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*Jeb Spaulding, Secretary*

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## **Montpelier, VT - Secretary of Administration Jeb Spaulding Announces Vermont's February Revenue Figures – General Fund Revenues Up From 2010, but Lag 2011 Projections**

Secretary of Administration Jeb Spaulding released February 2011 revenue results for the State of Vermont today. February is the eighth month of fiscal year (FY) 2011.

### **General Fund**

General Fund revenues totaled \$51.30 million for February 2011, -\$2.71 million or -5.02% below the \$54.01 million consensus revenue forecast for the month. Year to date, revenues through February are \$738.46 million or -0.58% below target. Compared to the same period for the prior fiscal year, FY 2011 GF results are 9.7% ahead of FY 2010, but remain below the FY 2008 results by -3.6%.

“The picture is mixed. While we can take some comfort in the fact tax revenues continue to come in ahead of last year, a sign of some economic improvement, the fact that General Fund revenues are below target for the second consecutive month is reason for caution, especially given the weakness in personal income receipts,” Secretary Spaulding stated in characterizing revenue results through February.

These targets reflect the revised Fiscal Year 2011 Consensus Revenue Forecast approved by the Emergency Board at their January 14, 2011 meeting. Statutorily, the State is required to revise the Consensus Revenue Forecast two times per year, in January and July; the Emergency Board may schedule interim revisions if deemed necessary.

Personal Income Tax (PI) receipts are the largest single state revenue source, and are reported Net-of-Personal Income Tax refunds. Year to date PI receipts are \$338.06 million, or -1.40% behind target. Net Personal Income Tax is comprised of PI Withholding Tax, PI Estimated Payments, PI Refunds Paid, and PI Other; with PI Withholdings less PI Refunds accounting for more than 60% of the annual net

Personal Income Tax receipts. February's net PI receipts were recorded at -\$3.07 million (negative), -\$3.28 million or -1561.60% below the monthly target of \$0.21 million.

Negative PI receipts occur when PI Refunds exceed PI Withholding receipts in a month. Generally, the month of February sees net PI Tax receipts estimated to be on the low side (less than 1% of total net PI receipts for the fiscal year) because PI refunds often meet or exceed the PI Withholding receipts. PI Withholdings are received at a rate of 8% per month, while more than 80% of PI refunds are made during the four month period of February through May. Coming into February, net PI receipts were tracking -1.29% below the consensus forecast and continued to be significantly below for the month of February resulting in a year to date shortfall of -1.40%. "It is concerning to already be -1.40% behind the year to date target after the first month of the four months that account for the majority of individual tax return filings. The next six to eight weeks of tax return activity will tell us whether we will be able to close the current shortfall before the end of the fiscal year," said the Secretary.

Corporate Income Taxes for February are also reported net-of refunds. The February receipts were recorded at \$0.72 million, or +\$0.16 million or +29.40% above the monthly target of \$0.56 million. Year to date Corporate Income Tax receipts of \$48.66 million exceeded the target by +2.06%. March is the largest single month for net Corporate Income receipts; March will be a seminal factor in determining whether we will be able to remain above target for this fiscal year.

The consumption taxes saw mixed results for February: Sales & Use Tax receipts of \$15.90 million exceeded the monthly target by +\$0.17 million (+1.07%); Rooms & Meals Tax receipts of \$9.85 million fell slightly below target by -\$0.06 million (-0.61%). Year to date, both consumption taxes are below target: Sales & Use Tax, \$148.42 million (-0.85%); Meals & Room Tax, \$83.62 million (-0.92%).

Secretary Spaulding noted that, "We will be watching the individual and corporate tax filing season and the remainder of the winter tourism season closely. It is critical that the next two months exceed or, at a minimum, meet the targets in our four major tax categories (PI Tax, Corporate Income, Sales & Use, and Meals & Room) if we are to end FY 2011 with GF revenues at or above target for the fiscal year."

The remaining non-major tax components include Insurance, Inheritance & Estate Tax, Real Property Transfer Tax, and "Other" (which includes: Bank Franchise Tax, Telephone Tax, Liquor Tax, Beverage Tax, Fees, and Other Taxes). The results for the month of February were as follows: Insurance Tax, \$22.57 million (+2.94%); Estate Tax, \$0.72 million (-25.53%); Property Transfer Tax, \$0.50 million (+6.63%); and "Other", \$4.10 million (-3.12%). Year to date results for these categories were: Insurance Tax, \$40.46 million (+0.72%); Estate Tax, \$19.94 million (+6.29%); Property Transfer Tax, \$5.72 million (+8.33%); and "Other", \$51.28 million (-4.93%).

**General Fund By Major Element (In Millions)\***

Tax Component	Month				Fiscal YTD			
	Target	Revenue	\$ Change	% Change	Target	Revenue	\$ Change	% Change
Personal Income	0.21	-3.07	-3.28	-1561.60%	342.86	338.06	-4.80	-1.40%
Sales & Use	15.73	15.90	0.17	1.07%	149.70	148.42	-1.28	-0.85%
Corporate	0.56	0.72	0.16	29.40%	47.68	48.66	0.98	2.06%
Meals & Room	9.91	9.85	-0.06	-0.61%	84.40	83.62	-0.78	-0.92%
Insurance Premium	21.92	22.57	0.64	2.94%	40.17	40.46	0.29	0.72%
Inheritance & Estate	0.97	0.72	-0.25	-25.53%	18.76	19.94	1.18	6.29%
Real Prop. Transfer	0.47	0.50	0.03	6.63%	5.28	5.72	0.44	8.33%
Other	4.23	4.10	-0.13	-3.12%	53.94	51.28	-2.66	-4.93%
<b>Total</b>	<b>54.01</b>	<b>51.30</b>	<b>-2.71</b>	<b>-5.02%</b>	<b>742.79</b>	<b>738.46</b>	<b>-4.33</b>	<b>-0.58%</b>

\*Differences due to rounding

## Transportation Fund

Secretary Spaulding also reported on the results for the non-dedicated Transportation Fund Revenue for February. Total non-dedicated Transportation Fund receipts of \$14.49 million for the month were above target by +\$0.32 million (+2.28%), against the monthly target of \$14.17 million. The year to date non-dedicated Transportation revenue was \$135.70 million versus the target of \$134.62 million (+\$1.09 million, +0.81%).

Individual Transportation Fund revenue receipts components for February were: Gasoline Tax, \$4.27 million or -0.82% behind target; Diesel Tax, \$1.21 million or +30.13% ahead of target; Motor Vehicle Purchase & Use Tax, \$2.85 million or +5.03% above target; Motor Vehicle Fees, \$4.60 million or -6.02% below target; and Other Fees, \$1.57 million or +17.70% in excess of the monthly target. The February year to date Transportation Fund revenue results were: Gasoline Tax, \$41.04 million or -0.17% short of target, Diesel Tax, \$10.21 million or +5.72% above target; Motor Vehicle Purchase & Use Tax, \$30.77 million or +1.58% ahead of target; Motor Vehicle Fees, \$42.51 million or -0.61% behind target; and Other Fees, \$11.18 million or +3.60% above target.

Secretary Spaulding said, “The Transportation Fund overall is tracking well against target. Motor Vehicle Sales & Use Tax in particular seems to be benefiting from increased vehicle sales over the prior year. One area that bears watching is Gasoline Tax due to concerns about the price of oil and the impact of the unrest in the Middle East and North Africa.”

The Secretary also reported on the results for the Transportation Infrastructure Bond Fund (“TIB”). TIB Fund Gas receipts for February were \$1.17 million or +0.47% ahead of target; year to date receipts of \$10.80 million were -0.66% short of target. TIB Fund Diesel receipts were \$0.14 million or +21.03% above the target for the month; year to date TIB Diesel receipts were \$1.22 million or +5.41% ahead of the target. TIB Fund receipts are noted below the following table:

**Transportation Fund By Major Element (In Millions)\***

Tax Component	Month				Fiscal YTD			
	Target	Revenue	\$ Change	% Change	Target	Revenue	\$ Change	% Change
Gasoline	4.31	4.27	-0.04	-0.82%	41.11	41.04	-0.07	-0.17%
Diesel Fuel	0.93	1.21	0.28	30.13%	9.65	10.21	0.55	5.72%
MV Purchase & Use	2.71	2.85	0.14	5.03%	30.29	30.77	0.48	1.58%
Motor Vehicle Fees	4.89	4.60	-0.29	-6.02%	42.77	42.51	-0.26	-0.61%
Other	1.33	1.57	0.24	17.70%	10.79	11.18	0.39	3.60%
<b>Total</b>	<b>14.17</b>	<b>14.49</b>	<b>0.32</b>	<b>2.28%</b>	<b>134.62</b>	<b>135.70</b>	<b>1.09</b>	<b>0.81%</b>

**Note:**

TIB Fuel Fees/Gasoline	1.16	1.17	0.01	0.47%	10.87	10.80	-0.07	-0.66%
TIB Fuel Fees/Diesel	0.12	0.14	0.03	21.03%	1.16	1.22	0.06	5.41%

\*Differences due to rounding

## Education Fund

The “non-Property Tax” Education Fund revenues (which constitute approximately 11.9% of the total Education Fund sources) were released today by Secretary Spaulding. The non-Property Tax Education Fund receipts for February totaled \$11.79 million, or +\$0.64 million (+5.70%) ahead of the \$11.15 million target for the month. Year to date Education Fund revenues were \$102.60 million or -0.42% behind the year to date target of \$103.04 million.

The individual Education Fund revenue component results for February were: Sales & Use Tax, \$7.95 million, or +1.07% ahead of target; Motor Vehicle Purchase & Use Tax, \$1.42 million or +5.03%; Lottery Transfer, \$2.41 million or 26.46%; and Education Fund Interest, under \$0.01 million against a target of \$0.02 million (-92.47%). Year to date results were: Sales & Use Tax, \$74.21 million or -0.86%; Motor Vehicle Purchase & Use Tax, \$15.38 million or +1.58%; Lottery Transfer, \$12.97 million or +0.02%; and Education Fund Interest, \$0.03 against a target of \$0.07 million (-53.66%).

**Education Fund By Major Element (In Millions)\***

Non-Property Tax Component	Month				Fiscal YTD			
	Target	Revenue	\$ Change	% Change	Target	Revenue	\$ Change	% Change
Sales & Use	7.87	7.95	0.08	1.07%	74.85	74.21	-0.64	-0.86%
MV Purchase & Use	1.36	1.42	0.07	5.03%	15.15	15.38	0.24	1.58%
Lottery Transfer	1.91	2.41	0.51	26.46%	12.97	12.97	0.00	0.02%
Investment Income	0.02	0.00	-0.02	-92.47%	0.07	0.03	-0.04	-53.66%
<b>Total</b>	<b>11.15</b>	<b>11.79</b>	<b>0.64</b>	<b>5.70%</b>	<b>103.04</b>	<b>102.60</b>	<b>-0.44</b>	<b>-0.42%</b>

\*Differences due to rounding

## Conclusion

Secretary Spaulding concluded, “The national economy is brightening and beginning to gain traction, although rising energy costs are a concern. A modest reduction in Vermont’s unemployment rate, some positive comeback in vehicle sales, and the hint of stabilization in housing sales and prices begin to lay the foundation for a future return to more normal economic activity. The next eight weeks will be pivotal if the GF revenue is to achieve target in the second half of FY 2011.”

## **Attachments**

The detailed schedules of the February 2011 year to date revenue results comparing the current periods with last year follow.

**Note:** Minor differences in figures are due to rounding.

**Comparative Statement of Revenues  
General Fund  
As of February 28, 2011**

**General Fund Schedule 2**

	<u>Total to Date Last Year</u>	<u>Total to Date This Year</u>	<u>% of Change</u>
<b>Taxes</b>			
Personal Income	315,278,216	338,063,431	7.23%
Sales & Use	143,892,249	148,423,952	3.15%
Corporate	31,729,048	48,659,938	53.36%
Meals & Room	80,813,595	83,618,622	3.47%
Liquor & Wine	10,063,361	10,351,841	2.87%
Insurance Premium	37,526,491	40,460,829	7.82%
Telephone Gross Receipts	165,821	170,015	2.53%
Telephone Property	2,876,916	4,480,075	55.72%
Beverage	3,877,826	3,971,123	2.41%
Electric Generating	1,440,356	1,457,293	1.18%
Inheritance & Estate	9,321,520	19,940,038	113.91%
Real Property Transfer	5,359,781	5,715,456	6.64%
Bank Franchise	7,743,253	12,881,121	66.35%
All Other Taxes	2,772,659	3,291,756 (a)	18.72%
<b>Total Taxes</b>	<b>652,861,092</b>	<b>721,485,487</b>	<b>10.51%</b>
<b>Other Revenues</b>			
Business Licenses	1,625,433	1,676,891	3.17%
Fees	12,144,494	12,898,587	6.21%
Services	806,322	748,518	-7.17%
Fines, Forfeits & Penalties	5,491,926	3,178,740	-42.12%
Interest, Prem	214,664	(197,603)	-192.05%
Special Assessments	(116)	0	100.00%
All Other Revenues	302,874	969,661	220.15%
<b>Total Other Revenues</b>	<b>20,585,597</b>	<b>19,274,794</b>	<b>-6.37%</b>
<b>Total General Fund</b>	<b>673,446,689</b>	<b>740,760,281</b>	<b>10.00%</b>
<b>Adjust Gross Receipts</b>	<b>0</b>	<b>(2,300,000) (a)</b>	100.00%
<b>Total General Fund,</b>	<b>673,446,689</b>	<b>738,460,281</b>	<b>9.65%</b>

Note: Revenue Estimates are fiscal year total estimates.

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(a) FY 2011 year to date is adjusted by \$2,300,000 in Gross Receipts Tax. These receipts are not included in the Consensus Revenue Forecast and are reported on a separate line item on the General Fund Operating Statement for budget presentation purposes. These receipts were deposited into the General Fund on a one-time only basis in FY 2011 in accordance with Act 156 Sec. D.105 of the 2010 session. Adjusting for this inconsistency allows for a more accurate comparison to the Consensus Revenue targets. This adjustment is for budget presentation purposes only and will not impact the revenue as recorded in the VISION statewide financial system nor as will be presented in the FY 2011 CAFR when issued.

**Comparative Statement of Revenues  
Transportation Fund  
As of February 28, 2011**

**T Fund Detail Schedule 2**

	<u>Total to Date Last Year</u>	<u>Total to Date This Year</u>	<u>% of Change</u>
<b>Non-Dedicated</b>			
<b>Taxes</b>			
Gasoline	40,727,122	41,040,924	0.77%
Diesel Fuel	9,824,947	10,206,887	3.89%
MV Purchase & Use	<u>27,837,483</u>	<u>30,769,507</u>	10.53%
<b>Total Taxes</b>	<b><u>78,389,553</u></b>	<b><u>82,017,319</u></b>	<b>4.63%</b>
<b>Other Revenues</b>			
Motor Vehicle Fees	42,232,865	42,505,057	0.64%
Other	<u>11,399,809</u>	<u>11,180,802</u>	-1.92%
<b>Total Other Revenues</b>	<b><u>53,632,673</u></b>	<b><u>53,685,859</u></b>	<b>0.10%</b>
<b>Total Non-Dedicated</b>	<b><u>132,022,226</u></b>	<b><u>135,703,178</u></b>	<b>2.79%</b>
<b>Dedicated</b>			
Federal Aid	154,902,862	213,058,584	37.54%
Infrastructure Fuel Fees	8,712,167	12,015,133	37.91%
Other	<u>1,502,295</u>	<u>8,889,061</u>	491.70%
<b>Total Dedicated</b>	<b><u>165,117,324</u></b>	<b><u>221,947,645</u></b>	<b>34.42%</b>
<b>Total Transportation Fund</b>	<b><u>297,139,550</u></b>	<b><u>357,650,822</u></b>	<b>20.36%</b>

Note: Revenue Estimates are fiscal year total estimates.

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Date: March 08, 2011

Time: 09:58

**State of Vermont**  
**Comparative Statement of Revenues**  
**Education Fund**  
**As of February 28, 2011**

**Education Fund Schedule 2**

	<u>Total to Date Last Year</u>	<u>Total to Date This Year</u>	<u>% of Change</u>
<b>Non-Dedicated</b>			
<b>Estimated Revenues:</b>			
Sales & Use	71,945,045	74,210,863	3.15%
Purchase & Use	13,918,880	15,384,754	10.53%
Lottery Transfer	12,859,666	12,972,455	0.88%
Investment Income	73,413	32,912	-55.17%
<b>Total estimated revenues</b>	<b><u>98,797,003</u></b>	<b><u>102,600,983</u></b>	<b><u>3.85%</u></b>
<b>Other Revenues:</b>			
Education Property Taxes	80,394,202	81,852,601	1.81%
Electric Energy Educ Prop Tax	1,051,758	1,064,037	1.17%
Medicaid Reimbursement	0	0	0.00%
<b>Total other revenues</b>	<b><u>81,445,960</u></b>	<b><u>82,916,638</u></b>	<b><u>1.81%</u></b>
<b>Total Education Fund</b>	<b><u>180,242,963</u></b>	<b><u>185,517,621</u></b>	<b><u>2.93%</u></b>

Note: Revenue Estimates are fiscal year total estimates.

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