growth
Estimated payments	\$ 196,404,409		\$ 194,512,996	\$ 1,891,413	1.0%
Final payments	170,857,896		196,918,196	(26,060,301)	-13.2%
Withholding	1,015,014,509		977,296,980	37,717,530	3.9%
Refunds	(272,639,750)		(279,736,111)	7,096,362	-2.5%
Net Accrual	5,875,463		(3,226,800)	9,102,263	-282.1%
Total	\$ 1,115,512,527		\$ 1,085,765,261	\$ 29,747,267	2.7%

FY 2014 Variance of Adjusted Revenues to Estimate

