



NEWS

Department of Revenue Office of Revenue Analysis

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Department of Revenue Explains 2009 Revenue Changes

The Office of Revenue Analysis of the RI Department of Revenue issued a report detailing numerous revenue changes resulting from the General Assembly's 2009 session. These changes are either to general revenue sources that include tax and fee changes as well as changes to the operation of the state lottery, or, to non-general revenue sources, that is, those dedicated for specific purposes.

The general revenue tax changes and their estimated fiscal impacts are:

- **Increasing the cigarette excise stamp tax rate;** revenues estimated from this change and resulting sales and use tax increases are \$13.1 million in FY 2009 and \$30.2 million in FY 2010;
- **Increasing the tax rate for other tobacco products;** the estimated increase in revenues is \$0.35 million in FY 2009 and \$1.0 million in FY 2010;
- **Increasing the exemption for the Rhode Island Estate Tax;** this change will decrease Inheritance Tax collections by \$0.8 million in FY 2010;
- **Increasing the tax rate on the gross premiums of health insurance providers while repealing the exemption from this tax for providers of managed care plans under Title XIX of the Social Security Act;** the estimated increase in revenues is \$12.8 million in FY 2009 and \$13.6 million in FY 2010;
- **Repeal of the Health Care Provider Assessment as it applies to group homes for the developmentally disabled;** this change represents a loss of \$11.1 million in FY 2010;

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- **Changing the tax treatment of capital gains income;** the estimated increase in personal income tax revenues in FY 2010 is \$23.6 million;
- **Changing the tax treatment of internet sales made through Rhode Island affiliates;** there is no estimated revenue attached to this change;
- **Offsets from provisions of the American Recovery and Reinvestment Act of 2009;** represents an \$8.5 million revenue increase for FY 2010;
- **Modifying the criteria for eligibility for the state's Job Development Act rate reduction;** there is no estimated revenue attached to this change.

The general revenue fee changes and their estimated fiscal impacts are:

- **Increasing the reinstatement fees for suspended operator licenses and vehicle registrations;** these changes will increase collections by \$1.0 million in FY 2009 and \$3.9 million in FY 2010;
- **Increasing the motor vehicle certificate of title fees;** this change will increase collections by \$1.1 million in FY 2009 and \$3.9 million in FY 2010;
- **Increasing the hospital license fee rate;** this change will bring in an additional \$16.2 million in receipts for FY 2009 and an additional \$1.3 million in FY 2010;
- **Increasing fees to access small and consumer claims and court mediation;** this represents an increase in receipts of \$ 78,929 in FY 2009 and \$198,901 in FY 2010;
- **Increasing the license and permit fees for a variety of business activities regulated by the RI Department of Business Regulation;** this change will increase collections by \$1.6 million;
- **Increasing several fees administered by the Coastal Resources Management Council;** these changes will increase revenues by \$185,000;
- **Instituting a fee for the expunging of criminal convictions;** this will generate \$1.2 million in revenue for FY 2010.

Lottery revenue changes and their estimated fiscal impacts are:

- **Extended hours of operation for Video Lottery Terminals;** \$10.7 million is estimated for the Lottery transfer in FY 2010.

The non-general revenue tax changes and their estimated fiscal impacts are:

- **Increasing the state's motor fuel tax;** estimated increase in motor fuel tax collections in \$8.8 million;
- **Exempting the biodiesel portion of blended petroleum diesel from the motor fuel tax;** change will result in a \$0.9 million revenue loss;
- **Maintaining the state's current unemployment insurance tax rate for FY 2009 and FY 2010;** no revenue impact is estimated.