

The Agency

Department of Revenue

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 2005 Actual	FY 2006 Actual	FY 2007 Revised	FY 2008 Recommended
Expenditures By Program				
Director of Revenue	-	-	373,786	751,500
Revenue Analysis	-	-	333,892	750,003
Lottery Division	-	221,616,727	207,532,772	214,777,462
Property Valuation	-	617,041	652,033	849,819
Taxation	19,456,434	20,645,001	20,059,100	21,013,968
Registry of Motor Vehicles	16,777,675	17,514,149	18,215,620	18,688,022
Total Expenditures	\$36,234,109	\$260,392,918	\$247,167,203	\$256,830,774
Expenditures By Object				
Personnel	26,128,046	33,319,108	35,818,267	39,701,620
Operating Supplies and Expenses	9,557,461	226,825,287	210,686,755	216,441,750
Aid To Local Units Of Government	-	1,210	1,000	1,200
Assistance, Grants and Benefits	10,696	10,252	10,848	10,848
Subtotal: Operating Expenditures	\$35,696,203	\$260,155,857	\$246,516,870	\$256,155,418
Capital Purchases and Equipment	530,672	237,061	460,931	483,257
Debt Service	7,234	-	-	-
Operating Transfers	-	-	189,402	192,099
Total Expenditures	\$36,234,109	\$260,392,918	\$247,167,203	\$256,830,774
Expenditures By Funds				
General Revenue	33,543,709	35,740,586	35,773,913	38,962,530
Federal Funds	1,215,890	1,529,559	2,132,525	1,335,145
Restricted Receipts	740,854	691,134	790,838	845,506
Other Funds	733,656	222,431,639	208,469,927	215,687,593
Total Expenditures	\$36,234,109	\$260,392,918	\$247,167,203	\$256,830,774
FTE Authorization	425.5	492.0	473.0	482.0
Agency Measures				
Minorities as a Percentage of the Workforce	-	11.3%	11.3%	11.3%
Females as a Percentage of the Workforce	-	59.1%	59.1%	59.1%
Persons with Disabilities as a Percentage of the Workforce	-	2.4%	2.4%	2.4%

The Program

Department of Revenue **Director of Revenue**

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 2005 Actual	FY 2006 Actual	FY 2007 Revised	FY 2008 Recommended
Expenditures By Object				
Personnel	-	-	343,786	721,500
Operating Supplies and Expenses	-	-	30,000	30,000
Aid To Local Units Of Government	-	-	-	-
Assistance, Grants and Benefits	-	-	-	-
Subtotal: Operating Expenditures	\$0	\$0	\$373,786	\$751,500
Capital Purchases and Equipment	-	-	-	-
Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total Expenditures	\$0	\$0	\$0	\$0
Expenditures By Funds				
General Revenue	-	-	373,786	751,500
Total Expenditures	\$0	\$0	\$373,786	\$751,500
Program Measures	NA	NA	NA	NA

The Program

Department of Revenue Revenue Analysis

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 2005 Actual	FY 2006 Actual	FY 2007 Revised	FY 2008 Recommended
Expenditures By Object				
Personnel	-	-	158,892	450,003
Operating Supplies and Expenses	-	-	50,000	50,000
Aid To Local Units Of Government	-	-	-	-
Assistance, Grants and Benefits	-	-	-	-
Subtotal: Operating Expenditures	\$0	\$0	\$208,892	\$500,003
Capital Purchases and Equipment	-	-	125,000	250,000
Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total Expenditures	\$0	\$0	\$333,892	\$750,003
Expenditures By Funds				
General Revenue	-	-	333,892	750,003
Total Expenditures	\$0	\$0	\$333,892	\$750,003
Program Measures	NA	NA	NA	NA

The Program

Department of Revenue Lottery Division

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 2005 Actual	FY 2006 Actual	FY 2007 Revised	FY 2008 Recommended
Expenditures By Object				
Personnel	-	4,360,369	4,761,394	5,155,239
Operating Supplies and Expenses	-	217,198,993	202,506,825	209,354,973
Aid To Local Units Of Government	-	-	-	-
Assistance, Grants and Benefits	-	151	151	151
Subtotal: Operating Expenditures	\$0	\$221,559,513	\$207,268,370	\$214,510,363
Capital Purchases and Equipment	-	57,214	125,000	125,000
Debt Service	-	-	-	-
Operating Transfers	-	-	139,402	142,099
Total Expenditures	\$0	\$221,616,727	\$207,532,772	\$214,777,462
Expenditures By Funds				
Other	-	221,616,727	207,532,772	214,777,462
Total Expenditures	\$0	\$221,616,727	\$207,532,772	\$214,777,462
Program Measures	NA	NA	NA	NA

The Program

Department of Revenue Property Valuation

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 2005 Actual	FY 2006 Actual	FY 2007 Revised	FY 2008 Recommended
Expenditures By Object				
Personnel	-	567,903	626,877	824,419
Operating Supplies and Expenses	-	47,928	24,156	24,200
Aid To Local Units Of Government	-	1,210	1,000	1,200
Assistance, Grants and Benefits	-	-	-	-
Subtotal: Operating Expenditures	-	\$617,041	\$652,033	\$849,819
Capital Purchases and Equipment	-	-	-	-
Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total Expenditures	-	\$617,041	\$652,033	\$849,819
Expenditures By Funds				
General Revenue	-	617,041	652,033	849,819
Total Expenditures	-	\$617,041	\$652,033	\$849,819
Program Measures				
Percentage of Equalization Study Procedure Recommendations Implemented	-	31.0%	31.0%	31.0%
Percentage of Municipalities Transmitting Real Estate Sales Data Electronically to the Division of Taxation	-	85.0%	87.0%	87.0%

The Program

Department of Revenue Taxation

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 2005 Actual	FY 2006 Actual	FY 2007 Revised	FY 2008 Recommended
Expenditures By Subprogram				
Tax Administrator	475,653	503,461	505,778	554,346
Tax Processing Division	6,376,684	6,668,569	4,985,170	4,875,846
Compliance and Collection	3,112,277	3,483,540	3,560,898	3,936,185
Field Audit	4,380,877	4,866,153	5,441,158	5,747,701
Assessment and Review	2,721,996	2,652,398	2,780,407	2,923,899
Employer Tax	2,388,947	2,470,880	2,785,689	2,975,991
Total Expenditures	\$19,456,434	\$20,645,001	\$20,059,100	\$21,013,968
Expenditures By Object				
Personnel	15,245,081	16,525,484	17,633,048	18,869,308
Operating Supplies and Expenses	3,904,116	4,035,625	2,326,320	2,069,443
Aid To Local Units Of Government	-	-	-	-
Assistance, Grants and Benefits	5,459	4,864	5,460	5,460
Subtotal: Operating Expenditures	\$19,154,656	\$20,565,973	\$19,964,828	\$20,944,211
Capital Purchases and Equipment	294,544	79,028	94,272	69,757
Debt Service	7,234	-	-	-
Operating Transfers	-	-	-	-
Total Expenditures	\$19,456,434	\$20,645,001	\$20,059,100	\$21,013,968
Expenditures By Funds				
General Revenue	17,037,631	18,105,384	17,188,850	18,037,977
Federal Funds	958,814	1,048,104	1,157,357	1,235,454
Restricted Receipts	726,333	676,601	775,738	830,406
Other Funds	733,656	814,912	937,155	910,131
Total Expenditures	\$19,456,434	\$20,645,001	\$20,059,100	\$21,013,968
Program Measures				
Percentage of Personal Income Tax Refunds Mailed Within Thirty Days	-	96.5%	100.0%	100.0%

The Program

Department of Revenue Registry of Motor Vehicles

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 2005 Actual	FY 2006 Actual	FY 2007 Revised	FY 2008 Recommended
Expenditures By Subprogram				
Registry of Motor Vehicles	16,748,525	17,485,083	18,185,420	18,657,822
Vehicle Value Commission	29,150	29,066	30,200	30,200
Total Expenditures	\$16,777,675	\$17,514,149	\$18,215,620	\$18,688,022
Expenditures By Object				
Personnel	10,882,965	11,865,352	12,294,270	13,681,151
Operating Supplies and Expenses	5,653,345	5,542,741	5,749,454	4,913,134
Aid To Local Units Of Government	-	-	-	-
Assistance, Grants and Benefits	5,237	5,237	5,237	5,237
Subtotal: Operating Expenditures	\$16,541,547	\$17,413,330	\$18,048,961	\$18,599,522
Capital Purchases and Equipment	236,128	100,819	116,659	38,500
Debt Service	-	-	-	-
Operating Transfers	-	-	50,000	50,000
Total Expenditures	\$16,777,675	\$17,514,149	\$18,215,620	\$18,688,022
Expenditures By Funds				
General Revenue	16,506,078	17,018,161	17,225,352	18,573,231
Federal Funds	257,076	481,455	975,168	99,691
Restricted Receipts	14,521	14,533	15,100	15,100
Total Expenditures	\$16,777,675	\$17,514,149	\$18,215,620	\$18,688,022
Program Measures	NA	NA	NA	NA