

State of Rhode Island and Providence Plantations

Budget



Fiscal Year 2012

Lincoln D. Chafee, Governor

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 Municipal Finance.

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.

To assess and evaluate the state revenue policies and practices and recommend options to enhance revenue collections and revenue competitiveness.

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 2009 Actual	FY 2010 Actual	FY 2011 Enacted	FY 2011 Revised	FY 2012 Recommended
Expenditures By Program					
Director of Revenue	603,236	480,822	500,231	592,880	784,261
Office of Revenue Analysis	363,514	371,823	555,607	435,073	495,910
Lottery Division	188,356,618	216,181,394	192,140,596	215,006,506	218,537,728
Municipal Finance	705,632	1,124,503	1,159,585	2,081,811	2,352,609
Taxation	20,784,016	17,353,468	20,278,893	19,647,805	20,961,088
Registry of Motor Vehicles	17,389,458	33,842,041	21,695,505	22,339,204	18,486,545
State Aid	-	-	-	-	74,277,595
Total Expenditures	228,202,474	269,354,051	236,330,417	260,103,279	335,895,736
Expenditures By Object					
Personnel	33,251,512	33,033,080	37,458,659	37,743,105	40,261,607
Operating Supplies and Expenses	190,098,742	218,274,357	193,432,036	216,479,297	219,516,610
Aid To Local Units Of Government	-	-	-	-	74,277,595
Assistance, Grants and Benefits	16,002	83,019	11,633	56,650	13,650
Subtotal: Operating Expenditures	\$223,366,256	\$251,390,456	230,902,328	254,279,052	334,069,462
Capital Purchases and Equipment	1,063,643	17,802,618	5,191,708	5,566,598	1,551,575
Debt Service	-	-	-	-	-
Operating Transfers	3,772,575	160,977	236,381	257,629	274,699
Total Expenditures	\$228,202,474	\$269,354,051	\$236,330,417	\$260,103,279	\$335,895,736
	\$0				
Expenditures By Funds					
General Revenue	32,332,042	32,476,057	35,479,085	36,130,650	91,720,012
Federal Funds	1,551,480	1,803,123	2,289,770	2,365,000	2,636,059
Restricted Receipts	4,479,106	4,001,548	824,191	1,966,459	21,191,727
Other Funds	\$189,839,846	\$231,073,323	\$197,737,371	\$219,641,170	\$220,347,938
Total Expenditures	\$228,202,474	\$269,354,051	\$236,330,417	\$260,103,279	\$335,895,736
FTE Authorization	410.0	413.5	426.0	428.5	428.5
Agency Measures					
Minorities as a Percentage of the Workforce	10.0%	10.2%	11.2%	11.2%	14.2%
Females as a Percentage of the Workforce	49.0%	49.2%	51.4%	51.4%	53.2%
Persons with Disabilities as a Percentage of the Workforce	1.0%	1.0%	1.1%	1.1%	1.0%

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 2009 Actual	FY 2010 Actual	FY 2011 Enacted	FY 2011 Revised	FY 2012 Recommended
Expenditures By Subprogram					
Director of Revenue	603,236	480,822	500,231	592,880	784,261
Total Expenditures					
Expenditures By Object					
Personnel	593,447	476,856	489,896	582,495	773,930
Operating Supplies and Expenses	9,789	2,940	10,335	10,385	10,331
Aid To Local Units Of Government	-	-	-	-	-
Assistance, Grants and Benefits	-	-	-	-	-
Subtotal: Operating Expenditures	\$603,236	\$479,796	\$500,231	\$592,880	\$784,261
Capital Purchases and Equipment	-	1,026	-	-	-
Debt Service	-	-	-	-	-
Operating Transfers	-	-	-	-	-
Total Expenditures	\$603,236	\$480,822	\$500,231	\$592,880	\$784,261
				-	-
Expenditures By Funds					
General Revenue	603,236	480,822	500,231	592,880	784,261
Total Expenditures	\$603,236	\$480,822	\$500,231	\$592,880	\$784,261
Program Measures	NA	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 2009 Actual	FY 2010 Actual	FY 2011 Enacted	FY 2011 Revised	FY 2012 Recommended
Expenditures by Subprogram					
Revenue Analysis	363,514	371,823	555,607	435,073	495,910
Total Expenditures	363,514	371,823	555,607	435,073	495,910
Expenditures By Object					
Personnel	355,404	360,142	495,057	415,273	476,208
Operating Supplies and Expenses	6,804	11,681	5,950	19,800	19,702
Aid To Local Units Of Government	-	-	-	-	-
Assistance, Grants and Benefits	-	-	-	-	-
Subtotal: Operating Expenditures	\$362,208	\$371,823	\$501,007	\$435,073	\$495,910
Capital Purchases and Equipment	1,306	-	54,600	-	-
Debt Service	-	-	-	-	-
Operating Transfers	-	-	-	-	-
Total Expenditures	\$363,514	\$371,823	\$555,607	\$435,073	\$495,910
Expenditures By Funds					
General Revenue	363,514	371,823	555,607	435,073	495,910
Total Expenditures	\$363,514	\$371,823	\$555,607	\$435,073	\$495,910
Program Measures					
Percentage of Cash Collection Reports Issued within 10 Business Days	75.0%	91.7%	91.7%	91.7%	100.0%
Percentage of Revenue Assessment Reports Issued within 10 Business Days	100.0%	83.3%	100.0%	100.0%	100.0%
Percentage of Three Revenue Reports Issued Annually	66.7%	33.3%	100.0%	100.0%	100.0%
Percentage of Fiscal Notes Completed within Ten Calendar Days	35.4%	21.6%	50.0%	50.0%	66.7%

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 to 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 promotes and 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 Twin River 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 facilities, the technology providers, the host municipalities, the central computer system provider, 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 authorized video lottery terminals at Twin River to the Narragansett Indian Tribe.

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 2009 Actual	FY 2010 Actual	FY 2011 Enacted	FY 2011 Revised	FY 2012 Recommended
Expenditures by Subprogram					
Lottery Division	188,356,618	216,181,394	192,140,596	215,006,506	218,537,728
Total Expenditures	188,356,618	216,181,394	192,140,596	215,006,506	218,537,728
Expenditures By Object					
Personnel	4,665,305	4,468,904	5,262,342	5,261,609	5,511,761
Operating Supplies and Expenses	183,691,313	211,712,490	186,688,420	209,533,815	212,797,815
Aid To Local Units Of Government	-	-	-	-	-
Assistance, Grants and Benefits	-	-	-	-	-
Subtotal: Operating Expenditures	\$188,356,618	\$216,181,394	\$191,950,762	\$214,795,424	\$218,309,576
Capital Purchases and Equipment	-	-	4,807	4,807	4,807
Debt Service	-	-	-	-	-
Operating Transfers	-	-	185,027	206,275	223,345
Total Expenditures	\$188,356,618	\$216,181,394	\$192,140,596	\$215,006,506	\$218,537,728
Expenditures By Funds					
Other	\$188,356,618	\$216,181,394	\$192,140,596	\$215,006,506	\$218,537,728
Total Expenditures	\$188,356,618	\$216,181,394	\$192,140,596	\$215,006,506	\$218,537,728
Program Measures	NA	NA	NA	NA	NA

The Program

Department of Revenue Municipal Finance

Program Operations

The Division of Municipal Finance's responsibilities include assisting cities and towns to achieve sound fiscal management through data analysis, technical assistance, training and oversight. The Division also encourages cooperation between municipalities and the state by distributing relevant and timely information and by providing technical assistance to municipalities.

Program Objectives

To monitor and report on the financial conditions of the cities and towns and with cities and town undergoing financial distress.

To maintain a databank on local finances and property values for the benefit of municipalities and public policy decision-makers.

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

To maintain and compute financial and equalized property value information of use to municipalities and policymakers.

To annually calculate municipal property wealth and state aid, advising cities and towns on the process of statistical property valuation updates, and provide other technical and legislative support to municipalities.

To maintain and publish a record of elected and appointed municipal officials every election year (the 'Blue Book') and provide staff assistance to the Vehicle value Commission which establishes the value of motor vehicles subject to the excise tax used by municipalities in levying taxes.

Statutory History

The Division of Municipal Finance is established under R.I.G.L. 42-142-4.

The Budget

Department of Revenue Municipal Finance

	FY 2009 Actual	FY 2010 Actual	FY 2011 Enacted	FY 2011 Revised	FY 2012 Recommended
Expenditures by Subprogram					
Municipal Affairs	705,632	1,124,503	1,159,585	2,081,811	2,352,609
Total Expenditures	705,632	1,124,503	1,159,585	2,081,811	2,352,609
Expenditures By Object					
Personnel	689,004	1,111,322	1,130,002	2,002,987	2,289,034
Operating Supplies and Expenses	10,232	12,164	23,187	25,824	53,575
Aid To Local Units Of Government	-	-	-	-	-
Assistance, Grants and Benefits	6,396	-	6,396	53,000	10,000
Subtotal: Operating Expenditures	\$705,632	\$1,123,486	\$1,159,585	\$2,081,811	\$2,352,609
Capital Purchases and Equipment	-	1,017	-	-	-
Debt Service	-	-	-	-	-
Operating Transfers	-	-	-	-	-
Total Expenditures	\$705,632	\$1,124,503	\$1,159,585	\$2,081,811	\$2,352,609
Expenditures By Funds					
General Revenue	705,632	1,124,503	1,159,585	2,081,811	2,352,609
Total Expenditures	\$705,632	\$1,124,503	\$1,159,585	\$2,081,811	\$2,352,609
Program Measures					
Percentage of Equalization Study Procedure Recommendations Implemented	31.0%	35.0%	35.0%	35.0%	35.0%
Percentage of Municipalities Transmitting Real Estate Sales Data Electronically to the Division of Taxation	97.0%	100.0%	100.0%	100.0%	100.0%

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 E-government subprogram is an associated section of the processing area. The E-government branch administers the electronic payment and electronic filing programs within the Division. 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 foster voluntary compliance with the Rhode Island tax laws and instill public confidence through professional, impartial and ethical conduct; to administer and collect all taxes as required by Rhode Island law in the most efficient and cost effective manner; and to assist taxpayers by helping them understand and meet their tax responsibilities.

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 2009 Actual	FY 2010 Actual	FY 2011 Enacted	FY 2011 Revised	FY 2012 Recommended
Expenditures By Subprogram					
Tax Administrator	4,322,982	574,210	1,114,146	925,618	1,374,689
Tax Processing Division	4,255,821	4,370,657	4,872,052	4,976,003	4,741,487
Compliance and Collection	2,901,503	2,556,528	3,179,662	2,772,698	3,268,293
Field Audit	4,575,200	4,914,574	5,217,145	5,347,669	5,571,794
Assessment and Review	2,306,911	2,534,633	2,943,427	2,676,971	2,780,138
Employer Tax	2,421,599	2,402,866	2,952,461	2,948,846	3,224,687
Total Expenditures	\$20,784,016	\$17,353,468	\$20,278,893	\$19,647,805	\$20,961,088
Expenditures By Object					
Personnel	15,474,880	15,501,581	17,593,620	17,020,068	17,958,805
Operating Supplies and Expenses	1,492,405	1,803,819	2,079,473	2,176,937	2,116,483
Aid To Local Units Of Government	-	-	-	-	-
Assistance, Grants and Benefits	4,369	4,369	-	-	-
Subtotal: Operating Expenditures	\$16,971,654	\$17,309,769	\$19,673,093	\$19,197,005	\$20,075,288
Capital Purchases and Equipment	39,787	43,699	605,800	450,800	885,800
Debt Service	-	-	-	-	-
Operating Transfers	3,772,575	-	-	-	-
Total Expenditures	\$20,784,016	\$17,353,468	\$20,278,893	\$19,647,805	\$20,961,088
Expenditures By Funds					
General Revenue	14,547,396	14,892,421	16,726,289	16,288,860	16,913,223
Federal Funds	996,499	992,531	1,251,239	1,252,945	1,348,756
Restricted Receipts	4,464,712	690,101	809,091	808,094	888,899
Other Funds	775,409	778,415	1,492,274	1,297,906	1,810,210
Total Expenditures	\$20,784,016	\$17,353,468	\$20,278,893	\$19,647,805	\$20,961,088
Program Measures					
Percentage of Personal Income Tax Refunds Mailed Within Thirty Days	98.6%	98.6%	98.5%	98.5%	98.5%
Percentage of Personal Income Tax Returns Filed Electronically	62.0%	66.0%	67.0%	67.0%	68.0%
Tax Dollars Assessed Per Hour by Field Audit	\$655.80	\$946.70	\$848.50	\$848.50	\$903.60

The Program

Department of Revenue Registry of Motor Vehicles

Program Operations

The Division of Motor Vehicles (DMV) also known as 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. In addition to these responsibilities, the DMV is actively involved in the testing and training required to implement the new RIMS computer system in spring 2012; redesigning all business processes, documents, and communications resulting from the availability of enhanced hardware and software.

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 2009 Actual	FY 2010 Actual	FY 2011 Enacted	FY 2011 Revised	FY 2012 Recommended
Expenditures By Subprogram					
Registry of Motor Vehicles	17,375,064	33,814,058	21,665,305	22,309,080	18,456,496
Vehicle Value Commission	14,394	27,983	30,200	30,124	30,049
Total Expenditures	\$17,389,458	\$33,842,041	\$21,695,505	\$22,339,204	\$18,486,545
Expenditures By Object					
Personnel	11,473,472	11,114,275	12,487,742	12,460,673	13,251,869
Operating Supplies and Expenses	4,888,199	4,731,263	4,624,671	4,712,536	4,518,704
Aid To Local Units Of Government	-	-	-	-	-
Assistance, Grants and Benefits	5,237	78,650	5,237	3,650	3,650
Subtotal: Operating Expenditures	\$16,366,908	\$15,924,188	\$17,117,650	\$17,176,859	\$17,774,223
Capital Purchases and Equipment	1,022,550	17,756,876	4,526,501	5,110,991	660,968
Debt Service	-	-	-	-	-
Operating Transfers	-	160,977	51,354	51,354	51,354
Total Expenditures	\$17,389,458	\$33,842,041	\$21,695,505	\$22,339,204	\$18,486,545
Expenditures By Funds					
General Revenue	16,112,264	15,606,488	16,537,373	16,732,026	17,184,142
Federal Funds	554,981	810,592	1,038,531	1,112,055	1,287,303
Restricted Receipts	14,394	3,311,447	15,100	1,158,365	15,100
Other Funds	707,819	14,113,514	4,104,501	3,336,758	-
Total Expenditures	\$17,389,458	\$33,842,041	\$21,695,505	22,339,204	18,486,545
Program Measures					
Average Customer Wait Times (In Minutes)					
License and Registration Transaction	NA	NA	NA	150	90
Permits and Written License Exams	NA	NA	NA	30	20
Returning Customers	NA	NA	NA	20	10
Express Services (Updates or Renewals for Licenses and IDs)	NA	NA	NA	30	15
CDL Transactions and Endorsements	NA	NA	NA	30	20
Operator Control	NA	NA	NA	NA	120
Road Exams Wait Times (In Months)					
85 tests per day	NA	NA	NA	6	3
Refunds Wait Times (In Months)					
Processing of refunds	NA	NA	NA	2	2