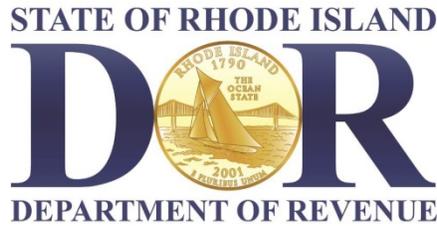


*STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS*  
**GOVERNOR GINA M. RAIMONDO**



**Office of Revenue Analysis**

**State of Rhode Island Revenue Brief  
 Special Report on Preliminary FY 2017 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. This report's focus is on preliminary FY 2017 revenues and the fiscal year revenue estimates as adopted in the final enacted FY 2017 budget. Finally, the growth rates cited refer to preliminary FY 2017 revenues compared to final enacted fiscal year revenue estimates or compared to audited FY 2016 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 three tables. The first table, *Preliminary FY 2017 to Final Enacted FY 2017*, displays the amounts, difference, and variance of preliminary FY 2017 revenues to final enacted FY 2017 revenues. The second table, *Preliminary FY 2017 to Audited FY 2016*, displays the amounts, difference, and year-over-year growth of preliminary FY 2017 revenues to final audited FY 2016 revenues. The last table, *Final Enacted FY 2017 to Audited FY 2016*, displays the amounts, difference, and variance of final enacted FY 2017 revenues to final audited FY 2016 revenues.

**Total General Revenues**

<b><u>FY 2017</u></b>	<b><u>Preliminary Close</u></b>	<b><u>Final Enacted</u></b>	<b><u>Variance</u></b>
Revenues	\$ 3,684,357,619	\$ 3,675,827,389	\$ 8,530,230
	<u>From FY 2016 Audited</u>		<u>From Final Enacted</u>
Percentage Change	0.6%	0.3 %	0.2 %

The State of Rhode Island Department of Revenue reports that preliminary FY 2017 total general revenues were 0.2 percent more than the final enacted FY 2017 total general revenue estimate of \$3.676 billion, a surplus of \$8.5 million.

Preliminary FY 2017 total general revenues of \$3.684 billion were up \$20.8 million compared to audited FY 2016 total general revenues of \$3.664 billion, which translates into a growth rate of 0.6 percent.

The General Assembly's final enacted FY 2017 total general revenue estimate increased by \$12.2 million or 0.3 percent over audited FY 2016 total general revenues.

### **Total Taxes and Departmental Receipts**

<b><u>FY 2017</u></b>	<b><u>Preliminary Close</u></b>	<b><u>Final Enacted</u></b>	<b><u>Variance</u></b>
Revenues	\$ 3,296,813,756	\$ 3,289,465,619	\$ 7,348,137
	<u>From FY 2016 Audited</u>		<u>From Final Enacted</u>
Percentage Change	0.6 %	0.4 %	0.2 %

Preliminary FY 2017 total taxes and departmental receipts were 0.2 percent more than the final enacted FY 2017 estimate of \$3.289 billion, a surplus of \$7.3 million.

Preliminary FY 2017 total taxes and departmental receipts of \$3.297 billion were up \$21.3 million compared to audited FY 2016 total taxes and departmental receipts of \$3.276 billion, which translates into a growth rate of 0.6 percent.

The final enacted FY 2017 total taxes and departmental receipts estimate increased by \$13.9 million or 0.4 percent over audited FY 2016 total taxes and departmental receipts.

### **Other General Revenue Sources**

<b><u>FY 2017</u></b>	<b><u>Preliminary Close</u></b>	<b><u>Final Enacted</u></b>	<b><u>Variance</u></b>
Revenues	\$ 387,543,863	\$ 386,361,770	\$ 1,182,093
	<u>From FY 2016 Audited</u>		<u>From Final Enacted</u>
Percentage Change	-0.1 %	-0.4 %	0.3 %

Preliminary FY 2017 other general revenue sources were 0.3 percent more than the final enacted FY 2017 estimate of \$386.4 million, an excess of \$1.2 million.

Preliminary FY 2017 other general revenue sources of \$387.5 million were down \$485,990 compared to audited FY 2016 other general revenue sources of \$388.0 million, which translates into a growth rate of -0.1 percent.

The final enacted FY 2017 other general revenue sources estimate decreased by \$1.7 million, or a -0.4 percent, from audited FY 2016 other general revenue sources.

**Total Taxes**

<b><u>FY 2017</u></b>	<b><u>Preliminary Close</u></b>	<b><u>Final Enacted</u></b>	<b><u>Variance</u></b>
Revenues	\$ 2,926,747,939	\$ 2,913,304,489	\$ 13,443,450
	<u>From FY 2016 Audited</u>		<u>From Final Enacted</u>
Percentage Change	0.6 %	0.2 %	0.5 %

Preliminary FY 2017 revenues for total taxes were 0.5 percent more than the final enacted FY 2017 estimate of \$2.913 billion, a surplus of \$13.4 million.

Preliminary FY 2017 total taxes revenues of \$2.927 billion were up \$18.8 million compared to audited FY 2016 total taxes revenues of \$2.908 billion, which translates into a growth rate of 0.6 percent.

The final enacted FY 2017 total taxes estimate increased by \$5.4 million or 0.2 percent over audited FY 2016 total tax revenues.

**Historic Structures Tax Credit Reimbursements**

In FY 2017, total historic structure tax credit redemptions/reimbursements for all taxes totaled \$13.7 million versus \$14.9 million in FY 2016, a decrease of \$1.2 million or a growth rate of -8.1 percent.

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

<b>Historic Structures Tax Credit Reimbursements by Tax Type</b>				
<b>Tax Type</b>	<b>FY 2017</b>	<b>FY 2016</b>	<b>Difference</b>	<b>% Change</b>
Personal Income	\$ 7,813,837	\$ 5,751,448	\$ 2,062,389	35.9 %
Business Corporation	116,104	432,162	(316,058)	-73.1 %
Financial Institutions	0	0	0	n/a
Insurance	750,000	5,723,023	(4,973,023)	-86.9 %
Insurance/HMOs	0	476,488	(476,488)	-100.0 %
Non-Profit Partner Refund	4,996,264	2,500,027	2,496,236	99.8 %
<b>Total</b>	<b>\$ 13,676,205</b>	<b>\$ 14,883,148</b>	<b>\$ (1,206,943)</b>	<b>-8.1 %</b>

**Personal Income Taxes**

<b><u>FY 2017</u></b>	<b><u>Preliminary Close</u></b>	<b><u>Final Enacted</u></b>	<b><u>Variance</u></b>
Revenues	\$ 1,243,807,056	\$ 1,266,604,489	\$ (22,797,433)
	<u>From FY 2016 Audited</u>		<u>From Final Enacted</u>
Percentage Change	2.2 %	4.0 %	-1.8 %

According to the Controller's Preliminary General Fund Revenue Report, FY 2017 personal income tax revenues were 1.8 percent less than the final enacted FY 2017 estimate of \$1.267 billion, a shortfall of \$22.8 million.

Preliminary FY 2017 personal income tax revenues of \$1.244 billion were up \$26.4 million compared to audited FY 2016 personal income tax revenues of \$1.217 billion, which translates into a growth rate of 2.2 percent.

The final enacted FY 2017 personal income tax revenue estimate increased by \$49.2 million or 4.0 percent over audited FY 2016 personal income tax revenues.

The table below provides the component breakdown of the preliminary FY 2017 personal income tax revenues, as provided by the Division of Taxation, and the final enacted FY 2017 estimates for personal income tax revenues:

<b>Component</b>	<b>FY 2017 Preliminary Close</b>	<b>FY 2017 Final Enacted</b>	<b>Variance</b>	<b>Percentage Change</b>
Estimated Payments	\$ 234,157,498	\$ 236,100,000	\$ (1,942,502)	-0.8 %
Final Payments	187,635,908	187,504,489	131,419	0.1 %
Withholding	1,137,240,933	1,132,800,000	4,440,933	0.4 %
Refunds/Adjustments	(326,325,947)	(304,700,000)	(21,625,947)	7.1 %
Net Accrual <sup>a</sup>	11,098,664	14,900,000	(3,801,336)	-25.5 %
<b>Total</b>	<b>\$ 1,243,807,056</b>	<b>\$ 1,266,604,489</b>	<b>\$ (22,797,433)</b>	<b>-1.8 %</b>

<sup>a</sup> Net Accrual figures include revenue reductions that reflect the impact of the exemption of the first \$15,000 of pension and annuity income for certain taxpayers and the increase in the Rhode Island earned income tax credit (EITC) to 15 percent of the federal EITC amount both of which were effective for tax years beginning on or after January 1, 2017.

Within the components of personal income tax revenues:

- Preliminary FY 2017 estimated tax payments were 0.8 percent less than the final enacted FY 2017 estimate of \$236.1 million, a shortfall of \$1.9 million.
- Preliminary FY 2017 final tax payments were 0.1 percent more than the final enacted FY 2017 estimate of \$187.5 million, a spread of \$131,419.
- Preliminary FY 2017 personal income tax withholding payments were 0.4 percent above the final enacted FY 2017 estimate of \$1.133 billion, a variance of \$4.4 million.
- Preliminary FY 2017 refunds and adjustments were \$21.6 million greater than the final enacted FY 2017 estimate of \$(304.7 million), a variance of 7.1 percent.
- Preliminary FY 2017 personal income tax net accrual was 25.5 percent less than the final enacted FY 2017 estimate of \$14.9 million, a difference of \$(3.8 million).

The table below provides the component breakdown of personal income tax revenues, as provided by the Division of Taxation, and compares preliminary FY 2017 revenues to audited FY 2016 revenues:

<b>Component</b>	<b>FY 2017 Preliminary</b>	<b>FY 2016 Audited</b>	<b>Nominal Difference</b>	<b>Percent Difference</b>
Estimated Payments	\$ 234,157,498	\$ 230,555,951	\$ 3,601,547	1.6 %
Final Payments *	187,635,908	183,823,532	3,812,376	2.1 %
Withholding	1,137,240,933	1,088,462,846	48,778,087	4.5 %
Refunds/Adjustments	(326,325,947)	(266,648,551)	(59,677,396)	22.4 %
Net Accrual †	11,098,664	(18,764,203)	29,862,867	-159.1 %
<b>Total</b>	<b>\$ 1,243,807,056</b>	<b>\$ 1,217,429,575</b>	<b>\$ 26,377,481</b>	<b>2.2 %</b>
* Final payments include historic structures tax credit (HSTC) reimbursements of \$7,813,837 in preliminary FY 2017 and \$5,751,448 in audited FY 2016.				
† Net Accrual figures are from the Office of the Controller's Preliminary General Fund Revenue Report for FY 2017 and the Final General Fund Revenue Report for FY 2016.				

Within the components of personal income tax revenues:

- Preliminary FY 2017 estimated tax payments were up \$3.6 million compared to audited FY 2016 estimated tax payments, a growth rate of 1.6 percent.
- Preliminary FY 2017 final tax payments were up \$3.8 million compared to audited FY 2016 final tax payments, a growth rate of 2.1 percent.
  - Preliminary FY 2017 final tax payments include \$7.8 million of historic structures tax credit (HSTC) reimbursements compared to \$5.8 million of HSTC reimbursements included in audited FY 2016 final tax payments.
- Preliminary FY 2017 personal income tax withholding payments were up \$48.8 million compared to audited FY 2016 personal income tax withholding payments, a growth rate of 4.5 percent.
- Preliminary FY 2017 refunds and adjustments were \$59.7 million more compared to audited FY 2016 refunds and adjustments of \$(266.6 million), a growth rate of 22.4 percent.
- Preliminary FY 2017 personal income tax net accrual increased by \$29.9 million compared to the audited FY 2016 personal income tax net accrual of \$(18.8 million), a growth rate of -159.1 percent.
  - Preliminary FY 2017 net accrual includes \$(6,300,000) adjustment for the exemption of the first \$15,000 of pension and annuity income for certain taxpayers from personal income tax effective January 1, 2017 and a \$(2,700,000) adjustment for the increase in the Rhode Island EITC to 15.0 percent of the federal EITC amount effective January 1, 2017.
  - Audited FY 2016 net accrual includes a \$(9,170,000) adjustment for the exemption of certain taxable Social Security benefits effective January 1, 2016, a \$(3,000,000) adjustment for the increase in the Rhode Island EITC to 12.5 percent of the federal EITC effective January 1, 2016, and a \$(9,270,000) adjustment to account for the

delay in the processing of personal income tax refunds during the period ending June 30, 2016;

### **Business Corporation Taxes**

<b><u>FY 2017</u></b>	<b><u>Preliminary Close</u></b>	<b><u>Final Enacted</u></b>	<b><u>Variance</u></b>
Revenues	\$ 119,289,609	\$ 125,000,000	\$ (5,710,391)
	<u>From FY 2016 Audited</u>		<u>From Final Enacted</u>
Percentage Change	-11.6 %	-7.3 %	-4.6 %

Rhode Island business corporation tax revenues are comprised of taxes collected from the corporate income tax and taxes on nonresident contractors and political organizations. Preliminary FY 2017 business corporation tax revenues were 4.6 percent less than the final enacted FY 2017 estimate of \$125.0 million, a deficit of \$5.7 million.

Preliminary FY 2017 business corporation tax revenues of \$119.3 million were down \$15.6 million compared to audited FY 2016 business corporation tax revenues of \$134.9 million, which translates into a growth rate of -11.6 percent.

The final enacted FY 2017 business corporation tax revenue estimate decreased by \$9.9 million or 7.3 percent from audited FY 2016 business corporation 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 2017 revenues to audited FY 2016 revenues:

<b>Component</b>	<b>FY 2017 Preliminary</b>	<b>FY 2016 Audited</b>	<b>Nominal Difference</b>	<b>Percent Difference</b>
Estimated Payments	\$ 100,339,916	\$ 106,190,223	\$ (5,850,307)	-5.5 %
Final Payments *	60,945,608	75,559,448	(14,613,840)	-19.3 %
Refunds	(9,580,384)	(43,292,789)	33,712,405	-77.9 %
Adjustments	(12,741,569)	(8,327,398)	(4,414,171)	53.0 %
Net Accrual †	(19,803,370)	4,594,787	(24,398,157)	-531.0 %
<b>Total</b>	<b>\$ 119,160,201</b>	<b>\$ 134,724,271</b>	<b>\$ (15,564,070)</b>	<b>-11.6 %</b>
* Final payments include historic structures tax credit (HSTC) reimbursements of \$116,104 in preliminary FY 2017 and \$432,162 in audited FY 2016.				
† Net Accrual figures are from the Controller's Preliminary General Fund Revenue Report for FY 2017 and Final General Fund Revenue Report for FY 2016.				

Within the components of corporate income tax revenues:

- Preliminary FY 2017 estimated payments were 5.5 percent less than audited FY 2016 estimated payments, a decrease of \$5.9 million.
- Preliminary FY 2017 final payments were 19.3 percent less than audited FY 2016 final payments, a decrease of \$14.6 million.

- Preliminary FY 2017 final payments include \$116,104 of historic structures tax credit (HSTC) reimbursements while audited FY 2016 final payments include \$432,162 of HSTC reimbursements.
- Preliminary FY 2017 refunds were 77.9 percent less than audited FY 2016 refunds, a difference of \$33.7 million.
- Preliminary FY 2017 adjustments were 53.0 percent more than audited FY 2016 adjustments, a difference of \$(4.4 million).
- Preliminary FY 2017 net accrual decreased 531.0 percent from the audited FY 2016 corporate income tax net accrual, a decrease of \$24.4 million.
  - The preliminary FY 2017 net accrual includes refunds payable in the amount of \$40.0 million, an increase of \$16.8 million from the audited FY 2016 refunds payable of \$23.3 million.

It should be noted that effective with tax years beginning on or after January 1, 2015, the business corporation tax rate was reduced from 9.0 percent to 7.0 percent but all C-corporation tax filers had to file under unitary combined reporting with single sales factor apportionment and market based sourcing of services.

#### **Public Utilities Gross Earnings Taxes**

<b><u>FY 2017</u></b>	<b><u>Preliminary Close</u></b>	<b><u>Final Enacted</u></b>	<b><u>Variance</u></b>
Revenues	\$ 90,404,661	\$ 96,200,000	\$ (5,795,339)
	<u>From FY 2016 Audited</u>		<u>From Final Enacted</u>
Percentage Change	-12.3 %	-6.7 %	-6.0 %

Preliminary FY 2017 public utilities gross earnings tax revenues were 6.0 percent less than the final enacted FY 2017 public utilities gross earnings tax revenue estimate of \$96.2 million, a deficit of \$5.8 million.

Preliminary FY 2017 public utilities gross earnings tax revenues of \$90.4 million were down \$12.7 million compared to audited FY 2016 public utilities gross earnings tax revenues of \$103.1 million, which translates into a growth rate of -12.3 percent. Preliminary FY 2017 public utilities gross earnings tax revenues include cash collections of \$90.3 million and a net accrual of \$128,681. FY 2017 public utilities gross earnings tax cash collections decreased by \$12.8 million from audited FY 2016 cash collections. The public utilities gross earnings tax net accrual increased by \$165,078 over the FY 2016 net accrual of \$(36,397), which represents a growth rate of -453.5 percent.

The final enacted FY 2017 public utilities gross earnings tax revenue estimate decreased \$6.9 million, or a -6.7 percent, from audited FY 2016 public utilities gross earnings tax revenues.

### **Financial Institution Taxes**

<b><u>FY 2017</u></b>	<b><u>Preliminary Close</u></b>	<b><u>Final Enacted</u></b>	<b><u>Variance</u></b>
Revenues	\$ 22,188,601	\$ 20,500,000	\$ 1,688,601
	<u>From FY 2016 Audited</u>		<u>From Final Enacted</u>
Percentage Change	5.2 %	-2.8 %	8.2 %

Preliminary FY 2017 financial institution tax revenues were 8.2 percent more than the final enacted FY 2017 estimate of \$20.5 million, an excess of \$1.7 million.

Preliminary FY 2017 financial institution tax revenues of \$22.2 million were up \$1.1 million compared to audited FY 2016 financial institution tax revenues of \$21.1 million, which translates into a growth rate of 5.2 percent. Neither preliminary FY 2017 financial institution tax revenues nor audited FY 2016 financial institution tax revenues include any historic structures tax credit (HSTC) reimbursements. Preliminary FY 2017 financial institution tax revenues include cash collections of \$26.4 million and a FY 2017 adjusted net accrual of \$(4.2 million). FY 2017 financial institution tax cash collections increased by \$12.3 million over FY 2016 cash collections. The preliminary FY 2017 adjusted net accrual decreased by \$11.2 million from the audited FY 2016 adjusted net accrual of \$7.0 million.

The final enacted FY 2017 financial institutions tax revenue estimate was \$20.5 million, a decrease of \$595,888, or a -2.8 percent, from audited FY 2016 financial institutions tax revenues of \$21.1 million.

### **Insurance Company Gross Premiums Taxes**

<b><u>FY 2017</u></b>	<b><u>Preliminary Close</u></b>	<b><u>Final Enacted</u></b>	<b><u>Variance</u></b>
Other Insurance	\$ 60,301,359	\$ 72,000,000	\$ (11,698,641)
Health Insurance	60,792,862	61,400,000	(607,138)
Total Revenues	\$ 121,094,221	\$ 133,400,000	\$ (12,305,779)
	<u>From FY 2016 Audited</u>		<u>From Final Enacted</u>
Percentage Change	-7.1 %	2.3 %	-9.2 %

Preliminary FY 2017 insurance company gross premiums tax revenues were 9.2 percent less than the final enacted FY 2017 estimate of \$133.4 million, a deficit of \$12.3 million.

Preliminary FY 2017 insurance company gross premiums tax revenues of \$121.1 million were down \$9.2 million compared to audited FY 2016 insurance company gross premiums tax revenues of \$130.3 million, which translates into a growth rate of -7.1 percent. Preliminary FY 2017 insurance company gross premiums tax revenues include \$750,000 of historic structures tax credit (HSTC) reimbursements and audited FY 2016 insurance company gross premiums tax revenues included \$6.2 million of HSTC reimbursements. An additional \$1.3 million of HSTC reimbursements received in July 2017 for a tax liability incurred in FY 2017 were included as part of the preliminary FY 2017 adjusted net accrual.

The final enacted FY 2017 insurance company gross premiums tax revenue estimate increased by \$3.1 million or 2.3 percent over audited FY 2016 insurance company gross premiums tax revenues.

The table below provides the component breakdown of insurance company gross premiums tax revenues, as provided in the Controller's Preliminary General Fund Revenue Report for FY 2017 and Final General Fund Revenue Report for FY 2016, and compares preliminary FY 2017 revenues to audited FY 2016 revenues:

<b>Component</b>	<b>FY 2017 Preliminary</b>	<b>FY 2016 Audited</b>	<b>Nominal Difference</b>	<b>Percent Difference</b>
<u>Other Insurance</u>				
Cash	\$ 69,599,032	\$ 72,011,069	\$ (2,412,037)	-3.3 %
Net Accrual	(9,297,673)	9,723,176	(19,020,849)	-195.6 %
<b>Total</b>	<b>\$ 60,301,359</b>	<b>\$ 81,734,245</b>	<b>\$ (21,432,886)</b>	<b>-26.2 %</b>
<u>Health Insurance</u>				
Cash	\$ 67,917,471	\$ 41,982,013	\$ 25,935,458	61.8 %
Net Accrual	(7,124,609)	6,627,796	(13,752,405)	-207.5 %
<b>Total</b>	<b>\$ 60,792,862</b>	<b>\$ 48,609,809</b>	<b>\$ 12,183,053</b>	<b>25.1 %</b>

Preliminary FY 2017 other insurance gross premiums tax revenues were \$60.3 million, which includes cash collections of \$69.6 million and a net accrual of \$(9.3 million). FY 2017 cash collections decreased by \$2.4 million or 3.3 percent from FY 2016 cash collections. The net accrual decreased by 195.6 percent or \$19.0 million between FY 2017 and FY 2016.

Preliminary FY 2017 health insurance gross premiums tax revenues were \$60.8 million compared to audited FY 2016 health insurance gross premiums tax revenues of \$48.6 million, an increase of \$12.2 million or 25.1 percent. FY 2017 cash collections increased by \$25.9 million or 61.8 percent over FY 2016 cash collections. The net accrual decreased by 207.5 percent or \$13.8 million between FY 2017 and FY 2016.

### **Bank Deposit Taxes**

<b><u>FY 2017</u></b>	<b><u>Preliminary Close</u></b>	<b><u>Final Enacted</u></b>	<b><u>Variance</u></b>
Revenues	\$ 2,971,562	\$ 2,500,000	\$ 471,562
	<u>From FY 2016 Audited</u>		<u>From Final Enacted</u>
Percentage Change	16.3 %	-2.2 %	18.9 %

Preliminary FY 2017 bank deposit tax revenues were 18.9 percent more than the final enacted FY 2017 estimate of \$2.5 million, an excess of \$471,562.

Preliminary FY 2017 bank deposit tax revenues of \$3.0 million were up \$415,588 compared to audited FY 2016 bank deposit tax revenues of \$2.6 million, which translates into a growth rate of 16.3 percent. The preliminary FY 2017 net accrual was \$(11,061) vs. an audited FY 2016 net accrual of \$11,602.

The final enacted FY 2017 bank deposit tax revenue estimate was projected to decrease by \$55,974 or 2.2 percent from audited FY 2016 bank deposit tax revenues.

### **Health Care Provider Assessment**

<b><u>FY 2017</u></b>	<b><u>Preliminary Close</u></b>	<b><u>Final Enacted</u></b>	<b><u>Variance</u></b>
Revenues	\$ 43,485,799	\$ 43,000,000	\$ 485,799
	<u>From FY 2016 Audited</u>		<u>From Final Enacted</u>
Percentage Change	0.6 %	-0.5 %	1.1 %

Preliminary FY 2017 health care provider assessment revenues were 1.1 percent more than the final enacted FY 2017 estimate, a surplus of \$485,799.

Preliminary FY 2017 health care provider assessment revenues of \$43.5 million were up \$249,466 compared to audited FY 2016 health care provider assessment revenues of \$43.2 million, a growth rate of 0.6 percent. Preliminary FY 2017 health care provider assessment revenues include cash collections of \$42.9 million and a net accrual of \$543,995. FY 2017 health care provider assessment cash collections decreased by \$502,756 from FY 2016 cash collections. The FY 2017 net accrual increased by \$752,223 compared to the FY 2016 net accrual of \$(208,228), a growth rate of -3.6 percent.

The final enacted FY 2017 health care provider assessment revenue estimate was \$43.0 million, a decrease of \$236,332, or a -0.5 percent, from audited FY 2016 health care provider assessment revenues.

### **Sales and Use Taxes**

<b><u>FY 2017</u></b>	<b><u>Preliminary Close</u></b>	<b><u>Final Enacted</u></b>	<b><u>Variance</u></b>
Revenues	\$ 998,193,789	\$ 1,001,000,000	\$ (2,806,211)
	<u>From FY 2016 Audited</u>		<u>From Final Enacted</u>
Percentage Change	2.7 %	3.0 %	-0.3 %

Preliminary FY 2017 sales and use tax revenues were 0.3 percent less than the final enacted FY 2017 estimate of \$1.0 billion, a shortfall of \$(2.8 million).

Preliminary FY 2017 sales and use tax revenues of \$998.2 million were up \$26.3 million compared to audited FY 2016 sales and use tax revenues of \$971.9 million, a growth rate of 2.7 percent.

The final enacted FY 2017 sales and use tax revenue estimate increased by \$29.1 million or 3.0 percent over audited FY 2016 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 2017 revenues to audited FY 2016 revenues:

<b>Component</b>	<b>Preliminary FY 2017</b>	<b>Audited FY 2016</b>	<b>Nominal Difference</b>	<b>Percent Difference</b>
Net Taxation *	\$ 871,884,596	\$ 850,683,368	\$ 21,201,228	2.5 %
Registry	111,903,313	108,778,861	3,124,452	2.9 %
Providence Place Mall	13,714,203	14,022,158	(307,955)	-2.2 %
Net Accrual †	691,677	(1,557,098)	2,248,775	-144.4 %
<b>Total</b>	<b>\$ 998,193,789</b>	<b>\$ 971,927,289</b>	<b>\$ 26,266,499</b>	<b>2.7 %</b>
* The net Taxation component includes receipts from non-sufficient funds checks of \$106,733 in FY 2017 and \$(100,790) in FY 2016.				
† Net Accrual figures are from the Controller's Preliminary General Fund Revenue Report for FY 2017 and Final General Fund Revenue Report for FY 2016.				

Within the sales and use tax components, preliminary FY 2017 net Taxation sales tax receipts of \$871.9 million were 2.5 percent more than net Taxation sales tax receipts of \$850.7 million in FY 2016, an increase of \$21.2 million. Preliminary FY 2017 registry receipts of \$111.9 million were 2.9 percent more than FY 2016 registry receipts of \$108.8 million, an increase of \$3.1 million. The preliminary FY 2017 sales tax receipts from Providence Place Mall of \$13.7 million were 2.2 percent less than the sales tax receipts of \$14.0 million in audited FY 2016, a decrease of \$307,955. Finally, the preliminary FY 2017 sales and use tax net accrual was \$691,677, a difference of \$2.2 million or -144.4 percent compared to audited FY 2016 sales and use tax net accrual of \$(1.6 million).

### **Motor Vehicle License and Fees**

<b><u>FY 2017</u></b>	<b><u>Preliminary Close</u></b>	<b><u>Final Enacted</u></b>	<b><u>Variance</u></b>
Revenues	\$ 26,023,771	\$ 26,000,000	\$ 23,771
	<u>From FY 2016 Audited</u>		<u>From Final Enacted</u>
Percentage Change	-34.4%	-34.5 %	0.1 %

Preliminary FY 2017 motor vehicle operator license and vehicle registration fee revenues were 0.1 percent more than the final enacted FY 2017 estimate of \$26.0 million, an overage of \$23,771.

Preliminary FY 2017 motor vehicle operator license and vehicle registration fee revenues of \$26.0 million were down \$13.7 million compared to audited FY 2016 motor vehicle operator license and vehicle registration fee revenues of \$39.7 million, which translates into a growth rate of -34.4 percent. Effective July 1, 2016, 50 percent of the revenues collected from motor vehicle license and registration fees were transferred from general revenues to the Rhode Island Highway Maintenance Account (RIHMA) in the Intermodal Surface Transportation Fund. The comparable RIHMA transfer from audited FY 2016 motor vehicle operator license and vehicle registration fee revenues was 25.0 percent.

Preliminary FY 2017 license and registration fees were \$26.02 million, which includes cash collections of \$25.97 million and a net accrual of \$51,806. FY 2017 cash collections were down \$13.7 million or 34.6 percent compared to FY 2016 cash collections. The audited FY 2016 net accrual of \$(10,747) is -582.1 percent below the FY 2017 net accrual.

The final enacted FY 2017 motor vehicle operator license and vehicle registration fee revenues estimate decreased by \$13.7 million or 34.5 percent from audited FY 2016 motor vehicle operator license and vehicle registration fee revenues.

### **Motor Carrier Fuel Use Taxes**

<b><u>FY 2017</u></b>	<b><u>Preliminary Close</u></b>	<b><u>Final Enacted</u></b>	<b><u>Variance</u></b>
Revenues	\$ 101,153	\$ 0	\$ 101,153
	<u>From FY 2016 Audited</u>		<u>From Final Enacted</u>
Percentage Change	-148.6 %	n/a	n/a

Preliminary FY 2017 motor carrier fuel use tax revenues were up \$101,153 over the final enacted FY 2017 estimate of \$0.

Preliminary FY 2017 motor carrier fuel use tax revenues of \$101,153 were up \$309,222 compared to audited FY 2016 motor carrier fuel use tax revenues of \$(208,068), which translates into a growth rate of -148.6 percent. Preliminary FY 2017 motor carrier fuel use tax revenues include no cash collections and a net accrual of \$101,153. FY 2017 motor carrier fuel use tax cash collections decreased by \$101,576 from FY 2016 cash collections and the preliminary FY 2017 motor carrier fuel use tax net accrual increased \$207,645 over the audited FY 2016 net accrual of \$(106,492), which is a growth rate of -1.9 percent.

The final enacted FY 2017 motor carrier fuel use tax revenue estimate increased by \$208,068 over audited FY 2016 motor carrier fuel use tax revenues.

### **Cigarettes Taxes**

<b><u>FY 2017</u></b>	<b><u>Preliminary Close</u></b>	<b><u>Final Enacted</u></b>	<b><u>Variance</u></b>
Cigarettes, w/ Floor Stock	\$ 132,248,836	\$ 130,900,000	\$ 1,348,836
Other Tobacco Products	8,014,445	7,800,000	214,445
Total Revenues	\$ 140,263,281	\$ 138,700,000	\$ 1,563,281
	<u>From FY 2016 Audited</u>		<u>From Final Enacted</u>
Percentage Change	-1.8 %	-2.9 %	1.1 %

Rhode Island cigarettes tax revenues 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 2017 cigarettes tax revenues, including other tobacco products and any cigarette floor stock taxes, were up \$1.6 million or 1.1 percent over the final enacted FY 2017 estimate of \$138.7 million.

Preliminary FY 2017 cigarettes tax revenues of \$140.3 million were down \$2.5 million compared to audited FY 2016 cigarettes tax revenues of \$142.8 million, a growth rate of -1.8 percent. Effective August 1, 2015, the cigarette excise tax rate was increased from \$3.50 to \$3.75 per pack of 20 cigarettes.

The final enacted FY 2017 cigarettes tax revenue estimate decreased by \$4.1 million or 2.9 percent from audited FY 2016 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 2017 and Final General Fund Revenue Report for FY 2016, and compares preliminary FY 2017 revenues to audited FY 2016 revenues:

<b>Component</b>	<b>FY 2017 Preliminary</b>	<b>FY 2016 Audited</b>	<b>Nominal Difference</b>	<b>Percent Difference</b>
<u>Cigarettes, including Floor Stock</u>				
Cash	\$ 133,647,453	\$ 138,325,641	\$ (4,678,188)	-3.4 %
Net Accrual	(1,398,617)	(1,689,800)	291,183	-17.2 %
<b>Total Cigarettes</b>	<b>\$ 132,248,836</b>	<b>\$ 136,635,841</b>	<b>\$ (4,387,005)</b>	<b>-3.2 %</b>
<u>Other Tobacco Products</u>				
Cash	\$ 7,873,842	\$ 6,076,826	\$ 1,797,016	29.6 %
Net Accrual	140,603	69,419	71,184	102.5 %
<b>Total Other Tobacco</b>	<b>\$ 8,014,445</b>	<b>\$ 6,146,245</b>	<b>\$ 1,868,200</b>	<b>30.4 %</b>

Within the cigarettes tax components, preliminary FY 2017 cigarettes tax revenues, including cigarette floor stock tax revenues, were down \$4.4 million or 3.2 percent from audited FY 2016 cigarettes tax revenues. Preliminary FY 2017 cigarettes tax revenues were \$132.2 million, which includes cash collections of \$133.6 million and a net accrual of \$(1.4 million). FY 2017 cash collections decreased by \$4.7 million or 3.4 percent compared to FY 2016 cash collections. The preliminary FY 2017 cigarettes tax net accrual increased by \$291,183 compared to the FY 2016 net accrual, which is a growth rate of -17.2 percent.

Preliminary FY 2017 other tobacco products tax revenues were up \$1.9 million or 30.4 percent over audited FY 2016 other tobacco products tax revenues. Preliminary FY 2017 other tobacco products tax revenues were \$8.0 million, which includes cash collections of \$7.9 million and a net accrual of \$140,603. FY 2017 cash collections increased by \$1.8 million or 29.6 percent compared to FY 2016 cash collections. The change in the net accrual was \$71,184 or 102.5 percent from the FY 2016 net accrual.

Finally, the change in Rhode Island cigarette sales between preliminary FY 2017 and audited FY 2016 is determined by netting out the value of cigarette floor stock tax and other tobacco products tax revenues in each fiscal year. After netting out these receipts, it is determined that the sale of packs of cigarettes in Rhode Island fell by 4.0 percent in FY 2017.

**Alcohol Taxes**

<b><u>FY 2017</u></b>	<b><u>Preliminary Close</u></b>	<b><u>Final Enacted</u></b>	<b><u>Variance</u></b>
Revenues	\$ 19,740,536	\$ 19,800,000	\$ (59,464)
	<u>From FY 2016 Audited</u>		<u>From Final Enacted</u>
Percentage Change	0.6 %	0.9 %	-0.3 %

Preliminary FY 2017 alcohol excise tax revenues were 0.3 percent less than the final enacted FY 2017 estimate, a deficit of \$59,464.

Preliminary FY 2017 alcohol tax revenues of \$19.7 million were up \$110,268 compared to audited FY 2016 alcohol excise tax revenues, a growth rate of 0.6 percent. Preliminary FY 2017 alcohol excise tax revenues include cash collections of \$19.6 million and a net accrual of \$120,086. FY 2017 alcohol tax cash collections increased by \$182,359 over FY 2016 cash collections. The FY 2017 alcohol excise tax preliminary net accrual is 37.5 percent or \$72,091 less than the audited FY 2016 net accrual of \$192,177.

The final enacted FY 2017 alcohol excise tax revenue estimate was \$19.8 million, an increase of \$169,732 or 0.9 percent over audited FY 2016 alcohol tax revenues of \$19.6 million.

**Controlled Substances**

<b><u>FY 2017</u></b>	<b><u>Preliminary Close</u></b>	<b><u>Final Enacted</u></b>	<b><u>Variance</u></b>
Revenues	\$ 2,778	\$ 0	\$ 2,778
	<u>From FY 2016 Audited</u>		<u>From Final Enacted</u>
Percentage Change	-105.1 %	n/a	n/a

Preliminary FY 2017 controlled substances revenues consist of a net accrual of \$2,778, which represents a growth rate of -105.1 percent over the audited FY 2016 net accrual of \$(54,365). There was no final enacted FY 2017 controlled substances revenue estimate.

**Estate and Transfer Taxes**

<b><u>FY 2017</u></b>	<b><u>Preliminary Close</u></b>	<b><u>Final Enacted</u></b>	<b><u>Variance</u></b>
Revenues	\$ 85,428,550	\$ 27,800,000	\$ 57,628,550
	<u>From FY 2016 Audited</u>		<u>From Final Enacted</u>
Percentage Change	22.0 %	-60.3 %	207.3 %

Preliminary FY 2017 estate and transfer tax revenues were 207.3 percent more than the final enacted FY 2017 estimate of \$27.8 million, a surplus of \$57.6 million.

Preliminary FY 2017 estate and transfer tax revenues of \$85.4 million were up \$15.4 million compared to audited FY 2016 estate and transfer tax revenues of \$70.0 million, a growth rate of 22.0 percent. Preliminary FY 2017 estate and transfer tax revenues include cash collections of \$24.6 million and a net accrual of \$60.8 million. FY 2017 estate and transfer tax cash collections

decreased by \$50.7 million from FY 2016 cash collections and the preliminary FY 2017 estate and transfer tax net accrual increased by \$66.1 million over the audited FY 2016 net accrual of \$(5.3 million), which represents a growth rate of -1,256.4 percent.

The final enacted FY 2017 estate and transfer tax revenue estimate decreased by \$42.2 million, or a -60.3 percent, from audited FY 2016 estate and transfer tax revenues.

### **Racing and Athletics Taxes**

<b><u>FY 2017</u></b>	<b><u>Preliminary Close</u></b>	<b><u>Final Enacted</u></b>	<b><u>Variance</u></b>
Revenues	\$ 1,163,304	\$ 1,100,000	\$ 63,304
	<u>From FY 2016 Audited</u>		<u>From Final Enacted</u>
Percentage Change	9.8 %	3.8 %	5.8 %

Preliminary FY 2017 racing and athletics tax revenues were 5.8 percent more than the final enacted FY 2017 estimate of \$1.10 million, a surplus of \$63,304.

Preliminary FY 2017 racing and athletics tax revenues of \$1.16 million were up \$103,817 compared to audited FY 2016 racing and athletics tax revenues of \$1.06 million, which translates into a growth rate of 9.8 percent. Preliminary FY 2017 racing and athletics tax revenues include cash collections of \$1.16 million and a net accrual of \$6,811. FY 2017 racing and athletics tax cash collections increased by \$85,354 from FY 2016 cash collections. The preliminary FY 2017 racing and athletics tax net accrual increased by \$18,463 over the audited FY 2016 net accrual of \$(11,652), a growth of -158.5 percent.

The final enacted FY 2017 racing and athletics tax revenue estimate increased by \$40,513 or 3.8 percent from audited FY 2016 racing and athletics tax revenues.

### **Realty Transfer Taxes**

<b><u>FY 2017</u></b>	<b><u>Preliminary Close</u></b>	<b><u>Final Enacted</u></b>	<b><u>Variance</u></b>
Revenues	\$ 12,589,268	\$ 11,700,000	\$ 889,268
	<u>From FY 2016 Audited</u>		<u>From Final Enacted</u>
Percentage Change	20.7 %	12.2 %	7.6 %

Preliminary FY 2017 realty transfer tax revenues were 7.6 percent more than the final enacted FY 2017 estimate of \$11.7 million, an excess of \$889,268.

Preliminary FY 2017 realty transfer tax revenues of \$12.6 million were up \$2.2 million compared to audited FY 2016 realty transfer tax revenues of \$10.4 million, which translates into a growth rate of 20.7 percent. Preliminary FY 2017 realty transfer tax revenues include cash collections of \$12.2 million and a net accrual of \$411,941. FY 2017 realty transfer tax cash collections increased by \$1.6 million over FY 2016 cash collections. The preliminary FY 2017 realty transfer tax net accrual increased by \$556,587 over the audited FY 2016 net accrual of \$(144,646), which translates to a growth rate of -384.8 percent.

The final enacted FY 2017 realty transfer tax revenue estimate increased by \$1.3 million or 12.2 percent over audited FY 2016 realty transfer tax revenues.

### **Total Departmental Receipts**

<b><u>FY 2017</u></b>	<b><u>Preliminary Close</u></b>	<b><u>Final Enacted</u></b>	<b><u>Variance</u></b>
Revenues	\$ 370,065,817	\$ 376,161,130	\$ (6,095,313)
	<u>From FY 2016 Audited</u>		<u>From Final Enacted</u>
Percentage Change	0.7 %	2.3 %	-1.6 %

Preliminary FY 2017 total departmental receipts were 1.6 percent less than the final enacted FY 2017 estimate of \$376.2 million, a shortfall of \$6.1 million.

Preliminary FY 2017 total departmental receipts of \$370.1 million were up \$2.4 million compared to audited FY 2016 total departmental receipts of \$367.6 million, which translates into a growth rate of 0.7 percent. The final enacted FY 2017 total departmental receipts estimate increased by \$8.5 million or 2.3 percent over audited FY 2016 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 2017 and Final General Fund Revenue Report for FY 2016, and compares preliminary FY 2017 revenues to audited FY 2016 revenues:

<b>Category</b>	<b>FY 2017 Preliminary</b>	<b>FY 2016 Audited</b>	<b>Nominal Difference</b>	<b>Percent Difference</b>
<b><u>Licenses and Fees</u></b>				
Cash	\$ 290,719,069	\$ 282,292,940	\$ 8,426,129	3.0 %
Net Accrual	(289,077)	11,198,561	( 11,487,638)	-102.6 %
<b>Total Licenses and Fees</b>	<b>\$ 290,429,992</b>	<b>\$ 293,491,501</b>	<b>\$ (3,061,509)</b>	<b>-1.0 %</b>
<b><u>Fines and Penalties</u></b>				
Cash	\$ 36,715,208	\$ 36,006,572	\$ 708,636	2.0 %
Net Accrual	(1,252,616)	507,453	(1,760,069)	-346.8 %
<b>Total Fines and Penalties</b>	<b>\$ 35,462,592</b>	<b>\$ 36,514,025</b>	<b>\$ (1,051,433)</b>	<b>-2.9 %</b>
<b><u>Sales and Services</u></b>				
Cash	\$ 11,252,955	\$ 12,977,920	\$ (1,724,965)	-13.3 %
Net Accrual	66,060	(64,294)	130,354	-202.7 %
<b>Total Sales and Services</b>	<b>\$ 11,319,015</b>	<b>\$ 12,913,626</b>	<b>\$ (1,594,611)</b>	<b>-12.3 %</b>

Category	FY 2017 Preliminary	FY 2016 Audited	Nominal Difference	Percent Difference
<u>Miscellaneous Departmental Receipts</u>				
Cash	\$ 32,891,778	\$ 25,102,608	\$ 7,789,170	31.0 %
Net Accrual	(37,560)	(380,365)	342,805	-90.1 %
<b>Total Misc. Dept. Receipts</b>	<b>\$ 32,854,218</b>	<b>\$ 24,722,243</b>	<b>\$ 8,131,975</b>	<b>32.9 %</b>

Preliminary FY 2017 licenses and fees revenues were down \$3.1 million or 1.0 percent from audited FY 2016 licenses and fees revenues. Preliminary FY 2017 licenses and fees revenues totaled \$290.4 million, which includes cash collections of \$290.7 million and a net accrual of \$(289,077). FY 2017 cash collections increased by \$8.4 million or 3.0 percent compared to FY 2016 cash collections. The decrease in the licenses and fees net accrual between FY 2017 and FY 2016 was \$11.5 million, or a -102.6 percent. It should be noted that the hospital licensing fee rate decreased from 5.862 percent of hospital FY 2014 net patient revenues to 5.652 percent of hospital FY 2015 net patient revenues in FY 2017. As a result, FY 2017 hospital licensing fee revenues were \$169.0 million, a decrease of \$91,778 from FY 2016 hospital licensing fee revenues of \$169.1 million. The preliminary FY 2017 hospital licensing fee receivable was \$162.3 million and the audited FY 2016 hospital licensing fee receivable was \$162.2 million, which translates into a hospital licensing fee net accrual of \$51,284 in FY 2017.

Preliminary FY 2017 fines and penalties revenues were down \$1.1 million or 2.9 percent from audited FY 2016 fines and penalties revenues. Preliminary FY 2017 fines and penalties revenues totaled \$35.5 million, which includes cash collections of \$36.7 million and a net accrual of \$1.3 million. FY 2017 cash collections increased by \$708,636 or 2.0 percent compared to FY 2016 cash collections. The FY 2017 net accrual decreased \$1.8 million, or a -346.8 percent, from the FY 2016 net accrual.

Preliminary FY 2017 sales and services revenues were down \$1.6 million, or a -12.3 percent, from audited FY 2016 sales and services revenues. Preliminary FY 2017 revenues for sales and services were \$11.32 million, which includes cash collections of \$11.25 million and a net accrual of \$66,060. FY 2017 cash collections decreased by \$1.7 million, or a -13.3 percent, compared to FY 2016 cash collections and the net accrual increased by \$130,354, which is a growth of -202.7 percent.

Finally, preliminary FY 2017 miscellaneous departmental receipts were up \$8.1 million or 32.9 percent over audited FY 2016 miscellaneous departmental receipts. Preliminary FY 2017 miscellaneous departmental receipts totaled \$32.85 million, which includes cash collections \$32.89 million and a net accrual of \$(37,560). FY 2017 cash collections increased by \$7.8 million or 31.0 percent compared to FY 2016 cash collections. The increase in FY 2017 miscellaneous departmental receipts cash collections is primarily due to the reclassification of uncashed refund checks issued by the Treasurer's office and the Division of Taxation as unclaimed property (approximately \$5.5 million) and the increase in receipts from various settlements from the Office of the Attorney General (approximately \$3.0 million). The FY 2017 net accrual increased by \$342,805, or a -90.1 percent, from \$(380,365) in FY 2016.

### **Per Penny Motor Fuel Tax Yield**

<b><u>FY 2017</u></b>	<b><u>Preliminary Close</u></b>	<b><u>ORA Estimated</u></b>	<b><u>Variance</u></b>
Revenues	\$ 4,417,413	\$ 4,444,239	\$ (26,826)
	<u>From FY 2016 Audited</u>		<u>From ORA Estimated</u>
Percentage Change	-1.4 %	-0.8 %	-0.6 %

The State's \$0.33 per gallon motor fuel tax is dedicated to the funding of transportation. The state's motor fuel tax was increased from \$0.32 per gallon to \$0.33 per gallon effective July 1, 2015. The State's motor fuel tax is allocated to the Rhode Island Department of Transportation which receives \$0.1925 of the \$0.33 per gallon motor fuel tax, the Rhode Island Public Transit Authority which receives \$0.0925 of the \$0.33 per gallon motor fuel tax, the Department of Human Services which receives \$0.01 of the \$0.33 per gallon motor fuel tax for its elderly transportation program and the Rhode Island Turnpike and Bridge Authority which receives \$0.035 of the \$0.33 per gallon motor fuel tax for the maintenance and repair of the Jamestown Verrazano Bridge, the Mount Hope Bridge, the Newport Pell Bridge, and the Sakonnet River Bridge. 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 2017.

Based on information provided by the Office of Accounts and Controls, the preliminary FY 2017 per penny yield of the State's motor fuel tax was \$4.417 million, a decrease of \$26,826 from the Office of Revenue Analysis' projection of the per penny yield. This decrease translates into a -0.6 percent growth rate. The preliminary FY 2017 per penny yield was down \$61,865, or a -1.4 percent, compared to the audited FY 2016 per penny yield. The projected per penny yield of \$4.444 million was \$35,039 less than the audited FY 2016 motor fuel tax per penny yield of \$4.479 million, or a growth rate of -0.8 percent.

### **Other Miscellaneous Revenues**

<b><u>FY 2017</u></b>	<b><u>Preliminary Close</u></b>	<b><u>Final Enacted</u></b>	<b><u>Variance</u></b>
Revenues	\$ 12,122,198	\$ 12,061,770	\$ 60,428
	<u>From FY 2016 Audited</u>		<u>From Final Enacted</u>
Percentage Change	195.5 %	194.0 %	0.5 %

Preliminary FY 2017 other miscellaneous revenues were 0.5 percent more than the final enacted FY 2017 estimate of \$12.1 million, an overage of \$60,428.

Preliminary FY 2017 other miscellaneous revenues of \$12.1 million were up \$8.0 million compared to audited FY 2016 other miscellaneous revenues of \$4.1 million, a growth rate of 195.5 percent.

The final enacted FY 2017 other miscellaneous revenue estimate increased by \$8.0 million or 194.0 percent over audited FY 2016 other miscellaneous revenues.

### Lottery Transfer

<u>FY 2017</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Traditional Games	\$ 55,922,165	\$ 55,000,000	\$ 922,165
VLT	289,006,099	289,700,000	(693,901)
Table Games	17,768,364	17,500,000	268,364
Revenues	<b>\$ 362,696,628</b>	<b>\$ 362,200,000</b>	<b>\$ 496,628</b>
	<u>From FY 2016 Audited</u>		<u>From Final Enacted</u>
Percentage Change	-1.9 %	-2.0 %	0.1 %

The preliminary FY 2017 lottery transfer to the State's general fund was up 0.1 percent compared to the final enacted FY 2017 estimate of \$362.2 million, a surplus of \$496,628. Within the components of the lottery transfer, as provided by the Division of Lottery, the preliminary FY 2017 transfer from instant and monitor games was up 1.7 percent over the final enacted FY 2017 instant and monitor games transfer estimate of \$55.0 million, an overage of \$922,165. With respect to the State's share of video lottery net terminal income (NTI), the preliminary FY 2017 video lottery transfer was 0.2 percent less than the final enacted FY 2017 video lottery transfer estimate of \$289.7 million, a shortfall of \$693,901. The preliminary FY 2017 table games transfer was up 1.5 percent over the final enacted FY 2017 table games transfer estimate of \$17.5 million, a surplus of \$268,364.

The table below provides the component breakdown of revenues from the lottery transfer, as provided by the Division of Lottery, and compares preliminary FY 2017 revenues to audited FY 2016 revenues:

<b>Component</b>	<b>FY 2017 Preliminary</b>	<b>FY 2016 Audited</b>	<b>Nominal Difference</b>	<b>Percent Difference</b>
Traditional Games	\$ 55,922,165	\$ 60,993,647	\$ (5,071,482)	-8.3 %
VLT	289,006,099	293,157,674	(4,151,575)	-1.4 %
Table Games	17,768,364	15,609,558	2,158,806	13.8 %
<b>Total</b>	<b>\$ 362,696,628</b>	<b>\$ 369,760,879</b>	<b>\$ (7,064,251)</b>	<b>-1.9 %</b>

The preliminary FY 2017 lottery transfer was \$362.7 million, \$7.1 million less than the audited FY 2016 lottery transfer of \$370.0 million, which translates into a growth rate of -1.9 percent. The preliminary FY 2017 lottery transfer includes cash collections of \$362.2 million and a net accrual of \$501,862. The FY 2017 lottery transfer cash collections decreased by \$7.2 million from FY 2016 cash collections. The preliminary FY 2017 lottery transfer net accrual is 44.7 percent more than the audited FY 2016 net accrual of \$346,789.

Within the components of the lottery transfer, the preliminary FY 2017 transfer from instant and monitor games of \$55.9 million was down \$5.1 million compared to the audited FY 2016 transfer from instant and monitor games of \$61.0 million, a growth rate of -8.3 percent. The decrease in the instant and monitor games transfer was in part due to the largest Powerball jackpot in history in FY 2016, which grew to exceed \$1.0 billion before being won.

The preliminary FY 2017 video lottery transfer of \$289.0 million was down \$4.2 million compared to the audited FY 2016 video lottery transfer of \$293.2 million, a growth rate of -1.4 percent. The decrease in video lottery transfer revenues is, in part, attributable to the decrease in the number of operating video lottery terminals in Twin River in order to make space for additional table games and a poker room.

The preliminary FY 2017 table games transfer of \$17.8 million was up \$2.2 million compared to the audited FY 2016 table games transfer of \$15.6 million. Part of increase in the table games transfer to the general fund is attributable to the addition of a poker room with 16 poker tables at Twin River in December 2015 of FY 2016.

### **Unclaimed Property Transfer**

<b><u>FY 2017</u></b>	<b><u>Preliminary Close</u></b>	<b><u>Final Enacted</u></b>	<b><u>Variance</u></b>
Revenues	\$ 12,725,037	\$12,100,000	625,037
	<u>From FY 2016 Audited</u>		<u>From Final Enacted</u>
Percentage Change	-10.2 %	-14.6 %	5.2 %

According to the Controller's Preliminary General Fund Revenue Report, the FY 2017 unclaimed property transfer was 5.2 percent more than the final enacted FY 2017 estimate of \$12.1 million, an excess of \$625,037.

The unclaimed property transfer of \$12.7 million for preliminary FY 2017 was down 10.2 percent or \$1.4 million compared to the audited FY 2016 unclaimed property transfer of \$14.2 million.

The final enacted FY 2017 unclaimed property transfer estimate decreased by \$2.1 million, or a -14.6 percent from the audited FY 2016 unclaimed property transfer.



Robert S. Hull, Director  
Department of Revenue

September 14, 2017

**STATE OF RHODE ISLAND SPECIAL REPORT ON PRELIMINARY REVENUES**  
**Preliminary FY 2017 to Final Enacted FY 2017**

	Preliminary Revenues FY 2017	Final Enacted Revenues FY 2017	Difference	Variance
<b><u>Personal Income Tax</u></b>	\$ 1,243,807,056	\$ 1,266,604,489	\$ (22,797,433)	-1.8%
<b><u>General Business Taxes</u></b>				
Business Corporations	119,289,609	125,000,000	(5,710,391)	-4.6%
Public Utilities Gross Earnings	90,404,661	96,200,000	(5,795,339)	-6.0%
Financial Institutions	22,188,601	20,500,000	1,688,601	8.2%
Insurance Companies	121,094,221	133,400,000	(12,305,779)	-9.2%
Bank Deposits	2,971,562	2,500,000	471,562	18.9%
Health Care Provider Assessment	43,485,799	43,000,000	485,799	1.1%
<b><u>Excise Taxes</u></b>				
Sales and Use *	998,193,789	1,001,000,000	(2,806,211)	-0.3%
Motor Vehicle	26,023,771	26,000,000	23,771	0.1%
Motor Carrier Fuel Use	101,153	-	101,153	n/a
Cigarettes	140,263,281	138,700,000	1,563,281	1.1%
Alcohol	19,740,536	19,800,000	(59,464)	-0.3%
Controlled Substances *	2,778	-	2,778	n/a
<b><u>Other Taxes</u></b>				
Estate and Transfer	85,428,550	27,800,000	57,628,550	207.3%
Racing and Athletics	1,163,304	1,100,000	63,304	5.8%
Realty Transfer	12,589,268	11,700,000	889,268	7.6%
<b>Total Taxes</b>	<b>\$ 2,926,747,939</b>	<b>\$ 2,913,304,489</b>	<b>\$ 13,443,450</b>	<b>0.5%</b>
<b><u>Departmental Receipts</u></b>	\$ 370,065,817	\$ 376,161,130	\$ (6,095,313)	-1.6%
<b>Taxes and Departmentals</b>	<b>\$ 3,296,813,756</b>	<b>\$ 3,289,465,619</b>	<b>\$ 7,348,137</b>	<b>0.2%</b>
<b><u>Other General Revenue Sources</u></b>				
Other Miscellaneous Revenues	12,122,198	12,061,770	60,428	0.5%
Lottery Transfer	362,696,628	362,200,000	496,628	0.1%
Unclaimed Property	12,725,037	12,100,000	625,037	5.2%
<b>Total Other Sources</b>	<b>\$ 387,543,863</b>	<b>\$ 386,361,770</b>	<b>\$ 1,182,093</b>	<b>0.3%</b>
<b>Total General Revenues</b>	<b>\$ 3,684,357,619</b>	<b>\$ 3,675,827,389</b>	<b>\$ 8,530,230</b>	<b>0.2%</b>

\* The Controller's Audited General Fund Revenue Report for FY 2017 includes Controlled Substances Revenues in Sales and Use Tax Revenues. This report treats these revenue sources separately.

PIT Component	Preliminary FY 2017	Final Enacted FY 2017	Difference	Variance
Estimated payments	\$ 234,157,498	\$ 236,100,000	\$ (1,942,502)	-0.8%
Final payments	187,635,908	187,504,489	131,419	0.1%
Withholding	1,137,240,933	1,132,800,000	4,440,933	0.4%
Refunds	(326,325,947)	(304,700,000)	(21,625,947)	7.1%
Net Accrual	11,098,664	14,900,000	(3,801,336)	-25.5%
<b>Total</b>	<b>\$ 1,243,807,056</b>	<b>\$ 1,266,604,489</b>	<b>\$ (22,797,433)</b>	<b>-1.8%</b>

**STATE OF RHODE ISLAND SPECIAL REPORT ON PRELIMINARY REVENUES**  
**Preliminary FY 2017 to Audited FY 2016**

	Preliminary Revenues FY 2017	Audited Revenues FY 2016	Difference	Year-over-Year Growth
<b><u>Personal Income Tax</u></b>	\$ 1,243,807,056	\$ 1,217,429,575	\$ 26,377,481	2.2%
<b><u>General Business Taxes</u></b>				
Business Corporations	119,289,609	134,908,997	(15,619,388)	-11.6%
Public Utilities Gross Earnings	90,404,661	103,062,420	(12,657,759)	-12.3%
Financial Institutions	22,188,601	21,095,888	1,092,713	5.2%
Insurance Companies	121,094,221	130,344,054	(9,249,833)	-7.1%
Bank Deposits	2,971,562	2,555,974	415,588	16.3%
Health Care Provider Assessment	43,485,799	43,236,332	249,466	0.6%
<b><u>Excise Taxes</u></b>				
Sales and Use *	998,193,789	971,927,289	26,266,499	2.7%
Motor Vehicle	26,023,771	39,691,836	(13,668,065)	-34.4%
Motor Carrier Fuel Use	101,153	(208,068)	309,222	-148.6%
Cigarettes	140,263,281	142,782,086	(2,518,804)	-1.8%
Alcohol	19,740,536	19,630,268	110,268	0.6%
Controlled Substances *	2,778	(54,365)	57,143	-105.1%
<b><u>Other Taxes</u></b>				
Estate and Transfer	85,428,550	70,028,952	15,399,598	22.0%
Racing and Athletics	1,163,304	1,059,487	103,817	9.8%
Realty Transfer	12,589,268	10,430,664	2,158,604	20.7%
<b>Total Taxes</b>	<b>\$ 2,926,747,939</b>	<b>\$ 2,907,921,389</b>	<b>\$ 18,826,550</b>	<b>0.6%</b>
<b><u>Departmental Receipts</u></b>	370,065,817	367,641,395	2,424,422	0.7%
<b>Taxes and Departmentals</b>	<b>\$ 3,296,813,756</b>	<b>\$ 3,275,562,784</b>	<b>\$ 21,250,972</b>	<b>0.6%</b>
<b><u>Other General Revenue Sources</u></b>				
Other Miscellaneous Revenues	12,122,198	4,102,234	8,019,964	195.5%
Lottery Transfer	362,696,628	369,760,879	(7,064,251)	-1.9%
Unclaimed Property	12,725,037	14,166,740	(1,441,703)	-10.2%
<b>Total Other Sources</b>	<b>\$ 387,543,863</b>	<b>\$ 388,029,853</b>	<b>\$ (485,990)</b>	<b>-0.1%</b>
<b>Total General Revenues</b>	<b>\$ 3,684,357,619</b>	<b>\$ 3,663,592,637</b>	<b>\$ 20,764,982</b>	<b>0.6%</b>

\* The Controller's Audited General Fund Revenue Reports for FY 2017 and FY 2016 include Controlled Substances Revenues in Sales and Use Tax Revenues. This report treats these revenue sources separately.

<b>PIT Component</b>	Preliminary FY 2017	Audited FY 2016	Difference	Year-over-Year Growth
Estimated payments	\$ 234,157,498	\$ 230,555,951	\$ 3,601,547	1.6%
Final payments	187,635,908	183,823,532	3,812,376	2.1%
Withholding	1,137,240,933	1,088,462,846	48,778,087	4.5%
Refunds	(326,325,947)	(266,648,551)	(59,677,396)	22.4%
<i>Net Accrual</i>	<i>11,098,664</i>	<i>(18,764,203)</i>	<i>29,862,867</i>	<i>-159.1%</i>
<b>Total</b>	<b>\$ 1,243,807,056</b>	<b>\$ 1,217,429,575</b>	<b>\$ 26,377,481</b>	<b>2.2%</b>

**STATE OF RHODE ISLAND SPECIAL REPORT ON PRELIMINARY REVENUES**  
**Final Enacted FY 2017 to Audited FY 2016**

	<b>Final Enacted Revenues FY 2017</b>	<b>Audited Revenues FY 2016</b>	<b>Difference</b>	<b>Variance</b>
<b><u>Personal Income Tax</u></b>	\$ 1,266,604,489	\$ 1,217,429,575	\$ 49,174,914	4.0%
<b><u>General Business Taxes</u></b>				
Business Corporations	125,000,000	134,908,997	(9,908,997)	-7.3%
Public Utilities Gross Earnings	96,200,000	103,062,420	(6,862,420)	-6.7%
Financial Institutions	20,500,000	21,095,888	(595,888)	-2.8%
Insurance Companies	133,400,000	130,344,054	3,055,946	2.3%
Bank Deposits	2,500,000	2,555,974	(55,974)	-2.2%
Health Care Provider Assessment	43,000,000	43,236,332	(236,332)	-0.5%
<b><u>Excise Taxes</u></b>				
Sales and Use *	1,001,000,000	971,927,289	29,072,711	3.0%
Motor Vehicle	26,000,000	39,691,836	(13,691,836)	-34.5%
Motor Carrier Fuel Use	-	(208,068)	208,068	n/a
Cigarettes	138,700,000	142,782,086	(4,082,086)	-2.9%
Alcohol	19,800,000	19,630,268	169,732	0.9%
Controlled Substances *	-	(54,365)	54,365	n/a
<b><u>Other Taxes</u></b>				
Estate and Transfer	27,800,000	70,028,952	(42,228,952)	-60.3%
Racing and Athletics	1,100,000	1,059,487	40,513	3.8%
Realty Transfer	11,700,000	10,430,664	1,269,336	12.2%
<b>Total Taxes</b>	<b>\$ 2,913,304,489</b>	<b>\$ 2,907,921,389</b>	<b>\$ 5,383,100</b>	<b>0.2%</b>
<b><u>Departmental Receipts</u></b>	376,161,130	367,641,395	8,519,735	2.3%
<b>Taxes and Departmentals</b>	<b>\$ 3,289,465,619</b>	<b>\$ 3,275,562,784</b>	<b>\$ 13,902,835</b>	<b>0.4%</b>
<b><u>Other General Revenue Sources</u></b>				
Other Miscellaneous Revenues	12,061,770	4,102,234	7,959,536	194.0%
Lottery Transfer	362,200,000	369,760,879	(7,560,879)	-2.0%
Unclaimed Property	12,100,000	14,166,740	(2,066,740)	-14.6%
<b>Total Other Sources</b>	<b>\$ 386,361,770</b>	<b>\$ 388,029,853</b>	<b>\$ (1,668,083)</b>	<b>-0.4%</b>
<b>Total General Revenues</b>	<b>\$ 3,675,827,389</b>	<b>\$ 3,663,592,637</b>	<b>\$ 12,234,752</b>	<b>0.3%</b>

\* The Controller's Audited General Fund Revenue Reports for FY 2017 and FY 2016 include Controlled Substances Revenues in Sales and Use Tax Revenues. This report treats these revenue sources separately.

<b>PIT Component</b>	<b>Final Enacted FY 2017</b>	<b>Audited FY 2016</b>	<b>Difference</b>	<b>Variance</b>
Estimated payments	\$ 236,100,000	\$ 230,555,951	\$ 5,544,049	2.4%
Final payments	187,504,489	183,823,532	3,680,957	2.0%
Withholding	1,132,800,000	1,088,462,846	44,337,154	4.1%
Refunds	(304,700,000)	(266,648,551)	(38,051,449)	14.3%
<i>Net Accrual</i>	<i>14,900,000</i>	<i>(18,764,203)</i>	<i>33,664,203</i>	<i>-179.4%</i>
<b>Total</b>	<b>\$ 1,266,604,489</b>	<b>\$ 1,217,429,575</b>	<b>\$ 49,174,914</b>	<b>4.0%</b>