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Jeb Spaulding, Secretary

PRESS RELEASE

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FOR IMMEDIATE RELEASE

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Montpelier, VT - Secretary of Administration Jeb Spaulding Announces Vermont's Revenue Results July 2011: General Fund and Transportation Fund Fall Short of Monthly Target; Education Fund Exceeds Target for the Month

General Fund

Secretary of Administration Jeb Spaulding released the July 2011 General Fund (GF) Revenue results today. July is the first month of fiscal year (FY) 2012. General Fund revenues totaled \$86.27 million for July 2011, and were -\$4.89 million or -5.36% below the \$91.16 million consensus revenue forecast for the month.

Secretary Spaulding explained, "While we always prefer to meet or exceed our targets, I would caution anyone from using this one month's performance as a barometer for the future. July is a notoriously bad predictor of how revenue will trend for the fiscal year in total. For example, July 2010 GF revenue was short of the monthly target by -1.6%, but the full year ended up 12.9% above target."

"One positive sign I would like to note is that although July 2011 General Fund revenues were below the monthly target, we were still ahead of last July by 4.9% - a continued sign of a slow, but steady recovery. The big question at this point is how the events playing out in Washington DC and global financial markets will affect that recovery," Spaulding commented.

Current targets reflect the Fiscal Year 2012 Consensus Revenue Forecast adopted by the Emergency Board at their July 21, 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 providing approximately 50% of total GF revenue. PI Tax receipts are reported Net-of-Personal Income Tax refunds. Net Personal Income Tax is comprised of PI Withholding Tax, PI Estimated Payments, PI Refunds Paid, and PI Other. Net PI Receipts for July were recorded at \$44.52 million, -\$3.59 million or -7.46% short of the monthly target of \$48.11 million.

Corporate Income Taxes are also reported net-of refunds. July Corporate receipts of \$1.97 million were -\$0.41 million or -17.03% below the monthly target of \$2.38 million. Since most Corporate Taxes are paid on a quarterly basis, the four largest months for Net Corporate Tax Receipts are September, December, March and June.

Consumption tax results for July were ahead of target: Sales & Use Tax receipts of \$21.32 million exceeded the monthly target by +\$0.58 million (+2.78%) and were 7.2% ahead of what was collected for the month last year; Rooms & Meals Tax receipts of \$10.37 million exceeded target by +\$0.31 million (+3.06%) and were 3% ahead of what was collected for the month last 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 remaining non-major categories for July were as follows: Insurance Tax, \$0.41 million (+54.65%); Inheritance & Estate Tax, \$0.38 (-76.65%); Property Transfer Tax, \$0.78 million (-8.16%); and “Other”, \$6.51 million (-8.31%).

General Fund By Major Element (In Millions)*

Tax Component	Month				Fiscal YTD			
	Target	Revenue	\$ Change	% Change	Target	Revenue	\$ Change	% Change
Personal Income	48.11	44.52	-3.59	-7.46%	48.11	44.52	-3.59	-7.46%
Sales & Use	20.74	21.32	0.58	2.78%	20.74	21.32	0.58	2.78%
Corporate	2.38	1.97	-0.41	-17.03%	2.38	1.97	-0.41	-17.03%
Meals & Room	10.07	10.37	0.31	3.06%	10.07	10.37	0.31	3.06%
Insurance Premium	0.27	0.41	0.15	54.65%	0.27	0.41	0.15	54.65%
Inheritance & Estate	1.65	0.38	-1.26	-76.65%	1.65	0.38	-1.26	-76.65%
Real Prop. Transfer	0.85	0.78	-0.07	-8.16%	0.85	0.78	-0.07	-8.16%
Other	7.10	6.51	-0.59	-8.31%	7.10	6.51	-0.59	-8.31%
Total	91.16	86.27	-4.89	-5.36%	91.16	86.27	-4.89	-5.36%

*Differences due to rounding

Transportation Fund

The non-dedicated Transportation Fund Revenue for July was also reported on by Secretary Spaulding. Total non-dedicated Transportation Fund receipts of \$15.26 million for the month fell below target by -\$0.46 million (-2.92%), against the monthly target of \$15.72 million.

Individual Transportation Fund revenue receipts components for July were mixed: Gasoline Tax, \$5.11 million or +0.73% ahead of target; Diesel Tax, \$0.50 million or -36.15% below target; Motor Vehicle Purchase & Use Tax, \$3.28 million or -8.51% behind target; Motor Vehicle Fees, \$5.05 million or -0.95% below target; and Other Fees, \$1.31 million or +12.28% above the monthly target.

Secretary Spaulding said, “Once again, July is not a good predictor of the overall Transportation Fund revenue trend. The specter of high fuel prices remains a concern for the T-Fund and our economic recovery, but if oil prices continue to abate somewhat from their recent highs and the economy stabilizes, revenues for the year may perform as or better than expected. Higher energy prices, particularly for gasoline can have a deleterious effect on the economy and the recovery.”

The Secretary also reported on the results for the Transportation Infrastructure Bond Fund (“TIB”). TIB Fund Gas receipts for July were \$1.60 million or +4.99% in excess of target. TIB Fund Diesel receipts were \$0.06 million or -29.20% short of the monthly 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	5.07	5.11	0.04	0.73%	5.07	5.11	0.04	0.73%
Diesel Fuel	0.79	0.50	-0.29	-36.15%	0.79	0.50	-0.29	-36.09%
MV Purchase & Use	3.58	3.28	-0.31	-8.51%	3.58	3.28	-0.31	-8.51%
Motor Vehicle Fees	5.10	5.05	-0.05	-0.95%	5.10	5.05	-0.05	-0.95%
Other	1.17	1.31	0.14	12.28%	1.17	1.31	0.14	12.28%
Total	15.72	15.26	-0.46	-2.92%	15.72	15.26	-0.46	-2.92%

Note:

TIB Fuel

Fees/Gasoline	1.53	1.60	0.08	4.99%	1.53	1.60	0.08	4.99%
TIB Fuel Fees/Diesel	0.08	0.06	-0.02	-29.20%	0.08	0.06	-0.02	-29.20%

*Differences due to rounding

Education Fund

The “non-Property Tax” Education Fund revenues (which constitute approximately 12% of the total Education Fund sources) were released today by Secretary Spaulding. The non-Property Tax Education Fund receipts for July totaled \$13.30 million, or +\$0.14 million (+1.03%) above the \$13.16 million target for the month. The individual Education Fund revenue component results for July were: Sales & Use Tax, \$10.66 million, or +2.78% above target; Motor Vehicle Purchase & Use Tax, \$1.64 million or -8.51%; Lottery Transfer, \$1.00 million - exactly on target; and Education Fund Interest, a loss under \$0.01 million against a target of under \$0.01 million.

Education Fund By Major Element (In Millions)*

Non-Property Tax Component	Month				Fiscal YTD			
	Target	Revenue	\$ Change	% Change	Target	Revenue	\$ Change	% Change
Sales & Use	10.37	10.66	0.29	2.78%	10.37	10.66	0.29	2.78%
MV Purchase & Use	1.79	1.64	-0.15	-8.51%	1.79	1.64	-0.15	-8.51%
Lottery Transfer	1.00	1.00	0.00	0.00%	1.00	1.00	0.00	0.00%
Investment Income	0.00	0.00	0.00	0.00%	0.00	0.00	0.00	0.00%
Total	13.16	13.30	0.14	1.03%	13.16	13.30	0.14	1.03%

*Differences due to rounding

Conclusion

Secretary Spaulding concluded, “Vermont’s economy has slowly been recovering and July revenues do not contradict that trend. However, clearly, we are concerned about potential impacts from current global and national events. We will be keeping an especially close eye on our revenue performance and budgetary moves in Washington over the next month or so, in case quick action is needed by the Governor and Legislature.”

Attachments

The detailed schedules of the July 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 July 31, 2011**

General Fund Schedule 2

	<u>Total to Date Last Year</u>	<u>Total to Date This Year</u>	<u>% of Change</u>
Taxes			
Personal Income	43,273,674	44,519,133	2.88%
Sales & Use	19,882,500	21,316,501	7.21%
Corporate	(805,413)	1,973,954	345.09%
Meals & Room	10,066,045	10,373,873	3.06%
Liquor & Wine	1,243,317	1,320,284	6.19%
Insurance Premium	283,319	411,045	45.08%
Telephone Gross Receipts	66,677	52,468	-21.31%
Telephone Property	11,581	82	-99.29%
Beverage	537,795	565,148	5.09%
Electric Generating	0	0	0.00%
Inheritance & Estate	904,104	384,778	-57.44%
Real Property Transfer	744,688	780,937	4.87%
Bank Franchise	2,691,110	2,618,929	-2.68%
All Other Taxes	1,587,636	143,211	-90.98%
Total Taxes	<u>80,487,032</u>	<u>84,460,344</u>	<u>4.94%</u>
Other Revenues			
Business Licenses	80,775	62,941	-22.08%
Fees	1,301,012	1,379,598	6.04%
Services	122,832	155,740	26.79%
Fines, Forfeits & Penalties	223,224	186,577	-16.42%
Interest, Prem	(16,234)	(42,447)	-161.47%
Special Assessments	0	0	0.00%
All Other Revenues	65,223	68,888	5.62%
Total Other Revenues	<u>1,776,832</u>	<u>1,811,297</u>	<u>1.94%</u>
Total General Fund	<u><u>82,263,865</u></u>	<u><u>86,271,641</u></u>	<u><u>4.87%</u></u>

Date: August 03, 2011

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**Comparative Statement of Revenues
Transportation Fund
As of July 31, 2011**

T Fund Detail Schedule 2

	<u>Total to Date Last Year</u>	<u>Total to Date This Year</u>	<u>% of Change</u>
Non-Dedicated			
Taxes			
Gasoline	5,148,097	5,109,736	-0.75%
Diesel Fuel	698,113	503,770	-27.84%
MV Purchase & Use	<u>3,208,608</u>	<u>3,279,604</u>	2.21%
Total Taxes	<u>9,054,819</u>	<u>8,893,110</u>	-1.79%
Other Revenues			
Motor Vehicle Fees	5,516,235	5,053,742	-8.38%
Other	<u>1,029,041</u>	<u>1,313,734</u>	27.67%
Total Other Revenues	<u>6,545,276</u>	<u>6,367,476</u>	-2.72%
Total Non-Dedicated	<u>15,600,095</u>	<u>15,260,586</u>	-2.18%
Dedicated			
Federal Aid	31,590,941	18,738,209	-40.68%
Infrastructure Fuel Fees	1,409,770	1,661,216	17.84%
Other	<u>267,827</u>	<u>626,339</u>	133.86%
Total Dedicated	<u>33,268,538</u>	<u>19,364,547</u>	-41.79%
Total Transportation Fund	<u><u>48,868,632</u></u>	<u><u>34,625,133</u></u>	-29.15%

Note: Revenue Estimates are fiscal year total estimates.

Prepared by Department of Finance & Management

Date: August 03, 2011

Time: 10:37

**State of Vermont
Comparative Statement of Revenues
Education Fund
As of July 31, 2011**

Education Fund Schedule 2

	<u>Total to Date Last Year</u>	<u>Total to Date This Year</u>	<u>% of Change</u>
Non-Dedicated			
Estimated Revenues:			
Sales & Use	9,941,101	10,658,091	7.21%
Purchase & Use	1,604,304	1,639,802	2.21%
Lottery Transfer	1,000,000	1,000,000	0.00%
Investment Income	77	78	0.66%
Total estimated revenues	<u>12,545,482</u>	<u>13,297,970</u>	<u>6.00%</u>
Other Revenues:			
Education Property Taxes	(1,420,018)	(1,489,496)	-4.89%
Electric Energy Educ Prop Tax	0	0	0.00%
Medicaid Reimbursement	0	0	0.00%
Total other revenues	<u>(1,420,018)</u>	<u>(1,489,496)</u>	<u>-4.89%</u>
Total Education Fund	<u>11,125,465</u>	<u>11,808,474</u>	<u>6.14%</u>

Note: Revenue Estimates are fiscal year total estimates.

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