

State of Rhode Island and Providence Plantations

# Budget



## Fiscal Year 2009

Donald L. Carcieri, Governor

# The Agency

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## Department of Revenue

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### Agency Operations

The Department of Revenue was established as a separate department within the executive branch of state government by the 2006 General Assembly and came into existence on July 1, 2006. The department is headed by the Director of Revenue, who is appointed by the Governor, with the advice and consent of the Senate. The Department has six programmatic functions, including Central Management (Director of Revenue), Taxation, State Lottery, Registry of Motor Vehicles, Revenue Analysis and Property Valuation.

### Agency Objectives

To assess and collect all taxes, fees and revenues in the most efficient and cost-effective manner.

To administer and enforce all laws pertaining to the operation and registration of motor vehicles.

To administer a lottery system in the most efficient, ethical and cost-effective manner.

### Statutory History

The Department of Revenue was created by the 2006 General Assembly through the enactment of Article 38 sub. A of the FY 2007 Appropriations Act (R.I.G.L. 42-142).

# The Budget

## Department of Revenue

	FY 2006 Actual	FY 2007 Actual	FY 2008 Enacted	FY 2008 Revised	FY 2009 Recommended
<b>Expenditures By Program</b>					
Director of Revenue	-	203,409	751,500	431,214	632,972
Revenue Analysis	-	177,138	750,003	358,121	719,927
Lottery Division	221,616,730	196,844,842	214,697,422	202,648,441	207,489,225
Property Valuation	617,041	640,726	849,819	788,523	852,759
Taxation	20,644,994	19,109,229	20,796,985	18,994,446	20,679,126
Registry of Motor Vehicles	17,514,149	17,022,465	18,518,432	18,534,536	18,289,782
<b>Total Expenditures</b>	<b>\$260,392,914</b>	<b>\$233,997,809</b>	<b>\$256,364,161</b>	<b>\$241,755,281</b>	<b>\$248,663,791</b>
<b>Expenditures By Object</b>					
Personnel	33,319,101	34,064,299	39,235,007	35,922,914	39,210,594
Operating Supplies and Expenses	226,825,290	199,688,104	216,441,750	205,219,839	209,084,561
Aid To Local Units Of Government	1,210	848	-	-	-
Assistance, Grants and Benefits	10,252	10,665	12,048	11,844	11,897
<b>Subtotal: Operating Expenditures</b>	<b>\$260,155,853</b>	<b>\$233,763,916</b>	<b>\$255,688,805</b>	<b>\$241,154,597</b>	<b>\$248,307,052</b>
Capital Purchases and Equipment	237,061	207,594	483,257	546,170	302,225
Debt Service	-	-	-	-	-
Operating Transfers	-	26,299	192,099	54,514	54,514
<b>Total Expenditures</b>	<b>\$260,392,914</b>	<b>\$233,997,809</b>	<b>\$256,364,161</b>	<b>\$241,755,281</b>	<b>\$248,663,791</b>
<b>Expenditures By Funds</b>					
General Revenue	35,740,584	34,528,687	38,575,957	35,165,844	37,374,032
Federal Funds	1,529,556	1,147,680	1,335,145	2,128,997	1,894,095
Restricted Receipts	691,133	705,160	845,506	892,006	925,663
Other Funds	222,431,641	197,616,282	215,607,553	203,568,434	208,470,001
<b>Total Expenditures</b>	<b>\$260,392,914</b>	<b>\$233,997,809</b>	<b>\$256,364,161</b>	<b>\$241,755,281</b>	<b>\$248,663,791</b>
<b>FTE Authorization</b>	<b>492.0</b>	<b>473.0</b>	<b>475.0</b>	<b>465.0</b>	<b>460.0</b>
<b>Agency Measures</b>					
Minorities as a Percentage of the Workforce	11.3%	11.3%	11.3%	11.3%	10.0%
Females as a Percentage of the Workforce	59.1%	59.1%	59.1%	59.1%	49.0%
Persons with Disabilities as a Percentage of the Workforce	2.4%	2.4%	2.4%	2.4%	1.0%

# The Program

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## Department of Revenue Director of Revenue

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### Program Operations

The Director's Office oversees the overall operation of the department. The Office of Legal Services provides legal advice and support to the Director and the programs within the department.

### Program Objectives

To oversee the collection of taxes, fees and revenues in conformance with legislative mandates.

To ensure that programs of the department are efficiently organized and implemented.

### Statutory History

The Director of Revenue position was created upon establishment of the Department of Revenue in Article 38 sub A of the FY 2007 Appropriations Act (R.I.G.L. 42-142).

# The Budget

## Department of Revenue Director of Revenue

	FY 2006 Actual	FY 2007 Actual	FY 2008 Enacted	FY 2008 Revised	FY 2009 Recommended
<b>Expenditures By Object</b>					
Personnel	-	198,285	721,500	402,024	602,972
Operating Supplies and Expenses	-	5,124	30,000	29,190	30,000
Aid To Local Units Of Government	-	-	-	-	-
Assistance, Grants and Benefits	-	-	-	-	-
<b>Subtotal: Operating Expenditures</b>	-	<b>\$203,409</b>	<b>\$751,500</b>	<b>\$431,214</b>	<b>\$632,972</b>
Capital Purchases and Equipment	-	-	-	-	-
Debt Service	-	-	-	-	-
Operating Transfers	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-
<b>Expenditures By Funds</b>					
General Revenue	-	203,409	751,500	431,214	632,972
<b>Total Expenditures</b>	-	<b>\$203,409</b>	<b>\$751,500</b>	<b>\$431,214</b>	<b>\$632,972</b>
<b>Program Measures</b>	NA	NA	NA	NA	NA

# The Program

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## Department of Revenue Revenue Analysis

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### Program Operations

The Office of Revenue Analysis is responsible for analyzing, evaluating, and appraising the tax system of the State of Rhode Island, and for making recommendations for its revision in accordance with the best interests of the economy of Rhode Island. The Office is responsible for preparing the tax expenditures report and for preparing cost benefit analyses of all tax proposals.

### Program Objectives

To analyze, evaluate and appraise the tax system of the State.

To make recommendations for revisions to the tax system.

To prepare the tax expenditures report.

### Statutory History

The Office of Revenue Analysis is established under R.I.G.L. 42-142-3. The requirement to prepare the tax expenditures report is established under R.I.G.L. 44-48.1-1.

# The Budget

## Department of Revenue Revenue Analysis

	FY 2006 Actual	FY 2007 Actual	FY 2008 Enacted	FY 2008 Revised	FY 2009 Recommended
<b>Expenditures By Object</b>					
Personnel	-	177,138	450,003	139,196	594,927
Operating Supplies and Expenses	-	-	-	-	-
Aid To Local Units Of Government	-	-	50,000	43,925	50,000
Assistance, Grants and Benefits	-	-	-	-	-
<b>Subtotal: Operating Expenditures</b>	-	<b>\$177,138</b>	<b>\$500,003</b>	<b>\$183,121</b>	<b>\$644,927</b>
Capital Purchases and Equipment	-	-	250,000	175,000	75,000
Debt Service	-	-	-	-	-
Operating Transfers	-	-	-	-	-
<b>Total Expenditures</b>	-	<b>\$177,138</b>	<b>\$750,003</b>	<b>\$358,121</b>	<b>\$719,927</b>
<b>Expenditures By Funds</b>					
General Revenue	-	177,138	750,003	358,121	719,927
<b>Total Expenditures</b>	-	<b>\$177,138</b>	<b>\$750,003</b>	<b>\$358,121</b>	<b>\$719,927</b>
<b>Program Measures</b>	NA	NA	NA	NA	NA

# The Program

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## Department of Revenue Lottery Division

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### Program Objectives

The Rhode Island Lottery (The Lottery) was created under the General Laws of the State of Rhode Island in 1974 operate lottery games to generate revenues for the state. On July 1, 2005, the Lottery was made a division of the Department of Administration and on July 1, 2006, it was transferred to the new Department of Revenue. The Lottery operates as an enterprise fund and is included in the State Comprehensive Annual Financial Report.

The Lottery sells tickets for on-line games (e.g. Daily Numbers), for Keno, and for instant games (e.g. scratch tickets). Tickets are sold through licensed lottery retailers. The Lottery sells Powerball tickets, collects all revenues, and remits prize funds to the Multi-State Lottery Association net of low tier prize awards

R.I.G.L. 42-61-15 stipulates that the Lottery award prizes in an amount not less than 45 percent nor more than 65 percent of the total lottery ticket revenue. For Keno, however, prize awards shall not be less than 45 percent nor more than 72 percent of the total Keno ticket revenue. The Lottery is required to transfer its net income from on-line games to the state's general fund in an amount not less than 25 percent of total lottery ticket revenue. The amount transferred into the general fund from Keno shall equal no less than 15 percent of the total Keno ticket sales. Transfers are made on a monthly basis in an amount equal to estimated net income.

R.I.G.L. 42-61.2 authorizes the Lottery to conduct video lottery games at Lincoln Park and Newport Grand. Video lottery terminals are electronically linked to a central computer facility at Lottery Headquarters. As of July 1, 2004, the net terminal income generated at these facilities is divided among the licensed video lottery retailers, the technology providers, the host municipalities, and the State General Fund. In 2005, the General Assembly enacted legislation that allocates a percentage of the net new revenue from the operation of 1,750 additional authorized video lottery terminals at Lincoln Park to the Narragansett Indian Tribe.

The State General Fund's share of net terminal income was no less than 52 percent in FY 2003, no less than 59.1 percent in FY 2004, no less than 60.525 percent in FY 2005, and no less than 60.4 percent in FY 2006. In 2005, the General Assembly enacted legislation that maintained the State General Fund's share of net terminal income from existing authorized video lottery terminals at no less than 60.4 percent but lowered the State General Fund's share of net new net terminal income from additional authorized video lottery terminals to be no less than 58.0 percent.

### Statutory History

R.I.G.L. 42-60 provides the general authority for the State Division of Lottery. R.I.G.L. 42-142 entitled "Department of Revenue" establishes the State lottery as a division of the Department of Revenue.



# The Budget

## Department of Revenue Lottery Division

	FY 2006 Actual	FY 2007 Actual	FY 2008 Enacted	FY 2008 Revised	FY 2009 Recommended
<b>Expenditures By Object</b>					
Personnel	4,360,369	4,571,659	5,075,199	5,008,899	5,442,161
Operating Supplies and Expenses	217,198,996	192,185,928	209,354,973	197,519,063	201,922,064
Aid To Local Units Of Government	-	-	-	-	-
Assistance, Grants and Benefits	151	151	151	-	-
<b>Subtotal: Operating Expenditures</b>	<b>\$221,559,516</b>	<b>\$196,757,738</b>	<b>\$214,430,323</b>	<b>\$202,527,962</b>	<b>\$207,364,225</b>
Capital Purchases and Equipment	57,214	87,104	125,000	120,479	125,000
Debt Service	-	-	-	-	-
Operating Transfers	-	-	142,009	-	-
<b>Total Expenditures</b>	<b>\$221,616,730</b>	<b>\$196,844,842</b>	<b>\$214,697,332</b>	<b>\$202,648,441</b>	<b>\$207,489,225</b>
<b>Expenditures By Funds</b>					
Other	221,616,730	196,844,842	214,697,422	202,648,441	207,489,225
<b>Total Expenditures</b>	<b>\$221,616,730</b>	<b>\$196,844,842</b>	<b>\$214,697,422</b>	<b>\$202,648,441</b>	<b>\$207,489,225</b>
<b>Program Measures</b>	NA	NA	NA	NA	NA

# The Program

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## Department of Revenue Property Valuation

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### Program Operations

The Division of Property Valuation (Municipal Affairs) responsibilities include the provision of technical support to municipalities and supervision of selected financial operations, distribution of state aid, and determination of community wealth for use in school aid formulas. Additionally, the Office provides planning assistance in the areas of comprehensive planning, land use regulation, capital projects, and compliance with state law and the State Guide Plan.

### Program Objectives

To maintain and compute financial and equalized property value information for the benefit of municipalities and public policy decision-makers.

To encourage and assure compliance with state laws and policies relating to municipalities especially in the areas of public disclosure, tax levies, and financial reporting.

To encourage cooperation between municipalities and the state by distributing information and by providing technical assistance to municipalities.

To provide guidance to public policy decision-makers on the equitable distribution of state aid to municipalities.

### Statutory History

The Division of Property Valuation is established under R.I.G.L. 42-142-4.

# The Budget

## Department of Revenue Property Valuation

	FY 2006 Actual	FY 2007 Actual	FY 2008 Enacted	FY 2008 Revised	FY 2009 Recommended
<b>Expenditures By Object</b>					
Personnel	567,903	623,922	824,419	770,500	832,309
Operating Supplies and Expenses	47,928	15,956	24,200	16,876	19,250
Aid To Local Units Of Government	1,210	848	-	-	-
Assistance, Grants and Benefits	-	-	1,200	1,147	1,200
<b>Subtotal: Operating Expenditures</b>	<b>\$617,041</b>	<b>\$640,726</b>	<b>\$849,819</b>	<b>\$788,523</b>	<b>\$852,759</b>
Capital Purchases and Equipment	-	-	-	-	-
Debt Service	-	-	-	-	-
Operating Transfers	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$617,041</b>	<b>\$640,726</b>	<b>\$849,819</b>	<b>\$788,523</b>	<b>\$852,759</b>
<b>Expenditures By Funds</b>					
General Revenue	617,041	640,726	849,819	788,523	852,759
<b>Total Expenditures</b>	<b>\$617,041</b>	<b>\$640,726</b>	<b>\$849,819</b>	<b>\$788,523</b>	<b>\$852,759</b>
<b>Program Measures</b>					
Percentage of Equalization Study Procedure Recommendations Implemented	31.0%	31.0%	31.0%	31.0%	35.0%
Percentage of Municipalities Transmitting Real Estate Sales Data Electronically to the Division of Taxation	85.0%	87.0%	92.0%	92.0%	95.0%

# The Program

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## Department of Revenue Taxation

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### Program Operations

The Division of Taxation includes several subprograms encompassing many activities. Tax Processing performs all activities relating to the receipt of cash payments and the processing of tax returns. This unit registers taxpayers, records tax accounts, and develops and implements forms necessary to collect all the taxes administered. The Office of Assessment and Review assesses and collects taxes as prescribed by the Rhode Island General Laws. The office holds preliminary reviews of requests for administrative hearings. Field Audit services audits businesses, corporations and individuals for compliance with existing state tax laws and regulations for all of the taxes for which the Tax Administrator is responsible. Tax Compliance and Collection has responsibility for the compliance, collection, and enforcement actions to collect all overdue taxes administered by the Division of Taxation.

### Program Objectives

To assess and collect all taxes and revenues that the legislature places under the control of the Tax Administrator in the most efficient and cost-effective manner.

### Statutory History

R.I.G.L. 42-142 entitled "Department of Revenue" establishes the Division of Taxation within the Department of Revenue.

# The Budget

## Department Of Revenue Taxation

	FY 2006 Actual	FY 2007 Actual	FY 2008 Enacted	FY 2008 Revised	FY 2009 Recommended
<b>Expenditures By Subprogram</b>					
Tax Administrator	503,461	497,206	554,346	453,632	571,947
Tax Processing Division	6,668,567	4,822,035	4,658,863	4,973,598	5,089,826
Compliance and Collection	3,483,538	3,470,350	3,936,185	3,282,380	3,539,583
Field Audit	4,866,153	5,260,245	5,747,701	4,915,134	5,560,456
Assessment and Review	2,652,398	2,674,165	2,923,899	2,541,451	2,917,063
Employer Tax	2,470,877	2,385,228	2,975,991	2,828,251	3,000,251
<b>Total Expenditures</b>	<b>\$20,644,994</b>	<b>\$19,109,229</b>	<b>\$20,796,985</b>	<b>\$18,994,446</b>	<b>\$20,679,126</b>
<b>Expenditures By Object</b>					
Personnel	16,525,477	17,084,109	18,652,325	16,628,874	18,320,808
Operating Supplies and Expenses	4,035,625	1,970,562	2,069,443	2,274,373	2,287,119
Aid To Local Units Of Government	-	-	-	-	-
Assistance, Grants and Benefits	4,864	5,277	5,460	5,460	5,460
<b>Subtotal: Operating Expenditures</b>	<b>\$20,565,966</b>	<b>\$19,059,948</b>	<b>\$20,727,228</b>	<b>\$18,908,707</b>	<b>\$20,613,387</b>
Capital Purchases and Equipment	79,028	22,982	69,757	81,225	61,225
Debt Service	-	-	-	-	-
Operating Transfers	-	26,299	-	4,514	4,514
<b>Total Expenditures</b>	<b>\$20,644,994</b>	<b>\$19,109,229</b>	<b>\$20,796,985</b>	<b>\$18,994,446</b>	<b>\$20,679,126</b>
<b>Expenditures By Funds</b>					
General Revenue	18,105,380	16,646,214	17,820,994	16,037,288	17,347,998
Federal Funds	1,048,103	1,001,582	1,235,454	1,160,259	1,439,789
Restricted Receipts	676,600	689,993	830,406	876,906	910,563
Other Funds	814,911	771,440	910,131	919,993	980,776
<b>Total Expenditures</b>	<b>\$20,644,994</b>	<b>\$19,109,229</b>	<b>\$20,796,985</b>	<b>\$18,994,446</b>	<b>\$20,679,126</b>
<b>Program Measures</b>					
Percentage of Personal Income Tax Refunds Mailed Within Thirty Days	96.5%	100.0%	100.0%	100.0%	100.0%
Percentage of Personal Income Tax Returns Filed Electronically	38.0%	44.0%	48.0%	48.0%	51.0%
Tax Dollars Assessed Per Hour by Field Audit	\$647.30	\$627.00	\$663.60	\$663.60	\$673.40

# The Program

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## Department of Revenue Registry of Motor Vehicles

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### Program Operations

The Registry of Motor Vehicles is responsible for administering and enforcing all laws pertaining to the operation and registration of all motor vehicles, the issuance of licenses, the enforcement of all laws relating to the issuance, suspension and revocation of motor vehicle registrations and licenses, inspection of motor vehicles and the study of motor vehicle accidents. The Vehicle Value Commission establishes the presumptive value of motor vehicles subject to excise tax for the use of municipalities in levying taxes.

### Program Objectives

To administer and enforce all laws pertaining to the operation and registration of motor vehicles.  
To collect all fees mandated by state statutes in the most efficient and timely manner, to bring an expanded, more efficient level of service to the public.

### Statutory History

R.I.G.L. 42-142 entitled "Department of Revenue" establishes the Registry of Motor Vehicles as a division within the Department of Revenue.

# The Budget

## Department of Revenue Registry of Motor Vehicles

	FY 2006 Actual	FY 2007 Actual	FY 2008 Enacted	FY 2008 Revised	FY 2009 Recommended
<b>Expenditures By Subprogram</b>					
Registry of Motor Vehicles	17,485,083	16,992,291	18,488,232	18,504,743	18,259,582
Vehicle Value Commission	29,066	30,174	30,200	29,793	30,200
<b>Total Expenditures</b>	<b>\$17,514,149</b>	<b>\$17,022,465</b>	<b>\$18,518,432</b>	<b>\$18,534,536</b>	<b>\$18,289,782</b>
<b>Expenditures By Object</b>					
Personnel	11,865,352	11,409,186	13,511,561	12,973,421	13,417,417
Operating Supplies and Expenses	5,542,741	5,510,534	4,913,134	5,336,412	4,776,128
Aid To Local Units Of Government	-	-	-	-	-
Assistance, Grants and Benefits	5,237	5,237	5,237	5,237	5,237
<b>Subtotal: Operating Expenditures</b>	<b>\$17,413,330</b>	<b>\$16,924,957</b>	<b>\$18,429,932</b>	<b>\$18,315,070</b>	<b>\$18,198,782</b>
Capital Purchases and Equipment	100,819	97,508	38,500	169,466	41,000
Debt Service	-	-	-	-	-
Operating Transfers	-	-	50,000	50,000	50,000
<b>Total Expenditures</b>	<b>\$17,514,149</b>	<b>\$17,022,465</b>	<b>\$18,518,432</b>	<b>\$18,534,536</b>	<b>\$18,289,782</b>
<b>Expenditures By Funds</b>					
General Revenue	17,018,163	16,861,200	18,403,641	17,550,698	17,820,376
Federal Funds	481,453	146,098	99,691	968,738	454,306
Restricted Receipts	14,533	15,167	15,100	15,100	15,100
<b>Total Expenditures</b>	<b>\$17,514,149</b>	<b>\$17,022,465</b>	<b>\$18,518,432</b>	<b>\$18,534,536</b>	<b>\$18,289,782</b>
<b>Program Measures</b>	NA	NA	NA	NA	NA