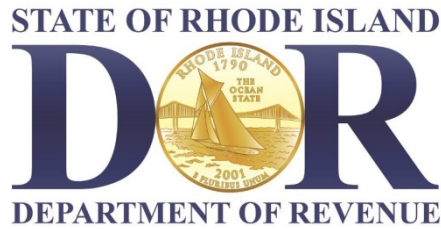


STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
GOVERNOR GINA M. RAIMONDO



Office of Revenue Analysis

State of Rhode Island Revenue Brief
Special Report on Preliminary FY 2016 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 2016 revenues and the fiscal year revenue estimates as adopted in the final enacted FY 2016 budget. Finally, the growth rates cited refer to preliminary FY 2016 revenues compared to final enacted fiscal year revenue estimates or compared to audited FY 2015 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 2016 to Final Enacted FY 2016*, displays the amounts, difference and variance of preliminary FY 2016 revenues to final enacted FY 2016 revenues. The second table, *Preliminary FY 2016 to Audited FY 2015*, displays the amounts, difference, and year-over-year growth of preliminary FY 2016 revenues to final audited FY 2015 revenues.

Total General Revenues

| <u>FY 2016</u> | <u>Preliminary Close</u> | <u>Final Enacted</u> | <u>Variance</u> |
|-----------------------|---------------------------------|-----------------------------|---------------------------|
| Revenues | \$ 3,663,592,637 | \$ 3,635,029,000 | \$ 28,563,637 |
| | <u>From FY 2015 Audited</u> | | <u>From Final Enacted</u> |
| Percentage Change | 0.6% | -0.2 % | 0.8 % |

The State of Rhode Island Department of Revenue reports that preliminary FY 2016 total general revenues were 0.8 percent more than the final enacted FY 2016 total general revenue estimate of \$3.635 billion, a surplus of \$28.6 million.

Preliminary FY 2016 total general revenues of \$3.664 billion were up \$22.5 million compared to audited FY 2015 total general revenues of \$3.641 billion, which translates into a growth rate of 0.6 percent.

The General Assembly's final enacted FY 2016 total general revenue estimate decreased by \$6.1 million or -0.2 percent from audited FY 2015 total general revenues.

Total Taxes and Departmental Receipts

| <u>FY 2016</u> | <u>Preliminary Close</u> | <u>Final Enacted</u> | <u>Variance</u> |
|-----------------------|---------------------------------|-----------------------------|---------------------------|
| Revenues | \$ 3,275,562,784 | \$ 3,249,000,000 | \$ 26,562,784 |
| | <u>From FY 2015 Audited</u> | | <u>From Final Enacted</u> |
| Percentage Change | 1.2 % | 0.4 % | 0.8 % |

Preliminary FY 2016 total taxes and departmental receipts were 0.8 percent more than the final enacted FY 2016 estimate of \$3.249 billion, a surplus of \$26.6 million.

Preliminary FY 2016 total taxes and departmental receipts of \$3.276 billion were up \$38.9 million compared to audited FY 2015 total taxes and departmental receipts of \$3.237 billion, which translates into a growth rate of 1.2 percent.

The final enacted FY 2016 total taxes and departmental receipts estimate increased by \$12.3 million or 0.4 percent over audited FY 2015 total taxes and departmental receipts.

Other General Revenue Sources

| <u>FY 2016</u> | <u>Preliminary Close</u> | <u>Final Enacted</u> | <u>Variance</u> |
|-----------------------|---------------------------------|-----------------------------|---------------------------|
| Revenues | \$ 388,029,853 | \$ 386,029,000 | \$ 2,000,853 |
| | <u>From FY 2015 Audited</u> | | <u>From Final Enacted</u> |
| Percentage Change | -4.1 % | -4.5 % | 0.5 % |

Preliminary FY 2016 other general revenue sources were 0.5 percent more than the final enacted FY 2016 estimate of \$386.0 million, an excess of \$2.0 million.

Preliminary FY 2016 other general revenue sources of \$388.0 million were down \$16.4 million compared to audited FY 2015 other general revenue sources of \$404.4 million, which translates into a growth rate of -4.1 percent.

The final enacted FY 2016 other general revenue sources estimate decreased by \$18.4 million or -4.5 percent over audited FY 2015 other general revenue sources.

Total Taxes

| <u>FY 2016</u> | <u>Preliminary Close</u> | <u>Final Enacted</u> | <u>Variance</u> |
|-----------------------|---------------------------------|-----------------------------|---------------------------|
| Revenues | \$ 2,907,921,389 | \$ 2,885,200,000 | \$ 22,721,389 |
| | <u>From FY 2015 Audited</u> | | <u>From Final Enacted</u> |
| Percentage Change | 0.9 % | 0.1 % | 0.8 % |

Preliminary FY 2016 revenues for total taxes were 0.8 percent more than the final enacted FY 2016 estimate of \$2.885 billion, a surplus of \$22.7 million.

Preliminary FY 2016 total taxes revenues of \$2.908 billion were up \$25.4 million compared to audited FY 2015 total taxes revenues of \$2.883 billion, which translates into a growth rate of 0.9 percent.

The final enacted FY 2016 total taxes estimate increased by \$2.6 million or 0.1 percent over audited FY 2015 total tax revenues.

Historic Structures Tax Credit Reimbursements

In FY 2016, total historic structure tax credit redemptions/reimbursements for all taxes totaled \$14.9 million versus \$8.1 million in FY 2015, an increase of \$6.8 million or a growth rate of 83.2 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 2016 | FY 2015 | Difference | % Change |
| Personal Income | \$ 5,751,448 | \$ 2,021,003 | \$ 3,730,445 | 184.6 % |
| Business Corporations | 432,162 | 823,225 | (391,063) | -47.5 % |
| Financial Institutions | 0 | 0 | 0 | n/a |
| Insurance | 5,723,023 | 3,487,146 | 2,235,877 | 64.1 % |
| Insurance/HMOs | 476,488 | 1,794,200 | (1,317,712) | -73.4 % |
| Non-Profit Partner Refund | 2,500,027 | 0 | 2,500,027 | n/a |
| Total | \$ 14,883,148 | \$ 8,125,575 | \$ 6,757,573 | 83.2 % |

Personal Income Taxes

| <u>FY 2016</u> | <u>Preliminary Close</u> | <u>Final Enacted</u> | <u>Variance</u> |
|-----------------------|---------------------------------|-----------------------------|---------------------------|
| Revenues | \$ 1,217,429,575 | \$ 1,224,900,000 | \$ (7,470,425) |
| | <u>From FY 2015 Audited</u> | | <u>From Final Enacted</u> |
| Percentage Change | -0.8 % | -0.2 % | -0.6 % |

According to the Controller's Preliminary General Fund Revenue Report, FY 2016 personal income tax revenues were 0.6 percent less than the final enacted FY 2016 estimate of \$1.225 billion, a shortfall of \$7.5 million.

Preliminary FY 2016 personal income tax revenues of \$1.217 billion were down \$10.2 million compared to audited FY 2015 personal income tax revenues of \$1.228 billion, which translates into a growth rate of -0.8 percent.

The final enacted FY 2016 personal income tax revenue estimate decreased by \$2.7 million or -0.2 percent over audited FY 2015 personal income tax revenues.

The table below provides the component breakdown of the preliminary FY 2016 personal income tax revenues, as provided by the Division of Taxation, and the final enacted FY 2016 estimates for personal income tax revenues:

| Component | FY 2016 Preliminary Close | FY 2016 Final Enacted | Variance | Percentage Change |
|----------------------------------|----------------------------------|------------------------------|-----------------------|--------------------------|
| Estimated Payments | \$ 230,555,951 | \$ 238,000,000 | \$ (7,444,049) | -3.1 % |
| Final Payments ^a | 183,823,152 | 179,000,000 | 4,823,532 | 2.7 % |
| Withholding | 1,088,462,846 | 1,093,000,000 | (4,537,154) | -0.4 % |
| Refunds/Adjustments ^b | (266,648,551) | (288,900,000) | 22,251,449 | -7.7 % |
| Net Accrual ^{a, b, c} | (18,764,203) | 3,800,000 | (22,564,203) | -593.8 % |
| Total | \$ 1,217,429,575 | \$ 1,224,900,000 | \$ (7,470,425) | -0.6 % |

^a FY 2016 Final Enacted Final Payments include an adjustment of \$(9,357,863) to reflect the exemption of taxable Social Security benefits effective for tax years beginning on or after January 1, 2016. The Office of Accounts and Controls included \$(9,170,000) in the FY 2016 net accrual to capture this impact.

^b FY 2016 Final Enacted Refunds and Adjustments include an adjustment of \$(3,067,512) to reflect the increase in the Rhode Island earned income tax credit (EITC) to 12.5 percent of the federal EITC effective for tax years beginning on or after January 1, 2016. The Office of Accounts and Controls included \$(3,000,000) in the FY 2016 net accrual to capture this impact.

^c Net Accrual figure is from the Office of the Controller's Preliminary General Fund Revenue Report for FY 2016 and includes an additional \$(9,270,000) of refunds payable to account for the delay in the processing of personal income tax refunds over the period ending June 30, 2016.

Within the components of personal income tax revenues:

- Preliminary FY 2016 estimated tax payments were 3.1 percent less than the final enacted FY 2016 estimate of \$238.0 million, a shortfall of \$7.4 million;
- Preliminary FY 2016 final tax payments were 2.7 percent more than the final enacted FY 2016 estimate of \$179.0 million, a spread of \$4.8 million.
 - The final enacted FY 2016 estimate for final tax payments includes a negative offset of \$9.4 million to account for the exemption of taxable Social Security benefits for certain taxpayers effective for tax years beginning on or after January 1, 2016;

- Preliminary FY 2016 personal income tax withholding payments were 0.4 percent below the final enacted FY 2016 estimate of \$1.093 billion, a variance of \$(4.5 million).
- Preliminary FY 2016 refunds and adjustments were \$22.3 million below the final enacted FY 2016 estimate of \$(288.9 million), a variance of -7.7 percent.
 - The final enacted FY 2016 estimate for refunds and adjustments includes a negative offset of \$3.1 million to account for the increase in the Rhode earned income tax credit (EITC) to 12.5 percent of the federal EITC effective for tax years beginning on or after January 1, 2016;
- Preliminary FY 2016 personal income tax net accrual was 593.8 percent less than the final enacted FY 2016 estimate of \$3.8 million, a difference of \$(22.6 million).
 - The preliminary 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.

The table below provides the component breakdown of personal income tax revenues, as provided by the Division of Taxation, and compares preliminary FY 2016 revenues to audited FY 2015 revenues:

| Component | FY 2016 Preliminary | FY 2015 Audited | Nominal Difference | Percent Difference |
|--|----------------------------|-------------------------|---------------------------|---------------------------|
| Estimated Payments | \$ 230,555,951 | \$ 225,905,795 | \$ 4,650,156 | 2.1 % |
| Final Payments * | 183,823,152 | 202,893,957 | (19,070,425) | -9.4 % |
| Withholding | 1,088,462,846 | 1,061,456,549 | 27,006,297 | 2.5 % |
| Refunds/Adjustments | (266,648,551) | (274,888,631) | 8,240,080 | -3.0 % |
| Net Accrual † | (18,764,203) | 12,214,290 | (30,978,493) | -253.6 % |
| Total | \$ 1,217,429,575 | \$ 1,227,581,960 | \$ (10,152,385) | -0.8 % |
| * Final payments include historic structures tax credit (HSTC) reimbursements of \$5,751,448 in preliminary FY 2016 and \$665,861 in audited FY 2015. | | | | |
| † Net Accrual figures are from the Office of the Controller's Preliminary General Fund Revenue Report for FY 2016 and the Final General Fund Revenue Report for FY 2015. | | | | |

Within the components of personal income tax revenues:

- Preliminary FY 2016 estimated tax payments were up \$4.7 million compared to audited FY 2015 estimated tax payments, a growth rate of 2.1 percent.
 - Audited FY 2015 estimated payments include an infrequently occurring receipt of \$10.0 million received in December 2014;
- Preliminary FY 2016 final tax payments were down \$19.1 million compared to audited FY 2015 final tax payments, a growth rate of -9.4 percent.
 - Preliminary FY 2016 final tax payments include \$5.8 million of historic structures tax credit (HSTC) reimbursements compared to \$665,861 of HSTC

reimbursements included in audited FY 2015 final tax payments. An additional \$1.4 million of HSTCs that were redeemed against the personal income tax in audited FY 2015 were included as part of the FY 2015 net accrual.

- Preliminary FY 2016 personal income tax withholding payments were up \$27.0 million compared to audited FY 2015 personal income tax withholding payments, a growth rate of 2.5 percent;
- Preliminary FY 2016 refunds and adjustments were \$8.2 million less compared to audited FY 2015 refunds and adjustments, a growth rate of -3.0 percent.
 - Audited FY 2015 refunds and adjustments reverses a \$(1.4 million) adjustment made by Taxation to move historic structures tax credit reimbursements from June 2015 to July 2015 which is when the reimbursements were actually received;
- Preliminary FY 2016 personal income tax net accrual decreased by \$31.0 million compared to the audited FY 2015 personal income tax net accrual, a growth rate of -253.6 percent.
 - Preliminary 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;
 - Audited FY 2015 net accrual includes a receivable of \$1.4 million to accrue HSTC reimbursements received in July 2015 back to FY 2015.

Business Corporations Taxes

| <u>FY 2016</u> | <u>Preliminary Close</u> | <u>Final Enacted</u> | <u>Variance</u> |
|-----------------------|---------------------------------|-----------------------------|---------------------------|
| Revenues | \$ 134,908,997 | \$ 153,500,000 | \$ (18,591,003) |
| | <u>From FY 2015 Audited</u> | | <u>From Final Enacted</u> |
| Percentage Change | -8.8 % | 3.7 % | -12.1 % |

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 2016 business corporations tax revenues were 12.1 percent less than the final enacted FY 2016 estimate of \$153.5 million, a deficit of \$18.6 million.

Preliminary FY 2016 business corporations tax revenues of \$134.9 million were down \$13.1 million compared to audited FY 2015 business corporations tax revenues of \$148.0 million, which translates into a growth rate of -8.8 percent.

The final enacted FY 2016 business corporations tax revenue estimate increased by \$5.5 million or 3.7 percent over audited FY 2015 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 2016 revenues to audited FY 2015 revenues:

| Component | FY 2016 Preliminary | FY 2015 Audited | Nominal Difference | Percent Difference |
|--|--------------------------------|----------------------------|-------------------------------|-------------------------------|
| Estimated Payments | \$ 106,190,223 | \$ 107,819,341 | \$ (1,629,118) | -1.5 % |
| Final Payments * | 75,559,448 | 72,808,093 | 2,751,355 | 3.8 % |
| Refunds | (43,292,789) | (28,645,097) | (14,647,692) | 51.1 % |
| Adjustments | (8,327,398) | (4,771,240) | (3,556,158) | 74.5 % |
| Net Accrual † | 4,594,787 | 694,843 | 3,899,944 | 561.3 % |
| Total | \$ 134,724,271 | \$ 147,905,940 | \$ (13,181,669) | -8.9 % |
| * Final payments include historic structures tax credit (HSTC) reimbursements of \$432,162 in preliminary FY 2016 and \$823,225 in audited FY 2015. | | | | |
| † Net Accrual figures are from the Controller's Preliminary General Fund Revenue Report for FY 2016 and Final General Fund Revenue Report for FY 2015. | | | | |

Within the components of corporate income tax revenues:

- Preliminary FY 2016 estimated payments were 1.5 percent less than audited FY 2015 estimated payments, a decrease of \$1.6 million;
- Preliminary FY 2016 final payments were 3.8 percent more than audited FY 2015 final payments, an increase of \$2.8 million.
 - Preliminary FY 2016 final payments include \$432,162 of historic structures tax credit (HSTC) reimbursements while audited FY 2015 final payments include \$823,225 of HSTC reimbursements;
- Preliminary FY 2016 refunds were 51.1 percent more than audited FY 2015 refunds, a difference of \$(14.6 million);
- Preliminary FY 2016 adjustments were 74.5 percent more than audited FY 2015 adjustments, a difference of \$(3.6 million).
- Preliminary FY 2016 net accrual increased 561.3 percent over the audited FY 2015 corporate income tax net accrual, an increase of \$3.9 million.

It should be noted that effective with tax years beginning on or after January 1, 2015, the business corporations 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

| <u>FY 2016</u> | <u>Preliminary Close</u> | <u>Final Enacted</u> | <u>Variance</u> |
|-----------------------|---------------------------------|-----------------------------|---------------------------|
| Revenues | \$ 103,062,420 | \$ 99,500,000 | \$ 3,562,420 |
| | <u>From FY 2015 Audited</u> | | <u>From Final Enacted</u> |
| Percentage Change | -0.9 % | -4.3 % | 3.6 % |

Preliminary FY 2016 public utilities gross earnings tax revenues were 3.6 percent more than the final enacted FY 2016 public utilities gross earnings tax revenue estimate of \$99.5 million, a surplus of \$3,562,420.

Preliminary FY 2016 public utilities gross earnings tax revenues of \$103.1 million were down \$887,929 compared to audited FY 2015 public utilities gross earnings tax revenues of \$104.0 million, which translates into a growth rate of -0.9 percent. Preliminary FY 2016 public utilities gross earnings tax revenues include cash collections of \$103.1 million and a net accrual of \$(36,397). FY 2016 public utilities gross earnings tax cash collections decreased by \$1.3 million over audited FY 2015 cash collections. The public utilities gross earnings tax net accrual decreased by 92.3 percent or \$434,504 from the FY 2015 net accrual of \$(470,901).

The final enacted FY 2016 public utilities gross earnings tax revenue estimate decreased \$4.5 million or -4.3 percent over audited FY 2015 public utilities gross earnings tax revenues.

Financial Institutions Taxes

| <u>FY 2016</u> | <u>Preliminary Close</u> | <u>Final Enacted</u> | <u>Variance</u> |
|-----------------------|---------------------------------|-----------------------------|---------------------------|
| Revenues | \$ 21,095,888 | \$ 20,400,000 | \$ 695,888 |
| | <u>From FY 2015 Audited</u> | | <u>From Final Enacted</u> |
| Percentage Change | -7.2 % | -10.3 % | 3.4 % |

Preliminary FY 2016 financial institutions tax revenues were 3.4 percent more than the final enacted FY 2016 estimate of \$20.4 million, an excess of \$695,888.

Preliminary FY 2016 financial institutions tax revenues of \$21.1 million were down \$1.6 million compared to audited FY 2015 financial institutions tax revenues of \$22.7 million, which translates into a growth rate of -7.2 percent. Neither preliminary FY 2016 financial institutions tax revenues nor audited FY 2015 financial institutions tax revenues include any historic structures tax credit (HSTC) reimbursements. Preliminary FY 2016 financial institutions tax revenues include cash collections of \$14.1 million and a FY 2016 adjusted net accrual of \$7.0 million. FY 2016 financial institutions tax cash collections decreased by \$15.0 million over FY 2015 cash collections. The preliminary FY 2016 adjusted net accrual increased by \$13.3 million over the audited FY 2015 adjusted net accrual of \$(6.4 million).

The final enacted FY 2016 financial institutions tax revenue estimate was \$20.4 million, a decrease of \$2.3 million or -10.3 percent over audited FY 2015 financial institutions tax revenues of \$22.7 million.

Insurance Companies Gross Premiums Taxes

| <u>FY 2016</u> | <u>Preliminary Close</u> | <u>Final Enacted</u> | <u>Variance</u> |
|-------------------|-----------------------------|----------------------|---------------------------|
| Other Insurance | \$ 81,734,245 | \$ 67,000,000 | \$ 14,734,245 |
| Health Insurance | 48,609,809 | 54,400,000 | (5,790,191) |
| Total Revenues | \$ 130,344,054 | \$ 121,400,000 | \$ 8,944,054 |
| | <u>From FY 2015 Audited</u> | | <u>From Final Enacted</u> |
| Percentage Change | 8.4 % | 0.9 % | 7.4 % |

Preliminary FY 2016 insurance companies gross premiums tax revenues were 7.4 percent more than the final enacted FY 2016 estimate of \$121.4 million, an excess of \$8.9 million.

Preliminary FY 2016 insurance companies gross premiums tax revenues of \$130.3 million were up \$10.1 million compared to audited FY 2015 insurance companies gross premiums tax revenues of \$120.3 million, which translates into a growth rate of 8.4 percent. Preliminary FY 2016 insurance companies gross premiums tax revenues include \$6.2 million of historic structures tax credit (HSTC) reimbursements and audited FY 2015 insurance companies gross premiums tax revenues included \$830,611 of HSTC reimbursements. An additional \$4.5 million of HSTC reimbursements were included as part of the audited FY 2015 net accrual.

The final enacted FY 2016 insurance companies gross premiums tax revenue estimate increased by \$1.1 million or 0.9 percent over audited FY 2015 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 2016 and Final General Fund Revenue Report for FY 2015, and compares preliminary FY 2016 revenues to audited FY 2015 revenues:

| <u>Component</u> | <u>FY 2016 Preliminary</u> | <u>FY 2015 Audited</u> | <u>Nominal Difference</u> | <u>Percent Difference</u> |
|-------------------------|----------------------------|------------------------|---------------------------|---------------------------|
| <u>Other Insurance</u> | | | | |
| Cash | \$ 72,011,069 | \$ 63,264,760 | \$ 8,746,309 | 13.8 % |
| Net Accrual | 9,723,176 | (1,014,837) | 10,738,013 | -1,058.1 % |
| Total | \$ 81,734,245 | \$ 62,249,923 | \$ 19,484,322 | 30.3 % |
| <u>Health Insurance</u> | | | | |
| Cash | \$ 41,982,013 | \$ 56,220,438 | \$ (14,238,425) | -25.3 % |
| Net Accrual | 6,627,796 | 1,794,200 | 4,833,596 | 269.4 % |
| Total | \$ 48,609,809 | \$ 58,014,638 | \$ (9,404,829) | -16.2 % |

Preliminary FY 2016 other insurance gross premiums tax revenues were \$81.7 million, which includes cash collections of \$72.0 million and a net accrual of \$9.7 million. FY 2016 cash

collections increased by \$8.7 million or 13.8 percent over FY 2015 cash collections. The net accrual decreased by 1,058.1 percent or \$10.7 million between FY 2016 and FY 2015.

Preliminary FY 2016 health insurance gross premiums tax revenues were \$48.6 million compared to audited FY 2015 health insurance gross premiums tax revenues of \$58.0 million, a decrease of \$9.4 million or -16.2 percent. FY 2016 cash collections decreased by \$14.2 million or -25.3 percent over FY 2015 cash collections. The net accrual increased by 269.4 percent or \$4.8 million between FY 2016 and FY 2015.

Bank Deposit Taxes

| <u>FY 2016</u> | <u>Preliminary Close</u> | <u>Final Enacted</u> | <u>Variance</u> |
|-----------------------|---------------------------------|-----------------------------|---------------------------|
| Revenues | \$ 2,555,974 | \$ 2,400,000 | \$ 155,974 |
| | <u>From FY 2015 Audited</u> | | <u>From Final Enacted</u> |
| Percentage Change | 13.1 % | 6.2 % | 6.5 % |

Preliminary FY 2016 bank deposit tax revenues were 6.5 percent more than the final enacted FY 2016 estimate of \$2.4 million, an excess of \$155,974.

Preliminary FY 2016 bank deposit tax revenues of \$2.6 million were up \$155,974 compared to audited FY 2015 bank deposit tax revenues of \$2.4 million, which translates into a growth rate of 13.1 percent. The preliminary FY 2016 net accrual was \$11,062 vs. an audited FY 2015 net accrual of \$0.

The final enacted FY 2016 bank deposit tax revenue estimate was projected to increase by \$140,120 or 6.2 percent over audited FY 2015 bank deposit tax revenues.

Health Care Provider Assessment

| <u>FY 2016</u> | <u>Preliminary Close</u> | <u>Final Enacted</u> | <u>Variance</u> |
|-----------------------|---------------------------------|-----------------------------|---------------------------|
| Revenues | \$ 43,236,332 | \$ 44,000,000 | \$ (763,668) |
| | <u>From FY 2015 Audited</u> | | <u>From Final Enacted</u> |
| Percentage Change | -2.0 % | -0.3 % | -1.7 % |

Preliminary FY 2016 health care provider assessment revenues were 1.7 percent less than the final enacted FY 2016 estimate, a shortfall of \$763,668.

Preliminary FY 2016 health care provider assessment revenues of \$43.2 million were down \$889,006 compared to audited FY 2015 health care provider assessment revenues of \$44.1 million, a growth rate of -2.0 percent. Preliminary FY 2016 health care provider assessment revenues include cash collections of \$43.4 million and a net accrual of \$(208,228). FY 2016 health care provider assessment cash collections decreased by \$768,911 from FY 2015 cash collections. The FY 2016 net accrual increased by 135.9 percent or \$(119,958) compared to the FY 2015 net accrual of \$(88,270).

The final enacted FY 2016 health care provider assessment revenue estimate was \$44.0 million, a decrease of \$125,338 or -0.3 percent over audited FY 2015 health care provider assessment revenues.

Sales and Use Taxes

| <u>FY 2016</u> | <u>Preliminary Close</u> | <u>Final Enacted</u> | <u>Variance</u> |
|-------------------|-----------------------------|----------------------|---------------------------|
| Revenues | \$ 971,927,288 | \$ 981,000,000 | \$ (9,072,712) |
| | <u>From FY 2015 Audited</u> | | <u>From Final Enacted</u> |
| Percentage Change | 0.9 % | 1.8 % | -0.9 % |

Preliminary FY 2016 sales and use tax revenues were 0.9 percent less than the final enacted FY 2016 estimate of \$981.0 million, a shortfall of \$(9.1 million).

Preliminary FY 2016 sales and use tax revenues of \$971.9 million were up \$8.5 million compared to audited FY 2015 sales and use tax revenues of \$963.4 million, a growth rate of 0.9 percent.

The final enacted FY 2016 sales and use tax revenue estimate increased by \$17.6 million or 1.8 percent over audited FY 2015 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 2016 revenues to audited FY 2015 revenues:

| Component | Preliminary FY 2016 | Audited FY 2015 | Nominal Difference | Percent Difference |
|--|--------------------------------|----------------------------|-------------------------------|-------------------------------|
| Net Taxation * | \$ 850,491,849 | \$ 845,702,789 | \$ 4,789,060 | 0.6 % |
| Registry | 108,747,516 | 100,068,715 | 8,678,801 | 8.7 % |
| Providence Place Mall | 14,022,158 | 14,165,892 | (143,734) | -1.0 % |
| Net Accrual † | (1,557,098) | 3,590,187 | (5,147,285) | -143.4 % |
| Total | \$ 971,927,288 | \$ 963,527,583 | \$ 8,399,705 | 0.9 % |
| * The net Taxation component includes receipts from non-sufficient funds checks of \$(100,790) in FY 2016 and \$343,278 in FY 2015. | | | | |
| † Net Accrual figures are from the Controller's Preliminary General Fund Revenue Report for FY 2016 and Final General Fund Revenue Report for FY 2015. | | | | |

Within the sales and use tax components, preliminary FY 2016 net Taxation sales tax receipts of \$850.5 million were 0.6 percent more than net Taxation sales tax receipts of \$845.7 million in FY 2015, an increase of \$4.8 million. Preliminary FY 2016 registry receipts of \$108.7 million were 8.7 percent more than FY 2015 registry receipts of \$100.1 million, an increase of \$8.7 million. The preliminary FY 2016 sales tax receipts from Providence Place Mall of \$14.0 million were 1.0 percent less than the sales tax receipts of \$14.2 million in audited FY 2015, a decrease of \$143,734. Finally, the preliminary FY 2016 sales and use tax net accrual was \$(1.6 million), a difference of \$(5.1 million) or -143.4 percent from the audited FY 2015 sales and use tax net accrual of \$3.6 million.

Motor Vehicle License and Fees

| <u>FY 2016</u> | <u>Preliminary Close</u> | <u>Final Enacted</u> | <u>Variance</u> |
|---------------------------|---------------------------------|-----------------------------|---------------------------|
| License/Registration Fees | \$ 39,691,836 | \$ 39,200,000 | \$ 491,836 |
| Rental Vehicle Surcharge | 0 | 0 | 0 |
| Total Revenues | \$ 36,691,836 | \$ 39,200,000 | \$ 491,836 |
| | <u>From FY 2015 Audited</u> | | <u>From Final Enacted</u> |
| Percentage Change | -19.2 % | -20.2 % | 1.3 % |

Preliminary FY 2016 motor vehicle operator license and vehicle registration fee revenues were 1.3 percent more than the final enacted FY 2016 estimate of \$39.2 million, an overage of \$491,836.

Preliminary FY 2016 motor vehicle operator license and vehicle registration fee revenues of \$36.7 million were down \$9.4 million compared to audited FY 2015 motor vehicle operator license and vehicle registration fee revenues of \$49.1 million, which translates into a growth rate of -19.2 percent. Effective July 1, 2015, 25 percent of the revenues collected from motor vehicle license and registration fees were transferred from general revenues to the Rhode Island Highway Maintenance Account in the Intermodal Surface Transportation Fund.

The final enacted FY 2016 motor vehicle operator license and vehicle registration fee revenue estimate decreased by \$9.9 million or 20.2 percent over audited FY 2015 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 2016 and Final General Fund Revenue Report for FY 2015, and compares preliminary FY 2016 revenues to audited FY 2015 revenues:

| Component | FY 2016 Preliminary | FY 2015 Audited | Nominal Difference | Percent Difference |
|---|--------------------------------|----------------------------|-------------------------------|-------------------------------|
| <u>License and Registration Fees</u> | | | | |
| Cash | \$ 39,702,583 | \$ 49,188,504 | \$ (9,485,921) | -19.3 % |
| Net Accrual | (10,747) | 20,447 | (31,194) | -152.6 % |
| Total | \$ 39,691,836 | \$ 49,208,951 | \$ (9,517,115) | -19.3 % |
| <u>Rental Vehicle Surcharge</u> | | | | |
| Cash | \$ 0 | \$ 669,142 | \$ (669,142) | -100.0 % |
| Net Accrual | 0 | (761,092) | 761,092 | -100.0 % |
| Total | \$ 0 | \$ (91,950) | \$ 91,950 | -100.0 % |

Within the motor vehicle operator license and vehicle registration fee revenue components, preliminary FY 2016 license and registration fees were \$39.7 million, which includes cash collections of \$39.7 million and a net accrual of \$(10,747). FY 2016 cash collections were down

\$9.5 million or -19.3 percent compared to FY 2015 cash collections. The difference in the net accrual between FY 2016 and FY 2015 of \$(31,194) translates into a growth rate of -152.6 percent.

Rental vehicle surcharge revenues were transferred from general revenues to the Rhode Island Highway Maintenance Account in the Intermodal Surface Transportation Fund by the 2014 General Assembly.

Motor Carrier Fuel Use Taxes

| <u>FY 2016</u> | <u>Preliminary Close</u> | <u>Final Enacted</u> | <u>Variance</u> |
|-----------------------|---------------------------------|-----------------------------|---------------------------|
| Revenues | \$ (208,068) | \$ 0 | \$ (208,068) |
| | <u>From FY 2015 Audited</u> | | <u>From Final Enacted</u> |
| Percentage Change | 66.9 % | n/a | n/a |

Preliminary FY 2016 motor carrier fuel use tax revenues were down \$208,068 from the final enacted FY 2016 estimate of \$0.

Preliminary FY 2016 motor carrier fuel use tax revenues of \$(208,068) were down \$83,418 compared to audited FY 2015 motor carrier fuel use tax revenues of \$(124,650), which translates into a growth rate of 66.9 percent. Preliminary FY 2016 motor carrier fuel use tax revenues include cash net refunds of \$(101,576) and a net accrual of \$(106,492). FY 2016 motor carrier fuel use tax cash collections decreased by \$64,605 over FY 2015 cash collections and the preliminary FY 2016 motor carrier fuel use tax net accrual increased by 21.5 percent or \$(18,813) from the audited FY 2015 net accrual of \$(87,679).

The final enacted FY 2016 motor carrier fuel use tax revenue estimate increased by \$124,650 from audited FY 2015 motor carrier fuel use tax revenues.

Cigarettes Taxes

| <u>FY 2016</u> | <u>Preliminary Close</u> | <u>Final Enacted</u> | <u>Variance</u> |
|----------------------------|---------------------------------|-----------------------------|---------------------------|
| Cigarettes, w/ Floor Stock | \$ 136,635,841 | \$ 136,800,000 | \$ (164,159) |
| Other Tobacco Products | 6,146,245 | 6,200,000 | (53,755) |
| Total Revenues | \$ 142,782,086 | \$ 143,000,000 | \$ (217,914) |
| | <u>From FY 2015 Audited</u> | | <u>From Final Enacted</u> |
| Percentage Change | 3.4 % | 3.6 % | -0.2 % |

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 2016 cigarettes tax revenues, including other tobacco products and any cigarette floor stock taxes, were down \$(217,914) or -0.2 percent from the final enacted FY 2016 estimate of \$143.0 million.

Preliminary FY 2016 cigarettes tax revenues of \$142.8 million were up \$4.7 million compared to audited FY 2015 cigarettes tax revenues of \$138.0 million, a growth rate of 3.4 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 2016 cigarettes tax revenue estimate increased by \$5.0 million or 3.6 percent over audited FY 2015 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 2016 and Final General Fund Revenue Report for FY 2015, and compares preliminary FY 2016 revenues to audited FY 2015 revenues:

| Component | FY 2016 Preliminary | FY 2015 Audited | Nominal Difference | Percent Difference |
|--|--------------------------------|----------------------------|-------------------------------|-------------------------------|
| <u>Cigarettes, including Floor Stock</u> | | | | |
| Cash | \$ 138,325,641 | \$ 132,755,468 | \$ 5,570,173 | 4.2 % |
| Net Accrual | (1,689,800) | (55,755) | (1,634,045) | 2,930.8 % |
| Total Cigarettes | \$ 136,635,841 | \$ 132,699,713 | \$ 3,936,128 | 3.0 % |
| <u>Other Tobacco Products</u> | | | | |
| Cash | \$ 6,076,826 | \$ 5,224,990 | \$ 851,836 | 16.3 % |
| Net Accrual | 69,419 | 120,780 | (51,361) | -42.5 % |
| Total Other Tobacco | \$ 6,146,245 | \$ 5,345,770 | \$ 800,475 | 15.0 % |

Within the cigarettes tax components, preliminary FY 2016 cigarettes tax revenues, including cigarette floor stock tax revenues, were up \$3.9 million or 3.0 percent over audited FY 2015 cigarettes tax revenues. Preliminary FY 2016 cigarettes tax revenues were \$136.6 million, which includes cash collections of \$138.3 million and a net accrual of \$(1,689,800). FY 2016 cash collections increased by \$5.6 million or 4.2 percent compared to FY 2015 cash collections. The preliminary FY 2016 cigarettes tax net accrual decreased by \$(1.6 million) or 2,930.8 percent compared to the FY 2015 net accrual.

Preliminary FY 2016 other tobacco products tax revenues were up \$800,475 or 15.0 percent over audited FY 2015 other tobacco products tax revenues. Preliminary FY 2016 other tobacco products tax revenues were \$6.1 million, which includes cash collections of \$6.1 million and a net accrual of \$69,419. FY 2016 cash collections increased by \$851,836 or 16.3 percent compared to FY 2015 cash collections. The change in the net accrual was \$(51,361) or -42.5 percent from the FY 2015 net accrual.

Finally, the change in Rhode Island cigarette sales between preliminary FY 2016 and audited FY 2015 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 2.1 percent in FY 2016.

Alcohol Taxes

| <u>FY 2016</u> | <u>Preliminary Close</u> | <u>Final Enacted</u> | <u>Variance</u> |
|-----------------------|---------------------------------|-----------------------------|---------------------------|
| Revenues | \$ 19,630,268 | \$ 19,300,000 | \$ 330,268 |
| | <u>From FY 2015 Audited</u> | | <u>From Final Enacted</u> |
| Percentage Change | 6.9 % | 5.1 % | 1.7 % |

Preliminary FY 2016 alcohol excise tax revenues were 1.7 percent more than the final enacted FY 2016 estimate, an excess of \$330,268.

Preliminary FY 2016 alcohol tax revenues of \$19.6 million were up \$1.3 million compared to audited FY 2015 alcohol excise tax revenues, a growth rate of 6.9 percent. Preliminary FY 2016 alcohol excise tax revenues include cash collections of \$19.4 million and a net accrual of \$192,177. FY 2016 alcohol tax cash collections increased by \$811,864 over FY 2015 cash collections. The FY 2016 alcohol excise tax preliminary net accrual is -173.1 percent or \$455,119 more than the audited FY 2015 net accrual of \$(262,942).

The final enacted FY 2016 alcohol excise tax revenue estimate was \$19.3 million, an increase of \$936,715 or 5.1 percent over audited FY 2015 alcohol tax revenues of \$18.4 million.

Controlled Substances

| <u>FY 2016</u> | <u>Preliminary Close</u> | <u>Final Enacted</u> | <u>Variance</u> |
|-----------------------|---------------------------------|-----------------------------|---------------------------|
| Revenues | \$ (54,365) | \$ 0 | \$ (54,365) |
| | <u>From FY 2015 Audited</u> | | <u>From Final Enacted</u> |
| Percentage Change | -980.1 % | -100.0 % | n/a |

Preliminary FY 2016 controlled substances revenues consist of a net accrual of \$(54,365) a decrease of 980.1 percent from the audited FY 2015 net accrual of \$6,177. There was no final enacted FY 2016 controlled substances revenue estimate.

Estate and Transfer Taxes

| <u>FY 2016</u> | <u>Preliminary Close</u> | <u>Final Enacted</u> | <u>Variance</u> |
|-----------------------|---------------------------------|-----------------------------|---------------------------|
| Revenues | \$ 70,028,952 | \$ 25,100,000 | \$ 44,928,952 |
| | <u>From FY 2015 Audited</u> | | <u>From Final Enacted</u> |
| Percentage Change | 104.7 % | -26.6 % | 179.0 % |

Preliminary FY 2016 estate and transfer tax revenues were 179.0 percent more than the final enacted FY 2016 estimate of \$25.1 million, a surplus of \$44.9 million.

Preliminary FY 2016 estate and transfer tax revenues of \$70.0 million were up \$35.8 million compared to audited FY 2015 estate and transfer tax revenues of \$34.2 million, a growth rate of 104.7 percent. Preliminary FY 2016 estate and transfer tax revenues include cash collections of \$75.3 million and a net accrual of \$(5.3 million). FY 2016 estate and transfer tax cash collections increased by \$33.1 million over FY 2015 cash collections and the preliminary FY 2016 estate and

transfer tax net accrual increased by 65.5 percent over the audited FY 2015 net accrual of \$8.0 million.

The final enacted FY 2016 estate and transfer tax revenue estimate decreased by \$9.1 million or -26.6 percent from audited FY 2015 estate and transfer tax revenues.

Racing and Athletics Taxes

| <u>FY 2016</u> | <u>Preliminary Close</u> | <u>Final Enacted</u> | <u>Variance</u> |
|-----------------------|---------------------------------|-----------------------------|---------------------------|
| Revenues | \$ 1,059,487 | \$ 1,100,000 | \$ (40,513) |
| | <u>From FY 2015 Audited</u> | | <u>From Final Enacted</u> |
| Percentage Change | -4.3 % | -0.7 % | -3.7 % |

Preliminary FY 2016 racing and athletics tax revenues were 3.7 percent less than the final enacted FY 2016 estimate of \$1.1 million, a deficit of \$40,513.

Preliminary FY 2016 racing and athletics tax revenues of \$1.06 million were down \$47,715 compared to audited FY 2015 racing and athletics tax revenues of \$1.11 million, which translates into a growth rate of -4.3 percent. Preliminary FY 2016 racing and athletics tax revenues include cash collections of \$1.07 million and a net accrual of \$(11,652). FY 2016 racing and athletics tax cash collections decreased by \$32,916 from FY 2015 cash collections. The preliminary FY 2016 racing and athletics tax net accrual increased by -470.3 percent over the audited FY 2015 net accrual of \$3,147.

The final enacted FY 2016 racing and athletics tax revenue estimate decreased by \$7,202 or -0.7 percent from audited FY 2015 racing and athletics tax revenues.

Realty Transfer Taxes

| <u>FY 2016</u> | <u>Preliminary Close</u> | <u>Final Enacted</u> | <u>Variance</u> |
|-----------------------|---------------------------------|-----------------------------|---------------------------|
| Revenues | \$ 10,430,664 | \$ 10,400,000 | \$ 30,664 |
| | <u>From FY 2015 Audited</u> | | <u>From Final Enacted</u> |
| Percentage Change | 9.9 % | 9.5 % | 0.3 % |

Preliminary FY 2016 realty transfer tax revenues were 0.3 percent more than the final enacted FY 2016 estimate of \$10.4 million, an excess of \$30,664.

Preliminary FY 2016 realty transfer tax revenues of \$10.4 million were up \$937,200 compared to audited FY 2015 realty transfer tax revenues of \$9.5 million, which translates into a growth rate of 9.9 percent. Preliminary FY 2016 realty transfer tax revenues include cash collections of \$10.6 million and a net accrual of \$(144,646). FY 2016 realty transfer tax cash collections increased by \$1.7 million over FY 2015 cash collections. The preliminary FY 2016 realty transfer tax net accrual decreased by 124.3 percent over the audited FY 2015 net accrual of \$595,352.

The final enacted FY 2016 realty transfer tax revenue estimate increased by \$906,536 or 9.5 percent over audited FY 2015 realty transfer tax revenues.

Total Departmental Receipts

| <u>FY 2016</u> | <u>Preliminary Close</u> | <u>Final Enacted</u> | <u>Variance</u> |
|-------------------|-----------------------------|----------------------|---------------------------|
| Revenues | \$ 367,641,395 | \$ 363,800,00 | \$ 3,841,395 |
| | <u>From FY 2015 Audited</u> | | <u>From Final Enacted</u> |
| Percentage Change | 3.8 % | 2.7 % | 1.1 % |

Preliminary FY 2016 total departmental receipts were 1.1 percent more than the final enacted FY 2016 estimate of \$363.8 million, an excess of \$3.8 million.

Preliminary FY 2016 total departmental receipts of \$367.6 million were up \$13.5 million compared to audited FY 2015 total departmental receipts of \$354.1 million, which translates into a growth rate of 3.8 percent. The final enacted FY 2016 total departmental receipts estimate increased by \$9.7 million or 2.7 percent over audited FY 2015 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 2016 and Final General Fund Revenue Report for FY 2015, and compares preliminary FY 2016 revenues to audited FY 2015 revenues:

| Category | FY 2016 Preliminary | FY 2015 Audited | Nominal Difference | Percent Difference |
|--|--------------------------------|----------------------------|-------------------------------|-------------------------------|
| <u>Licenses and Fees</u> | | | | |
| Cash | \$ 282,292,940 | \$ 274,481,800 | \$ 7,811,140 | 2.8 % |
| Net Accrual | 11,198,561 | 4,355,014 | 6,843,547 | 157.1 % |
| Total Licenses and Fees | \$ 293,491,501 | \$ 278,836,814 | \$ 14,654,687 | 5.3 % |
| <u>Fines and Penalties</u> | | | | |
| Cash | \$ 36,006,572 | \$ 30,375,902 | \$ 5,630,670 | 18.5 % |
| Net Accrual | 507,453 | (215,283) | 722,736 | -335.7 % |
| Total Fines and Penalties | \$ 36,514,025 | \$ 30,160,619 | \$ 6,353,406 | 21.1 % |
| <u>Sales and Services</u> | | | | |
| Cash | \$ 12,977,920 | \$ 13,206,244 | \$ (228,324) | -1.7 % |
| Net Accrual | (64,294) | (90,517) | 26,223 | -29.0 % |
| Total Sales and Services | \$ 12,913,626 | \$ 13,115,727 | \$ (202,101) | -1.5 % |
| <u>Miscellaneous Departmental Receipts</u> | | | | |
| Cash | \$ 25,102,608 | \$ 32,946,532 | \$ (7,843,924) | -23.8 % |
| Net Accrual | (380,365) | (937,878) | 557,513 | -59.4 % |
| Total Misc. Dept. Receipts | \$ 24,722,243 | \$ 32,008,654 | \$ (7,286,411) | -22.8 % |

Preliminary FY 2016 licenses and fees revenues were up \$14.7 million or 5.3 percent from audited FY 2015 licenses and fees revenues. Preliminary FY 2016 licenses and fees revenues totaled \$293.5 million, which includes cash collections of \$282.3 million and a net accrual of \$11.2 million. FY 2016 cash collections increased by \$7.8 million or 2.8 percent compared to FY 2015 cash collections. The change in the licenses and fees net accrual between FY 2016 and FY 2015 was \$6.8 million or 157.1 percent. It should be noted that the hospital licensing fee rate increased from 5.703 percent of hospital FY 2013 net patient revenues to 5.862 percent of hospital FY 2014 net patient revenues in FY 2016. As a result, FY 2016 hospital licensing fee revenues were \$169.1 million, an increase of \$5.8 million over FY 2015 hospital licensing fee revenues of \$156.1 million. The preliminary FY 2016 hospital licensing fee receivable was \$162.2 million and the audited FY 2015 hospital licensing fee receivable was \$150.7 million, which translates into a hospital licensing fee net accrual of \$11.5 million in FY 2016.

Preliminary FY 2016 fines and penalties revenues were up \$6.4 million or 21.1 percent over audited FY 2015 fines and penalties revenues. Preliminary FY 2016 fines and penalties revenues totaled \$36.5 million, which includes cash collections of \$36.0 million and a net accrual of \$507,453. FY 2016 cash collections increased by \$5.6 million or 18.5 percent compared to FY 2015 cash collections. The increase in fines and penalties cash collections in FY 2016 is attributable to a \$5.3 million increase in interest and penalty on overdue taxes. The FY 2016 net accrual increased \$722,736 or -335.7 percent over the FY 2015 net accrual.

Preliminary FY 2016 sales and services revenues were down \$202,101 or -1.5 percent over audited FY 2015 sales and services revenues. Preliminary FY 2016 revenues for sales and services were \$12.9 million, which includes cash collections of \$13.0 million and a net accrual of \$(64,294). FY 2016 cash collections decreased by \$228,324 or -1.7 percent compared to FY 2015 cash collections and the net accrual increased by \$26,223 or -29.0 percent.

Finally, preliminary FY 2016 miscellaneous departmental receipts were down \$7.3 million or -22.8 percent over audited FY 2015 miscellaneous departmental receipts. Preliminary FY 2016 miscellaneous departmental receipts totaled \$24.7 million, which includes cash collections \$25.1 million and a net accrual of \$(380,365). FY 2016 cash collections decreased by \$7.8 million or -23.8 percent compared to FY 2015 cash collections. The decrease in FY 2016 miscellaneous departmental receipts cash collections is due to the transfer of the state's share of the state hotel tax from general revenues to the Rhode Island Commerce Corporation for tourism promotion and business attraction programs (approximately \$3.3 million) and the reclassification of uncashed refund checks issued by the Treasurer's office and the Division of Taxation as unclaimed property (approximately \$5.3 million). The FY 2016 net accrual increased by \$557,513 or -59.4 percent from FY 2015.

Per Penny Motor Fuel Tax Yield

| <u>FY 2016</u> | <u>Preliminary Close</u> | <u>ORA Estimated</u> | <u>Variance</u> |
|-----------------------|---------------------------------|-----------------------------|---------------------------|
| Revenues | \$ 4,479,278 | \$ 4,418,856 | \$ 60,422 |
| | <u>From FY 2015 Audited</u> | | <u>From Final Enacted</u> |
| Percentage Change | 1.9 % | 0.5 % | 1.4 % |

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 2016.

Based on information provided by the Office of Accounts and Controls, the preliminary FY 2016 per penny yield of the State's motor fuel tax was \$4.479 million, an increase of \$60,422 from the Office of Revenue Analysis' projection of the per penny yield. This increase translates into a 1.4 percent growth rate. The preliminary FY 2016 per penny yield was up \$82,964 or 1.9 percent compared to the audited FY 2015 per penny yield. The projected per penny yield of \$4.419 million was \$22,543 more than the audited FY 2015 motor fuel tax per penny yield of \$4.40 million or a growth rate of 0.5 percent.

Other Miscellaneous Revenues

| <u>FY 2016</u> | <u>Preliminary Close</u> | <u>Final Enacted</u> | <u>Variance</u> |
|-----------------------|---------------------------------|-----------------------------|---------------------------|
| Revenues | \$ 4,102,234 | \$ 3,829,000 | \$ 273,234 |
| | <u>From FY 2015 Audited</u> | | <u>From Final Enacted</u> |
| Percentage Change | -53.3 % | -56.4 % | 7.1 % |

Preliminary FY 2016 other miscellaneous revenues were 7.1 percent more than the final enacted FY 2016 estimate of \$3.8 million, an overage of \$273,234.

Preliminary FY 2016 other miscellaneous revenues of \$4.1 million were down \$4.7 million compared to audited FY 2015 other miscellaneous revenues of \$8.8 million, a growth rate of -53.3 percent.

The final enacted FY 2016 other miscellaneous revenue estimate decreased by \$4.9 million or -56.4 percent over audited FY 2015 other miscellaneous revenues.

Lottery Transfer

| <u>FY 2016</u> | <u>Preliminary Close</u> | <u>Final Enacted</u> | <u>Variance</u> |
|-------------------|-----------------------------|----------------------|---------------------------|
| Traditional Games | \$ 60,993,647 | \$ 60,400,000 | \$ 593,647 |
| VLT | 293,157,674 | 294,100,000 | (942,326) |
| Table Games | 15,609,558 | 15,600,000 | 9,558 |
| Revenues | \$ 369,760,879 | \$ 370,100,000 | \$ (339,121) |
| | <u>From FY 2015 Audited</u> | | <u>From Final Enacted</u> |
| Percentage Change | -3.2 % | -3.1 % | -0.1 % |

The preliminary FY 2016 lottery transfer to the State's general fund was down 0.1 percent compared to the final enacted FY 2016 estimate of \$370.1 million, a shortfall of \$339,121. Within the components of the lottery transfer, as provided by the Division of Lottery, the preliminary FY 2016 transfer from instant and monitor games was up 1.0 percent over the final enacted FY 2016 instant and monitor games transfer estimate of \$60.4 million, an overage of \$593,647. With respect to the State's share of video lottery net terminal income (NTI), the preliminary FY 2016 video lottery transfer was 0.3 percent less than the final enacted FY 2016 video lottery transfer estimate of \$294.1 million, a shortfall of \$942,326. The preliminary FY 2016 table games transfer was up 0.1 percent over the final enacted FY 2016 table games transfer estimate of \$15.6 million, a surplus of \$9,558.

The table below provides the component breakdown of revenues from the lottery transfer, as provided by the Division of Lottery, and compares preliminary FY 2016 revenues to audited FY 2015 revenues:

| Component | FY 2016 Preliminary | FY 2015 Audited | Nominal Difference | Percent Difference |
|-------------------|----------------------------|------------------------|---------------------------|---------------------------|
| Traditional Games | \$ 60,993,647 | \$ 56,887,642 | \$ 4,106,005 | 7.2 % |
| VLT | 293,157,674 | 312,289,044 | (19,131,370) | -6.1 % |
| Table Games | 15,609,558 | 12,758,825 | 2,850,733 | 22.3 % |
| Total | \$ 369,760,879 | \$ 381,935,511 | \$ (12,174,632) | -3.2 % |

The preliminary FY 2016 lottery transfer was \$369.8 million or \$12.2 million less than the audited FY 2015 lottery transfer of \$381.9 million, which translates into a growth rate of -3.2 percent. The preliminary FY 2016 lottery transfer includes cash collections of \$369.4 million and a net accrual of \$346,789. The FY 2016 lottery transfer cash collections decreased by \$11.7 million from FY 2015 cash collections. The preliminary FY 2016 lottery transfer net accrual is 56.2 percent less than the audited FY 2015 net accrual of \$(444,806).

Within the components of the lottery transfer, the preliminary FY 2016 transfer from instant and monitor games of \$61.0 million was up \$4.1 million compared to the audited FY 2015 transfer from instant and monitor games of \$56.9 million, a growth rate of 7.2 percent. The increase in the instant and monitor games transfer was driven in part by the largest Powerball jackpot in history, which grew to exceed \$1.0 billion before being won.

The preliminary FY 2016 video lottery transfer of \$293.2 million was down \$19.1 million compared to the audited FY 2015 video lottery transfer of \$312.3 million, a growth rate of -6.1 percent. The decline in the video lottery transfer to the general fund was due primarily to the opening of the Plainridge Park Casino, a slots only facility in nearby Massachusetts.

The preliminary FY 2016 table games transfer of \$15.6 million was up \$2.9 million compared to the audited FY 2015 table games transfer of \$12.8 million. The increase in the table games transfer to the general fund was attributable to the increase in the number of traditional table games in operation at Twin River to 92 from 80 in FY 2015 and the addition of a poker room with 16 poker tables at Twin River in FY 2016.

Unclaimed Property Transfer

| <u>FY 2016</u> | <u>Preliminary Close</u> | <u>Final Enacted</u> | <u>Variance</u> |
|-----------------------|---------------------------------|-----------------------------|---------------------------|
| Revenues | \$ 14,166,740 | \$12,100,000 | 2,066,740 |
| | <u>From FY 2015 Audited</u> | | <u>From Final Enacted</u> |
| Percentage Change | 3.3 % | -11.8 % | 17.1 % |

According to the Controller's Preliminary General Fund Revenue Report, the FY 2016 unclaimed property transfer was 17.1 percent more than the final enacted FY 2016 estimate of \$12.1 million, an excess of \$2.1 million.

The unclaimed property transfer of \$13.7 million for preliminary FY 2016 was up 3.3 percent or \$454,960 compared to the audited FY 2015 unclaimed property transfer of \$13.7 million.

The final enacted FY 2016 unclaimed property transfer estimate decreased by \$1.6 million or -11.8 percent over the audited FY 2015 unclaimed property transfer.



Robert S. Hull, Director
Department of Revenue

September 12, 2016

STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT
Preliminary FY 2016 to Final Enacted FY 2016

| | Preliminary Revenues FY 2016 | | Final Enacted Revenues FY 2016 | Difference | Variance |
|--------------------------------------|------------------------------------|---|--------------------------------------|----------------------|-------------|
| Personal Income Tax | \$ 1,217,429,575 | | \$ 1,224,900,000 | \$ (7,470,425) | -0.6% |
| General Business Taxes | | | | | |
| Business Corporations | 134,908,997 | | 153,500,000 | (18,591,003) | -12.1% |
| Public Utilities Gross Earnings | 103,062,420 | | 99,500,000 | 3,562,420 | 3.6% |
| Financial Institutions | 21,095,888 | | 20,400,000 | 695,888 | 3.4% |
| Insurance Companies | 130,344,054 | | 121,400,000 | 8,944,054 | 7.4% |
| Bank Deposits | 2,555,974 | | 2,400,000 | 155,974 | 6.5% |
| Health Care Provider Assessment | 43,236,332 | | 44,000,000 | (763,668) | -1.7% |
| Excise Taxes | | | | | |
| Sales and Use | 971,927,288 | * | 981,000,000 | (9,072,712) | -0.9% |
| Motor Vehicle | 39,691,836 | | 39,200,000 | 491,836 | 1.3% |
| Motor Carrier Fuel Use | (208,068) | | - | (208,068) | |
| Cigarettes | 142,782,087 | | 143,000,000 | (217,913) | -0.2% |
| Alcohol | 19,630,268 | | 19,300,000 | 330,268 | 1.7% |
| Controlled Substances | (54,365) | * | - | (54,365) | n/a |
| Other Taxes | | | | | |
| Estate and Transfer | 70,028,952 | | 25,100,000 | 44,928,952 | 179.0% |
| Racing and Athletics | 1,059,487 | | 1,100,000 | (40,513) | -3.7% |
| Realty Transfer | 10,430,664 | | 10,400,000 | 30,664 | 0.3% |
| Total Taxes | \$ 2,907,921,389 | | \$ 2,885,200,000 | \$ 22,721,389 | 0.8% |
| Departmental Receipts | \$ 367,641,395 | | \$ 363,800,000 | \$ 3,841,395 | 1.1% |
| Taxes and Departmentals | \$ 3,275,562,784 | | \$ 3,249,000,000 | \$ 26,562,784 | 0.8% |
| Other General Revenue Sources | | | | | |
| Other Miscellaneous Revenues | 4,102,234 | | 3,829,000 | 273,234 | 7.1% |
| Lottery Transfer | 369,760,879 | | 370,100,000 | (339,121) | -0.1% |
| Unclaimed Property | 14,166,740 | | 12,100,000 | 2,066,740 | 17.1% |
| Total Other Sources | \$ 388,029,853 | | \$ 386,029,000 | \$ 2,000,853 | 0.5% |
| Total General Revenues | \$ 3,663,592,637 | | \$ 3,635,029,000 | \$ 28,563,637 | 0.8% |

* The Controller's Preliminary General Fund Revenue Report for FY 2016 includes Controlled Substances Revenues in Sales and Use Tax Revenues. This report treats these revenue sources separately.

| PIT Component | Preliminary FY 2016 | | Final Enacted FY 2016 | Difference | Variance |
|--------------------|-------------------------|--|--------------------------|-----------------------|--------------|
| Estimated payments | 230,555,951 | | \$ 238,000,000 | \$ (7,444,049) | -3.1% |
| Final payments | 183,823,532 | | 179,000,000 | 4,823,532 | 2.7% |
| Withholding | 1,088,462,846 | | 1,093,000,000 | (4,537,154) | -0.4% |
| Refunds | (266,648,551) | | (288,900,000) | 22,251,449 | -7.7% |
| Net Accrual | (18,764,203) | | 3,800,000 | (22,564,203) | -593.8% |
| Total | \$ 1,217,429,575 | | \$ 1,224,900,000 | \$ (7,470,425) | -0.6% |

STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT
Preliminary FY 2016 to Audited FY 2015

| | Preliminary Revenues FY 2016 | | Audited Revenues FY 2015 | Difference | Year-over-Year Growth |
|--------------------------------------|------------------------------------|--|--------------------------------|------------------------|--------------------------|
| Personal Income Tax | \$ 1,217,429,575 | | \$ 1,227,581,960 | \$ (10,152,385) | -0.8% |
| General Business Taxes | | | | | |
| Business Corporations | 134,908,997 | | 147,979,089 | (13,070,092) | -8.8% |
| Public Utilities Gross Earnings | 103,062,420 | | 103,950,349 | (887,929) | -0.9% |
| Financial Institutions | 21,095,888 | | 22,743,284 | (1,647,396) | -7.2% |
| Insurance Companies | 130,344,054 | | 120,264,561 | 10,079,493 | 8.4% |
| Bank Deposits | 2,555,974 | | 2,259,880 | 296,094 | 13.1% |
| Health Care Provider Assessment | 43,236,332 | | 44,125,338 | (889,006) | -2.0% |
| Excise Taxes | | | | | |
| Sales and Use | 971,927,288 * | | 963,446,369 | 8,480,919 | 0.9% |
| Motor Vehicle | 39,691,836 | | 49,117,001 | (9,425,165) | -19.2% |
| Motor Carrier Fuel Use | (208,068) | | (124,650) | (83,418) | 66.9% |
| Cigarettes | 142,782,087 | | 138,045,483 | 4,736,604 | 3.4% |
| Alcohol | 19,630,268 | | 18,363,285 | 1,266,983 | 6.9% |
| Controlled Substances | (54,365) * | | 6,177 | (60,542) | -980.1% |
| Other Taxes | | | | | |
| Estate and Transfer | 70,028,952 | | 34,202,383 | 35,826,569 | 104.7% |
| Racing and Athletics | 1,059,487 | | 1,107,202 | (47,715) | -4.3% |
| Realty Transfer | 10,430,664 | | 9,493,464 | 937,200 | 9.9% |
| Total Taxes | \$ 2,907,921,389 | | \$ 2,882,561,175 | \$ 25,360,214 | 0.9% |
| Departmental Receipts | 367,641,395 | | 354,121,814 | 13,519,581 | 3.8% |
| Taxes and Departmentals | \$ 3,275,562,784 | | \$ 3,236,682,989 | \$ 38,879,795 | 1.2% |
| Other General Revenue Sources | | | | | |
| Other Miscellaneous Revenues | 4,102,234 | | 8,778,364 | (4,676,130) | -53.3% |
| Lottery Transfer | 369,760,879 | | 381,935,510 | (12,174,631) | -3.2% |
| Unclaimed Property | 14,166,740 | | 13,711,780 | 454,960 | 3.3% |
| Total Other Sources | \$ 388,029,853 | | \$ 404,425,654 | \$ (16,395,801) | -4.1% |
| Total General Revenues | \$ 3,663,592,637 | | \$ 3,641,108,643 | \$ 22,483,994 | 0.6% |

* The Controller's Preliminary General Fund Revenue Report for FY 2016 includes Controlled Substances Revenues in Sales and Use Tax Revenues. This report treats these revenue sources separately.

| PIT Component | Preliminary FY 2016 | | Audited FY 2015 | Difference | Year-over-Year Growth |
|--------------------|-------------------------|--|-------------------------|------------------------|--------------------------|
| Estimated payments | \$ 230,555,951 | | \$ 225,905,795 | \$ 4,650,156 | 2.1% |
| Final payments | 183,823,532 | | 202,893,957 | (19,070,425) | -9.4% |
| Withholding | 1,088,462,846 | | 1,061,456,549 | 27,006,297 | 2.5% |
| Refunds | (266,648,551) | | (274,888,631) | 8,240,080 | -3.0% |
| Net Accrual | (18,764,203) | | 12,214,290 | (30,978,493) | -253.6% |
| Total | \$ 1,217,429,575 | | \$ 1,227,581,960 | \$ (10,152,385) | -0.8% |

STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT
Final Enacted FY 2016 to Audited FY 2015

| | Final Enacted Revenues FY 2016 | Audited Revenues FY 2015 | Difference | Variance |
|--------------------------------------|--------------------------------------|--------------------------------|------------------------|--------------|
| Personal Income Tax | \$ 1,224,900,000 | \$ 1,227,581,960 | \$ (2,681,960) | -0.2% |
| General Business Taxes | | | | |
| Business Corporations | 153,500,000 | 147,979,089 | 5,520,911 | 3.7% |
| Public Utilities Gross Earnings | 99,500,000 | 103,950,349 | (4,450,349) | -4.3% |
| Financial Institutions | 20,400,000 | 22,743,284 | (2,343,284) | -10.3% |
| Insurance Companies | 121,400,000 | 120,264,561 | 1,135,439 | 0.9% |
| Bank Deposits | 2,400,000 | 2,259,880 | 140,120 | 6.2% |
| Health Care Provider Assessment | 44,000,000 | 44,125,338 | (125,338) | -0.3% |
| Excise Taxes | | | | |
| Sales and Use | 981,000,000 | 963,446,369 | 17,553,631 | 1.8% |
| Motor Vehicle | 39,200,000 | 49,117,001 | (9,917,001) | -20.2% |
| Motor Carrier Fuel Use | - | (124,650) | 124,650 | n/a |
| Cigarettes | 143,000,000 | 138,045,483 | 4,954,517 | 3.6% |
| Alcohol | 19,300,000 | 18,363,285 | 936,715 | 5.1% |
| Other Taxes | | | | |
| Estate and Transfer | 25,100,000 | 34,202,383 | (9,102,383) | -26.6% |
| Racing and Athletics | 1,100,000 | 1,107,202 | (7,202) | -0.7% |
| Realty Transfer | 10,400,000 | 9,493,464 | 906,536 | 9.5% |
| Total Taxes | \$ 2,885,200,000 | \$ 2,882,561,175 | \$ 2,638,825 | 0.1% |
| Departmental Receipts | 363,800,000 | 354,121,814 | 9,678,186 | 2.7% |
| Taxes and Departmentals | \$ 3,249,000,000 | \$ 3,236,682,989 | \$ 12,317,011 | 0.4% |
| Other General Revenue Sources | | | | |
| Other Miscellaneous Revenues | 3,829,000 | 8,778,364 | (4,949,364) | -56.4% |
| Lottery Transfer | 370,100,000 | 381,935,510 | (11,835,510) | -3.1% |
| Unclaimed Property | 12,100,000 | 13,711,780 | (1,611,780) | -11.8% |
| Total Other Sources | \$ 386,029,000 | \$ 404,425,654 | \$ (18,396,654) | -4.5% |
| Total General Revenues | \$ 3,635,029,000 | \$ 3,641,108,643 | \$ (6,079,643) | -0.2% |

| PIT Component | Final Enacted FY 2014 | Audited FY 2014 | Difference | Variance |
|----------------------|--------------------------|-------------------------|-----------------------|--------------|
| Estimated payments | \$ 238,000,000 | \$ 225,905,795 | \$ 12,094,205 | 5.4% |
| Final payments | 179,000,000 | 202,893,957 | (23,893,957) | -11.8% |
| Withholding | 1,093,000,000 | (274,888,631) | 1,367,888,631 | -497.6% |
| Refunds | (288,900,000) | 1,061,456,549 | (1,350,356,549) | -127.2% |
| Net Accrual | 3,800,000 | 12,214,290 | (8,414,290) | -68.9% |
| Total | \$ 1,224,900,000 | \$ 1,227,581,960 | \$ (2,681,960) | -0.2% |