

Rhode Island Revenue & Caseload Estimating Conference

Revenue Estimates

November 10, 2008

The Revenue Estimating Conference (REC) is created in state law (RIGL 35-16). The budget officer, the house fiscal advisor, and the senate fiscal advisor shall meet in regularly scheduled consensus REC. These conferences shall be open public meetings. The principals of the REC shall meet within the first ten (10) days of May and November of each year. The primary purpose of regularly scheduled conferences is to prepare economic forecasts and forecast revenue estimates and review current revenue collections under current tax law. No votes will be taken in the REC. These are truly consensus conferences and all principals must agree and are bound to the conference recommendations.

Adoption of Revenue Estimate

The REC meet in an open, public meeting on November 10, 2008. The conferees updated the FY2009 estimate of General Revenues and make the first estimate for FY2010.

FY2008 – The actual General Revenue collections totaled \$3,450.5 million.

FY2009 – The Budget as Enacted estimated that General Revenues would total \$3,346.7 million. This would have been a decrease of 2.4%. The REC now estimates that General Revenues will total \$3,113.1 million. This represents a decrease of \$233.6 million or -9.3% from the enacted amount. The decreased revenue presents the State's leadership with a significant problem, in that the \$233.6 million represents 7.0% of the revenues as enacted last June.

The Personal Income Tax estimate was decreased by \$113.2 million, the Business Corporations tax by -\$53.0 million, Sales and Use Tax by -\$32.1 million, departmental revenues by -\$16.1 million and the Lottery by -\$16.4 million. Please see the attached charts for additional revenue sources and growth rates.

FY2010 – The REC estimates that General Revenues in FY2010 will total \$3,008.9 million. This is a decrease of \$104.2 million from FY2009. It must be remembered that the FY2010 estimate does not include the annual Hospital Licensing Fee. Even if this Fee is reinstated in FY2010 there will still be less revenue available in FY2010 than FY2009. The lack of growth in revenues is a major difficulty.