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## Tax collections plunge in R.I.

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PROVIDENCE — State tax collections plunged over the last four months, yet another sign that Rhode Island's economy is going nowhere fast.

The state Division of Taxation presented figures at a State House conference on Wednesday that showed the amount of money the state collected in tax revenue for the four months ended Oct. 31 fell in several key categories when compared with the same period last year.

Sales-tax revenue, a prime barometer, dropped by nearly \$20 million. That number alone suggests that Rhode Islanders made \$282 million less in taxable purchases — such as computers, appliances, TV sets and jewelry — during the last four months than in the same period in 2008.

And last year was not exactly a boom time, said Mark Higgins, dean of the University of Rhode Island's College of Business Administration.

“People aren't going out and buying plasma TVs” and other such taxable items to the extent they did a year ago, Higgins said in a telephone interview after Wednesday afternoon's meeting.

“If you've got high unemployment, your sales tax [collections are] going to go down,” he said. “There's less disposable income in the economy.” (The state's seasonally adjusted unemployment rate for September was 13 percent.)

Russell Dannecker, former state Senate fiscal advisor, who attended Thursday's meeting, said that, overall, state tax revenue figures are “down considerably” compared with a year ago.

“It's just a reflection of the downturn” in the economy, said Dannecker, now fiscal policy analyst for the Poverty Institute at Rhode Island College, which analyzes tax and budget policies on behalf of low-income people.

As a result, “You're obviously going to have more pressure on [the state] budget. There'll be more pressure to cut. There'll be more pressure to raise taxes,” he said.

Among the highlights of Wednesday's presentation:

- Collections from the state's business-corporation tax plunged to \$4.5 million from \$14.8 million in the same period a year earlier, a \$10.3-million drop.

- Sales-tax collections fell by \$19.77 million, or 6.6 percent, to about \$278.6 million.

- Net receipts from the personal-income tax (after refunds and other adjustments) fell by \$14.3 million, or 4.5 percent, to \$307.8 million.

Paul Dion, chief of the state Office of Revenue Analysis, said, "Nobody can be surprised that we're down [in revenues], given the state of the economy."

State Tax Administrator David M. Sullivan said, "I don't think we're in any different shape [than] any other state."

A conference of state budget officials will analyze the revenue figures, and other data, as it prepares a final report in the days ahead.

State Budget Officer Rosemary Booth Gallogly, who chairs the conference, stressed that the group has not completed its work, and that figures presented Wednesday are preliminary.

But she found a glimmer of hope. "It's still bad," but there are signs of a possible bottom, she said.

Dion said that while the sales-tax revenue figure in particular "does not look good," certain revenue figures, involving the personal-income tax, picked up a bit. "It bears watching," he said.

Overall, Dion said, "I think we're starting to find a bottom somewhere here," probably over the next six months or so.

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