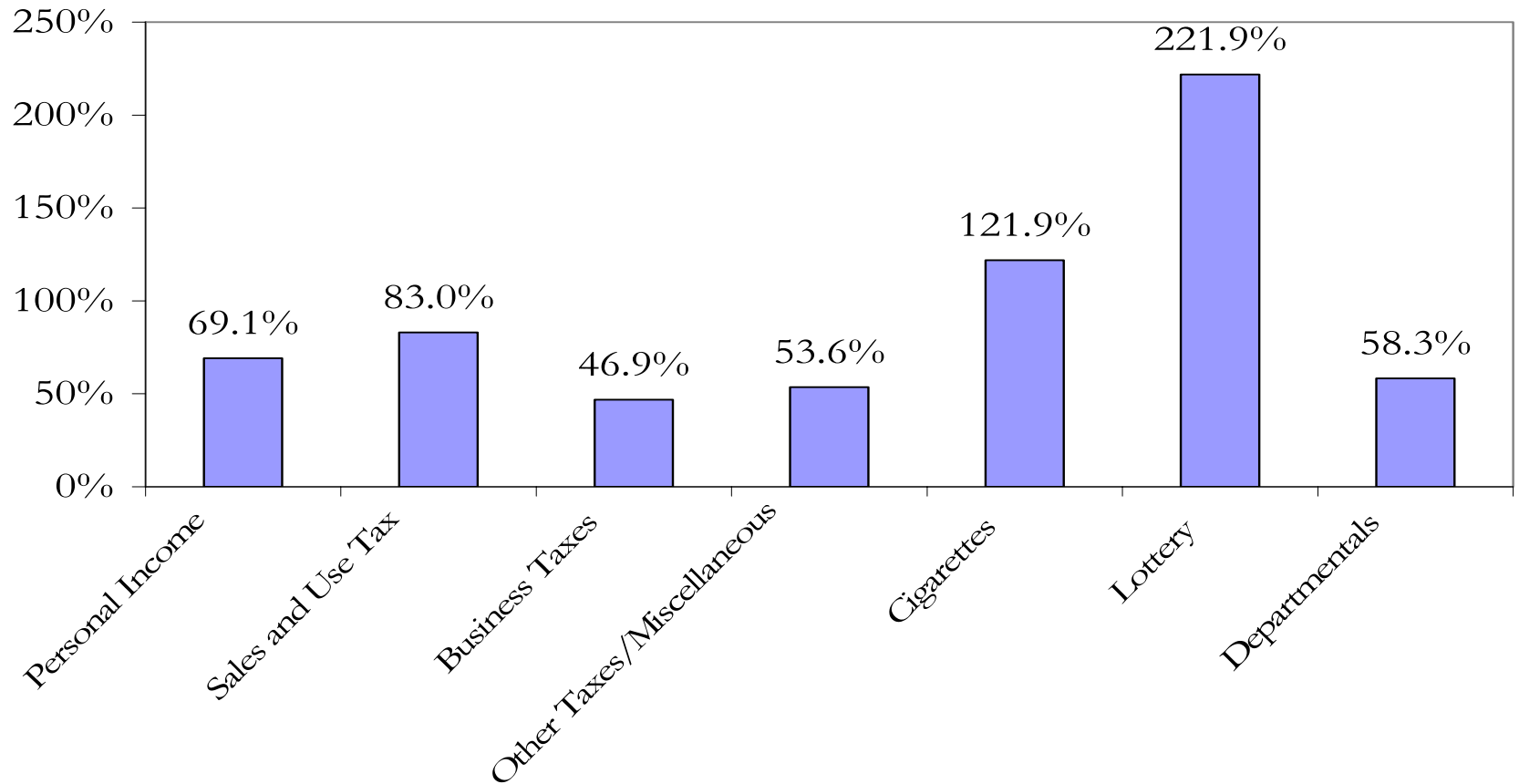


General Revenues (GR) FY07

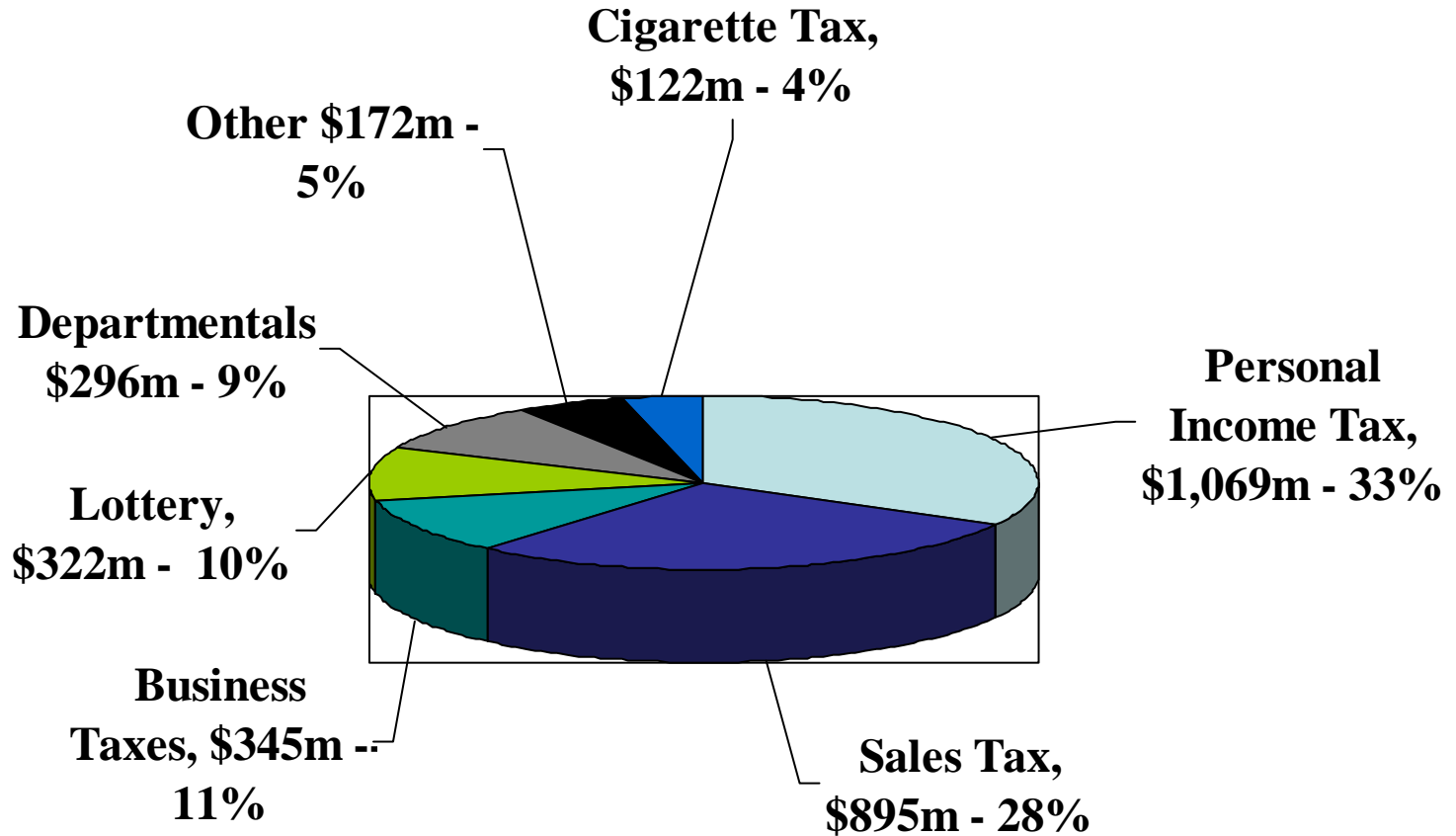
\$3,211m (48%)

- Most significant source of state funding
- Includes most state taxes, fees, co-pays, fines, and revenue from the lottery

Growth in general revenues 1997-2007



Sources of General Revenues (FY 2007)



Personal Income Tax

\$1,069m (33%)

- Largest source of general revenue (33%)
- Progressive tax with graduated rates
- Credit union crisis (early 1990s) prompted 10% increase in PIT. Increase phased out from 1997-2002. (10% = \$100 million)
- Ranking per capita 16th (MA 3rd, CT 4th)
- Ranking by personal income 20th (MA 5th, CT 12th)

Sales Tax

\$895 million (28%)

- 7% tax exempts food, clothing, home heating oil and prescription medications
- Collections in FY08 expected to be 5% less than projected last May - explained by slowing economy
- Ranking per capita: 29th (MA 41st, CT 16th)
- Ranking by personal income: 37th (MA 44th, CT 38th)

Lottery and Cigarette Tax

\$444 million (14% combined)

- From 2001 to 2005, the cigarette tax *rate* was increased by 250%
- At \$2.46 per pack, RI has 2nd highest cigarette tax in the nation
- Cigarette tax revenues fell in FY06 and FY07
- Lottery revenues more than tripled last ten years
- After several years of double-digit growth, lottery revenues fell in FY07 and modest growth projected in FY08 and FY09

Business Taxes

\$345 million (11%)

- In 2003 RI had lowest corporate income tax collections in country; rebounded recently
- 2000 data: Half of Rhode Island's 64 largest for-profit employers paid less income tax than the typical family
- Ranking per capita: 26th (MA 8th, CT 12th)
- Ranking by personal income: 33rd (MA 10th, CT 27th)

Departmental and Other Revenue Sources

\$296 million (9%)

- Includes numerous fees, fines and co-payments (e.g., Rite Care, child care)
- Other taxes include realty transfer tax, inheritance tax and alcohol tax.
- Miscellaneous general revenue includes unclaimed property as well as all one-time revenue sources, like the tobacco settlement funds or revenues from the sale of property.
- RI ranks 48th in other taxes; 44th in charges and fees.