



State of Rhode Island and Providence Plantations

Revenue Estimating Conference

STATE HOUSE, PROVIDENCE, RI 02903

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MEMORANDUM

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To: The Honorable Donald L. Carcieri, Governor
The Honorable Joseph A. Montalbano, President of the Senate
The Honorable William J. Murphy, Speaker of the House

From: Rosemary Booth Gallogly, State Budget Officer
Michael F. O'Keefe, House Fiscal Advisor
Russell C. Dannecker, Senate Fiscal Advisor

Date: May 15, 2008

Subject: May 2008 Revenue Estimating Conference

Summary

The Revenue Estimating Conference concluded its deliberations on May 9th after conferring on April 28th, April 30th, May 2nd, and May 5th in open public meetings to adopt the economic forecast and review and revise the estimated revenues for FY 2008 and FY 2009. The Conference revised the FY 2008 estimate up by \$76.4 million to \$3,436.1 million from the November 2007 Consensus Revenue Estimate. Since the General Assembly enacted the supplemental FY 2008 budget, 2008-H 7204 Substitute A as amended, prior to the May 2008 Revenue Estimating Conference, the May Consensus Revenue Estimates may be compared to the supplemental FY 2008 budget. Based on collections trends, results of the preliminary closing and the revised economic forecast, the Conference revised the FY 2008 revenues down by \$628,384 from the supplemental FY 2008 budget. The revised FY 2008 revenue estimate is 6.3 percent more than FY 2007 reported revenues.

The conferees adopted a FY 2009 estimate of \$3,215.21 million based upon current law, including changes to the historic tax credit program enacted in 2008-H 8016 Substitute A, changes made in the supplemental budget, and changes recommended by the Governor that did not require legislation. The FY 2009 revenue estimate is \$220.9 million less, or 6.4 percent, than

the FY 2008 revised estimate. The FY 2008 estimate includes \$124.0 million from tobacco securitization and \$78.0 million from the hospital license fee which are not included in FY 2009; adjusting for those, the growth rate would be -0.6 percent over revised FY 2008 revenues. Tables showing the estimates and the changes are included at the end of this report. The adopted FY 2009 revenue estimate assumes the State regains tax revenues in FY 2009 formerly lost from several taxes due to the historic structures tax credit which will be paid from a trust fund with proceeds from bonds to be issued for that purpose.

Economic Forecast

On April 28, 2008 Conferees heard updated economic forecasts for the nation and the state, as presented by Steven G. Cochrane of Moody's Economy.com as well as Dave Iaia and Mike Lynch of Global Insight. Robert J. Langlais, Rhode Island Department of Labor and Training, described the state's latest labor market data with a focus on the recently revised employment data. Conferees adopted the following revised economic forecast for the US and Rhode Island based upon the information presented. The economic consultants indicated that real US economic growth slowed to 2.2 percent in calendar year 2007 and is expected to slow substantially further in calendar 2008. The consultants agreed that the US has entered a recession. In addition to low GDP growth, consumer confidence and business confidence were referenced as confirming an economic contraction rather than simply weakness. Further, the change in payroll jobs became negative in January 2008 and has continued to shrink through February 2008 and March 2008 according to Bureau of Labor Statistics (BLS) data. According to Moody's Economy.com, the national recession most likely began in December 2007. Households were already under rapidly growing financial stress as measured by dollars of household debt in delinquency or default in calendar year 2006, more than doubling from the first quarter of calendar year 2006 to the first quarter of calendar year 2008.

Already under duress, the housing downturn impacted households in most metropolitan areas in the US causing foreclosures to surge. From the first quarter of calendar year 2006 to the first quarter of 2008, seasonally adjusted first mortgage loan defaults nearly quadrupled. According to Moody's Economy.com, the substantial increase in foreclosures is due to home price declines and payment resets on adjustable rate mortgages which may be partially eased by the Federal Reserve's loose monetary policy. The price declines have caused home equity to dissipate and even become negative for new homeowners especially. According to Global Insight, "home sales and construction should hit bottom later this year, but prices will fall into 2009."

Concurrently, continued soaring oil prices are exacerbating low consumer confidence so that, in addition to falling housing prices, energy costs are helping to drag down retail sales. As a result, retail employment has declined and delinquency rates on non-mortgage credit such as credit cards and auto loans have risen. In other industries, large commercial banks are experiencing stress due to the large amount of real estate assets held. Therefore, other types of businesses have been cautious despite apparently robust cash flow. The slowing of jobs growth has boosted the unemployment rate toward 5.9 percent in calendar year 2008, versus 5.0 percent in calendar year 2007. The recession was largely avoidable due to the widespread contraction in consumer spending however the Federal Reserve has been eager to assist the financial markets as well as loose monetary policy resulting in decreasing the federal funds rate.

The lower interest rate has resulted in a weaker dollar allowing gains in real exports. The consultants expect the Federal Reserve to decrease interest rates by another 25 to 50 basis points in calendar year 2008. Further, the federal government stimulus package is expected to increase real GDP growth in the second half of calendar year 2008 according to Moody's Economy.com and even into 2009 according to Global Insight. The economic consultants cited risk factors including higher inflation, additional unseen problems in the financial markets, unchecked energy prices, and prolonged caution in business investments that could result in a slower recovery or even a "double-dip" recession.

The dimmer national outlook and downward revisions to Rhode Island's employment statistics are causing the forecasters see a somewhat more pessimistic picture of the state's job market than projected in November. Employment growth is expected to be negative in FY 2008 and nearly flat in FY 2009, losing about 9,700 jobs in FY 2008 before adding 2,500 jobs in FY 2009. FY 2010 is projected to continue adding jobs with 4,600 new jobs before moderating to 0.9 percent employment growth in FY 2011 and 0.7 percent growth in FY 2012 and FY 2013. Accordingly, the unemployment rate is expected to grow to 6.0 percent in FY 2008 and FY 2009 before easing from FY 2010 through FY 2013 to a more comfortable 5.0 percent.

May 2008 Consensus Economic Forecast									
	CY 2005	CY 2006	CY 2007	CY 2008	CY 2009	CY 2010	CY 2011	CY 2012	CY 2013
Level									
Nonfarm Employment	491.1	493.3	493.0	485.0	485.0	489.9	494.3	498.3	501.7
Annual Growth									
Nonfarm Employment	0.5	0.5	-0.1	-1.6	0.0	1.0	0.9	0.8	0.7
Personal Income	4.3	3.8	4.8	2.1	3.2	4.3	4.4	4.5	4.3
Wage and Salaries Income	3.2	4.9	3.2	0.7	3.0	3.7	3.8	4.1	3.9
Dividends, Interest and Rent	7.0	0.5	8.0	3.2	4.7	6.2	6.9	6.3	5.0
Rates									
Unemployment Rate	5.1	5.1	5.0	5.9	6.1	5.8	5.4	5.1	5.0
Consumer Price Index (US)	3.4	3.2	2.9	3.2	1.8	1.7	1.8	2.1	2.0
Ten Year Treasuries	4.3	4.8	4.6	3.7	4.6	5.4	5.5	5.5	5.5
Three Month Treasuries	3.1	4.7	4.4	2.0	3.0	4.3	4.4	4.4	4.5
	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Level									
Nonfarm Employment	490.0	491.8	494.7	489.0	485.0	487.5	492.1	496.3	500.0
Annual Growth									
Nonfarm Employment	0.7	0.4	0.6	-0.8	-0.8	0.5	1.0	0.9	0.7
Personal Income	4.8	3.8	4.9	3.5	2.7	3.8	4.4	4.5	4.4
Wage and Salaries Income	3.8	3.6	5.5	2.0	1.9	3.4	3.8	4.0	4.0
Dividends, Interest and Rent	5.5	3.7	3.7	5.6	4.0	5.5	6.6	6.6	5.7
Rates									
Unemployment Rate	5.1	5.1	5.0	5.5	6.0	6.0	5.6	5.3	5.1
Consumer Price Index (US)	3.0	3.8	2.6	3.1	2.5	1.8	1.8	2.0	2.1
Ten Year Treasuries	4.2	4.6	4.8	4.2	4.2	5.0	5.5	5.5	5.5
Three Month Treasuries	2.2	4.1	4.9	3.2	2.5	3.7	4.4	4.4	4.5

FY 2008 personal income and wage and salaries income are expected to slow to 2.7 percent and 1.9 percent, respectively. Beginning fiscal year 2009, personal income and wage and salaries income are projected to increase. Moody's Economy.com theorized that Rhode Island's

financial sector grew too fast for the economy to support further hiring and is now going through a corrective period whereas the manufacturing sector is continuing its secular decline.

Revenues

Taxes. Revenues from taxes of \$2,520.8 million for FY 2008 are 0.8 percent less than those reported for FY 2007. Total estimated taxes for FY 2009 of \$2,584.0 million reflect 2.5 percent unadjusted growth over the revised FY 2008 estimate. The FY 2008 revised estimate historic tax credits not in FY 2009; adjusting for them, the tax growth appears less than 0.6 percent.

Personal Income Tax. The estimates of \$1,069.1 million for FY 2008 and \$1,120.6 million for FY 2009 represent growth rates of 0.4 percent and 4.8 percent respectively. The FY 2008 personal income tax estimate is \$21.0 million above both the final enacted estimate and the November Consensus Revenue Estimate for FY 2008. The increase from November is mainly due to higher than estimated final and estimated personal income tax payments; \$8.4 million and \$15.2 million more than November's estimates respectively. These increases are largely based on collections to date and are buoyant despite the assumption that historic structures tax credits impact final tax payments. An additional \$1.1 million more in withholding payments are expected due to increased year-to-date collections whereas refunds are estimated to increase by \$3.4 million less compared to the November estimate. No changes to personal income tax revenues were adopted by the General Assembly when it enacted the FY 2008 Supplemental Budget, making the November estimates and the final enacted estimate comparable.

FY 2009 personal income tax receipts are estimated to increase \$38.5 million over the revised FY 2008 estimate, reflecting 4.8 percent growth. This increase reflects legislation noted above that created a trust fund capitalized with debt issuance proceeds from which the general fund would be reimbursed for the State's historic tax credit liabilities paid out to taxpayers. An increase in expenditures must be made to reflect resulting debt service payments.

Business Taxes. The Conference estimates \$371.1 million in FY 2008 and \$376.5 million in FY 2009. The FY 2008 estimate is \$15.9 million less than the November estimate and 2.8 percent more than FY 2007 reported revenues. The FY 2008 estimate is \$21.1 million less than the currently enacted estimate.

The additional \$5.2 million decrease is due to the inclusion of an FY 2008 offset for the American Power Conversion liability in the FY 2007 audit adjustments to business corporations taxes. The estimators assumed that the refunding of APC's tax credits would occur in FY 2008. The credits had been recaptured by the State after the State determined APC did not meet the requirements for tax credits previously issued to APC, however the Auditor General determined that \$4.2 million in credits and \$1.0 million in interest must be accrued as an account payable out of FY 2007, the fiscal year in which the State of Rhode Island District Court ruled in favor of APC, having determined that the company did meet the threshold requirement for annual growth and the number of State full-time employees. The General Assembly adopted the \$5.2 million add-back into FY 2008 business corporations' taxes to reflect that the liability had been moved from FY 2008 to FY 2007.

May 2008 Consensus Estimates	FY 2008 Original Enacted		FY 2008 May 08 Consensus		FY 2009 May 08 Consensus	
Personal Income Tax	\$1,082,856,883	1.6%	\$1,069,100,000	0.4%	\$ 1,120,600,000	4.8%
General Business Taxes						
Business Corporations	167,207,055	12.9%	156,500,000	5.6%	160,000,000	2.2%
Public Utilities Gross	109,300,000	7.0%	97,300,000	-4.7%	96,100,000	-1.2%
Financial Institutions	2,003,344	-54.7%	1,200,000	-72.9%	1,100,000	-8.3%
Insurance Companies	68,833,704	21.6%	63,500,000	12.1%	67,000,000	5.5%
Bank Deposits	1,600,000	-4.4%	1,700,000	1.6%	1,700,000	0.0%
Health Care Provider	48,900,000	1.9%	50,900,000	6.1%	50,600,000	-0.6%
Sales and Use Taxes						
Sales and Use	908,723,500	4.1%	853,400,000	-2.3%	862,800,000	1.1%
Motor Vehicle	50,235,400	7.2%	45,200,000	-3.6%	45,800,000	1.3%
Motor Fuel	1,100,000	-16.1%	1,290,000	-1.7%	1,200,000	-7.0%
Cigarettes	112,500,000	-6.6%	118,100,000	-2.0%	114,500,000	-3.0%
Alcohol	11,100,000	3.7%	10,900,000	1.8%	11,100,000	1.8%
Other Taxes						
Inheritance and Gift	30,100,000	-13.2%	38,000,000	9.6%	38,000,000	0.0%
Racing and Athletics	2,600,000	-11.0%	2,800,000	-4.1%	2,600,000	-7.1%
Realty Transfer	13,800,000	8.3%	10,900,000	-14.4%	10,900,000	0.0%
Total Taxes	2,610,859,886	3.2%	2,520,790,000	-0.3%	2,584,000,000	2.5%
Departmental Receipts	362,869,788	30.6%	357,500,000	28.7%	241,100,000	-32.6%
Gas Tax Transfer	4,685,000	-0.4%	4,535,000	-3.6%	4,630,000	2.1%
Other Miscellaneous	140,279,158	61.4%	180,970,000	108.3%	10,800,000	-94.0%
Lottery	339,700,000	5.8%	356,800,000	11.2%	365,500,000	2.4%
Unclaimed Property	14,600,000	27.4%	15,500,000	35.3%	9,200,000	-40.6%
Total General Revenues	3,472,993,832	7.5%	3,436,095,000	6.3%	\$ 3,215,230,000	-6.4%

Sales Tax. The Conference estimates \$853.4 million for FY 2008 and \$862.8 million for FY 2009, -2.3 and 1.1 percent growth rates, respectively. The revised FY 2008 estimate is \$11.6 million less than the November estimate. This reflects the revised economic forecasts and collections through April. The final enacted estimate for FY 2008 is unchanged from November as no changes to the sales tax were enacted.

The FY 2009 estimate is \$9.4 million more than the revised FY 2008 estimate, or 1.1 percent, reflecting the less optimistic testimony provided by the economic consultants. Of particular note, gloomy consumer confidence, the prolonged rise in energy prices, and housing price declines indicate that improvement in the economy will be slower in coming than expected in November.

Other Taxes. The Conferees adopted \$227.2 million for FY 2008 and \$224.1 million for FY 2009 from the other consumption taxes: motor vehicle, motor fuel, tobacco, alcohol, inheritance, racing and athletics, and realty transfer. The FY 2008 estimate is \$7.1 million more than final enacted estimates and reflects a 1.1 percent decline over FY 2007 revenues for these sources. The major revision in FY 2008 other taxes is to inheritance taxes which increased by \$7.9

million due to consistently larger than anticipated collections year-to-date. The final enacted other taxes estimate remains unchanged from the November estimate.

The FY 2009 estimate is \$3.1 million, —1.4 percent, lower than the revised FY 2008 estimate, reflecting continued declines in tobacco consumption.

Departmental Receipts. The estimators adopted estimates of \$357.5 million in FY 2008 and \$241.1 million in FY 2009 for these sources that include licenses and fees, fines and penalties, sales and services, and miscellaneous departmental earnings deposited as general revenues. The FY 2008 estimate is \$34.1 million more than November mainly due to initiatives adopted in the final enacted budget including \$14.7 million from shifting the uncompensated care payments to the State into June 2008. The FY 2008 departmental receipts estimate is \$2.5 million less than the final enacted estimate, mostly the result of unachieved land sales in the current fiscal year.

The estimate for FY 2009 does not include the \$78.0 million in hospital license fees that are in the FY 2008 estimate because current law only provides for the fee annually since its inception. The Governor's FY 2009 budget includes a proposed increase in the hospital license fee rate expected to increase the hospital license fee by \$32.7 million. Adjusting for the fully proposed rate, FY 2009 would be \$351.8 million.

Lottery. The estimators project \$356.8 million transferred to general revenues from the Lottery for FY 2008, \$7.3 million more than November (the same over final enacted), and growth of 14.9 percent over FY 2007. They estimate \$365.5 million for FY 2009, 2.4 percent growth.

The Conference increased the FY 2008 estimate by \$1.5 million to \$61.0 million, a 3.9 percent decline over FY 2007, which was \$4.0 million less than FY 2006. Revenues transferred from games remained unchanged in the final enacted estimate from November. The Conference estimates \$62.5 million for FY 2009, 2.5 percent growth.

The Conference adopted \$295.8 million for FY 2008, which is \$5.8 million more than the enacted budget and 14.9 percent growth over FY 2007. That transfer reflects \$478.0 million in net terminal income, 14.7 percent over FY 2007. Net terminal income at Lincoln is estimated to increase 18.6 percent to \$405.7 million and decrease at Newport Grand by 3.0 percent to \$72.3 million.

The Conference adopted a transfer of \$303.0 million for FY 2009, unchanged from the November FY 2008 estimate and represents 2.7 percent net terminal income growth at Lincoln to \$416.6 million and flat growth at Newport with net terminal income remaining at \$72.3 million. The low growth rate at Lincoln is attributable to the substantial increases in FY 2008 and the fourth quarter of FY 2007 due to the grand opening of new rooms and the resolution of parking complexities during the construction period. The combined net terminal income growth is estimated to be 2.3 percent. The video terminal income estimates do not include additional income attributable to expanded hours recently authorized by the General Assembly; the estimators did not have sufficient information concerning the plans of the two facilities to make that estimate during the conference.

All Other Sources. Other source revenue consists of transfers to the general revenue fund from gas tax deposited in the transportation fund, unclaimed property, and other miscellaneous sources, including tobacco bond sales. These are estimated to produce \$181.0 million in FY 2008, of which \$124.0 million is from tobacco bonds and \$26.0 million is from a transfer from Rhode Island Housing. FY 2009 other miscellaneous sources are estimated to produce \$10.8 million.

Gas Tax Transfer. The estimators reduced the estimated transfers from \$4.685 million per penny in both year to \$4.535 million per penny for FY 2008 and \$4.630 for FY 2009. This was due to unusually large refunds experienced year-to-date.

Unclaimed Property. The Conference adopted \$14.6 million for FY 2008 and \$15.5 million for FY 2009 based on final enacted expenditures and estimates provided by the Office of the General Treasurer.

Miscellaneous Other Revenues. The Conference included \$180.9 million in FY 2008, \$35.1 million more than the November and \$224,223 less than the final enacted budget, which includes \$124.0 million from tobacco bonds included in the original enacted budget as well as the following initiatives adopted in the final enacted budget: \$26.0 for a transfer from Rhode Island Housing, a \$5.0 million transfer from Rhode Island Resource Recovery, a \$2.0 million transfer from the Underground Storage Tank Fund, and a \$1.3 million transfer from Correctional Industries.

The FY 2009 estimate of \$10.8 million is \$170.2 million less than the revised FY 2008 estimate. It does not include any tobacco bond sales or transfers from the organizations mentioned above. Additionally, \$6.2 million less in bond interest earnings are assumed in FY 2009, \$3.5 million less in Quonset debt service are projected, and \$1.7 million less in DEPCO settlements are expected.

Historic Structures Tax Credits. During the 2007 Session of the General Assembly, legislation was passed which modified the Historic Structure Tax Credit program which impacts the manner in which the tax credits will be recorded in the future. The legislation impacts the amount of future credits and fees, as well as the way in which the impact the state budget. Prior to passage, the credit was 30 percent of qualified rehabilitation expenditures, with a 2.25 percent of qualified rehabilitation expenditures processing fee, for a net of 27.75 percent. The fee is currently recorded as general revenue receipts in the General Fund, and the credits are reflected as an offset to cash receipts, thereby lowering actual revenue collections. Under House Bill 8016 Sub A and Senate Bill 2846 Sub A, all projects completed through 2007 would continue under current law so long as the 2.25 percent processing fee paid by May 15, 2008. Only projects that have received Part I certification prior to January 1, 2008 are eligible for credits, resulting in a moratorium on new projects. For these projects, the developers may chose a fee/credit structure of 27% credit with a 5% processing fee, 26% credit with a 4% processing fee, or a 25% credit with a 3% processing fee. The developers will pay an upfront processing fee to the Tax Administrator of at least 2.25 percent by May 15, 2008, and the balance on March 5, 2009. The combined credit and processing fee will net at 22.0 percent of qualified rehabilitation expenditures through any combination of processing fee and credits. The Division of Taxation, acting for the state and the developer will contract the provisions of the credit and processing fee

agreement. The state will cause sufficient taxable bonds or notes to be issued to liquidate all projected historic tax credit obligations beginning with those in FY 2009. The proceeds from the bonds will reimburse the General Fund for tax credits presented. The State General Fund will incur debt service, and therefore the cost of the program will be reflected as an expenditure in the budget rather than an offset to revenue.

The May Revenue Estimating Conference estimated that the State would receive approximately \$19.4 million on May 15th in processing fees, for a total of approximately \$23.0 million for FY2008. The remainder of the processing fee to be received in FY2009 will be deposited in the Trust Fund in order to lower the amount of bonds which will be issued. The tax credits, which in the past lowered revenue collections, will now be funded by transfers from the Trust Fund. The FY2009 revenues estimated by the May Revenue Estimating Conference have not been adjusted downward by these historic tax credits, as they will be reimbursed by the Trust.

General Revenues Change from Current Law

	FY 2007 Actual	FY 2008 Final Enacted	Growth	FY 2008 May REC	Growth	FY 2008 Change
Personal Income Tax	\$ 1,065,367,487	\$ 1,048,100,000	-1.6%	\$ 1,069,100,000	0.4%	\$ 21,000,000
General Business Taxes						
Business Corporations	148,149,226	163,166,847	10.1%	156,500,000	5.6%	(6,666,847)
Public Utilities Gross Earnings	102,109,351	104,000,000	1.9%	97,300,000	-4.7%	(6,700,000)
Financial Institutions	4,423,263	(100,000)	-102.3%	1,200,000	-72.9%	1,300,000
Insurance Companies	56,624,296	71,600,000	26.4%	63,500,000	12.1%	(8,100,000)
Bank Deposits	1,673,925	1,200,000	-28.3%	1,700,000	1.6%	500,000
Health Care Provider Assessment	47,969,855	52,300,000	9.0%	50,900,000	6.1%	(1,400,000)
Sales and Use Taxes						
Sales and Use	873,203,817	865,000,000	-0.9%	853,400,000	-2.3%	(11,600,000)
Motor Vehicle	46,878,903	44,500,000	-5.1%	45,200,000	-3.6%	700,000
Motor Fuel	1,311,762	1,200,000	-8.5%	1,290,000	-1.7%	90,000
Cigarettes	120,480,817	119,100,000	-1.1%	118,100,000	-2.0%	(1,000,000)
Alcohol	10,705,751	11,000,000	2.7%	10,900,000	1.8%	(100,000)
Controlled Substances	0	0		0		0
Other Taxes						
Inheritance and Gift	34,683,979	30,100,000	-13.2%	38,000,000	9.6%	7,900,000
Racing and Athletics	2,921,166	2,800,000	-4.1%	2,800,000	-4.1%	0
Realty Transfer	12,737,438	11,400,000	-10.5%	10,900,000	-14.4%	(500,000)
Total Taxes	\$ 2,529,241,036	\$ 2,525,366,847	-0.2%	\$ 2,520,790,000	-0.3%	\$ (4,576,847)
Departmental Receipts	277,790,450	359,977,314	29.6%	357,500,000	28.7%	(2,477,314)
Taxes and Departmentals	\$ 2,807,031,486	\$ 2,885,344,161	2.8%	\$ 2,878,290,000	2.5%	\$ (7,054,161)
Other Sources						
Gas Tax Transfer	4,704,602	4,685,000	-0.4%	4,535,000	-3.6%	(150,000)
Other Miscellaneous	86,894,512	181,194,223	108.5%	180,970,000	108.3%	(224,223)
Lottery	320,989,832	349,500,000	8.9%	356,800,000	11.2%	7,300,000
Unclaimed Property	11,456,513	16,000,000	39.7%	15,500,000	35.3%	(500,000)
Other Sources	\$ 424,045,459	\$ 551,379,223	30.0%	\$ 557,805,000	31.5%	\$ 6,425,777
Total General Revenues	\$ 3,231,076,945	\$ 3,436,723,384	6.4%	\$ 3,436,095,000	6.3%	\$ (628,384)

General Revenues Change from Original Enacted

	FY 2007 Actual	FY 2008 Original Enacted	Growth	FY 2008 May REC	Growth	FY 2008 Change
Personal Income Tax	\$ 1,065,367,487	\$ 1,082,856,883	1.6%	\$ 1,069,100,000	0.4%	\$ (13,756,883)
General Business Taxes						
Business Corporations	148,149,226	167,207,055	12.9%	156,500,000	5.6%	(10,707,055)
Public Utilities Gross Earnings	102,109,351	109,300,000	7.0%	97,300,000	-4.7%	(12,000,000)
Financial Institutions	4,423,263	2,003,344	-54.7%	1,200,000	-72.9%	(803,344)
Insurance Companies	56,624,296	68,833,704	21.6%	63,500,000	12.1%	(5,333,704)
Bank Deposits	1,673,925	1,600,000	-4.4%	1,700,000	1.6%	100,000
Health Care Provider Assessment	47,969,855	48,900,000	1.9%	50,900,000	6.1%	2,000,000
Sales and Use Taxes						
Sales and Use	873,203,817	908,723,500	4.1%	853,400,000	-2.3%	(55,323,500)
Motor Vehicle	46,878,903	50,235,400	7.2%	45,200,000	-3.6%	(5,035,400)
Motor Fuel	1,311,762	1,100,000	-16.1%	1,290,000	-1.7%	190,000
Cigarettes	120,480,817	112,500,000	-6.6%	118,100,000	-2.0%	5,600,000
Alcohol	10,705,751	11,100,000	3.7%	10,900,000	1.8%	(200,000)
Controlled Substances	0	0		0		0
Other Taxes						
Inheritance and Gift	34,683,979	30,100,000	-13.2%	38,000,000	9.6%	7,900,000
Racing and Athletics	2,921,166	2,600,000	-11.0%	2,800,000	-4.1%	200,000
Realty Transfer	12,737,438	13,800,000	8.3%	10,900,000	-14.4%	(2,900,000)
Total Taxes	\$ 2,529,241,036	\$ 2,610,859,886	3.2%	\$ 2,520,790,000	-0.3%	\$ (90,069,886)
Departmental Receipts	277,790,450	362,869,788	30.6%	357,500,000	28.7%	(5,369,788)
Taxes and Departmentals	\$ 2,807,031,486	\$ 2,973,729,674	5.9%	\$ 2,878,290,000	2.5%	\$ (95,439,674)
Other Sources						
Gas Tax Transfer	4,704,602	4,685,000	-0.4%	4,535,000	-3.6%	(150,000)
Other Miscellaneous	86,894,512	140,279,158	61.4%	180,970,000	108.3%	40,690,842
Lottery	320,989,832	339,700,000	5.8%	356,800,000	11.2%	17,100,000
Unclaimed Property	11,456,513	14,600,000	27.4%	15,500,000	35.3%	900,000
Other Sources	\$ 424,045,459	\$ 499,264,158	17.7%	\$ 557,805,000	31.5%	\$ 58,540,842
Total General Revenues	\$ 3,231,076,945	\$ 3,472,993,832	7.5%	\$ 3,436,095,000	6.3%	\$ (36,898,832)

General Revenues Changes from November REC

	FY 2007 Actual	FY 2008 Nov REC	Growth	FY 2008 May REC	Growth	FY 2008 Change
Personal Income Tax	\$ 1,065,367,487	\$ 1,048,100,000	-1.6%	\$ 1,069,100,000	0.4%	\$ 21,000,000
General Business Taxes						
Business Corporations	148,149,226	158,000,000	6.6%	156,500,000	5.6%	\$ (1,500,000)
Public Utilities Gross Earnings	102,109,351	104,000,000	1.9%	97,300,000	-4.7%	\$ (6,700,000)
Financial Institutions	4,423,263	(600,000)	-113.6%	1,200,000	-72.9%	\$ 1,800,000
Insurance Companies	56,624,296	71,600,000	26.4%	63,500,000	12.1%	\$ (8,100,000)
Bank Deposits	1,673,925	1,700,000	1.6%	1,700,000	1.6%	\$ -
Health Care Provider Assessment	47,969,855	52,300,000	9.0%	50,900,000	6.1%	\$ (1,400,000)
Sales and Use Taxes						
Sales and Use	873,203,817	865,000,000	-0.9%	853,400,000	-2.3%	\$ (11,600,000)
Motor Vehicle	46,878,903	44,500,000	-5.1%	45,200,000	-3.6%	\$ 700,000
Motor Fuel	1,311,762	1,200,000	-8.5%	1,290,000	-1.7%	\$ 90,000
Cigarettes	120,480,817	119,100,000	-1.1%	118,100,000	-2.0%	\$ (1,000,000)
Alcohol	10,705,751	11,000,000	2.7%	10,900,000	1.8%	\$ (100,000)
Controlled Substances	0	0		0		0
Other Taxes						
Inheritance and Gift	34,683,979	30,100,000	-13.2%	38,000,000	9.6%	\$ 7,900,000
Racing and Athletics	2,921,166	2,800,000	-4.1%	2,800,000	-4.1%	\$ -
Realty Transfer	12,737,438	11,400,000	-10.5%	10,900,000	-14.4%	\$ (500,000)
Total Taxes	\$ 2,529,241,036	\$ 2,520,200,000	-0.4%	\$ 2,520,790,000	-0.3%	\$ 590,000
Departmental Receipts	277,790,450	323,400,000	16.4%	357,500,000	28.7%	\$ 34,100,000
Taxes and Departmentals	\$ 2,807,031,486	\$ 2,843,600,000	1.3%	\$ 2,878,290,000	2.5%	\$ 34,690,000
Other Sources						
Gas Tax Transfer	4,704,602	4,685,000	-0.4%	4,535,000	-3.6%	\$ (150,000)
Other Miscellaneous	86,894,512	145,900,000	67.9%	180,970,000	108.3%	\$ 35,070,000
Lottery	320,989,832	349,500,000	8.9%	356,800,000	11.2%	\$ 7,300,000
Unclaimed Property	11,456,513	16,000,000	39.7%	15,500,000	35.3%	\$ (500,000)
Other Sources	\$ 424,045,459	\$ 516,085,000	21.7%	\$ 557,805,000	31.5%	\$ 41,720,000
Total General Revenues	\$ 3,231,076,945	\$ 3,359,685,000	4.0%	\$ 3,436,095,000	6.3%	\$ 76,410,000