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*Jeb Spaulding, Secretary*

PRESS RELEASE

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**Montpelier, VT - Secretary of Administration Jeb Spaulding Announces Vermont's Revenue Results for February 2012: General Fund Below Target; Transportation Fund and Education Fund Exceed Target for the Month.**

**General Fund**

Today, Secretary of Administration Jeb Spaulding released the February 2012 General Fund (GF) revenue results. February is the eighth month of fiscal year (FY) 2012 and second month following the January Consensus Revenue Forecast revision. General Fund revenues totaled \$52.34 million for February 2012, and were -\$9.49 million or -15.35% below the \$61.83 million consensus revenue forecast for the month. Year to date, General Fund revenues were \$750.63 million, and -\$14.15 million or -1.85% short of the target of \$764.78 million for FY 2012. The FY 2012 results through February remain ahead of the same period for the prior fiscal year (FY 2011) by 1.33%.

“February is the third consecutive month in which General Fund revenues came in under projections. That is obviously a concern from a budgetary perspective, but until we have the results from the tax filing season, we will not have sufficient data to predict the impact on this fiscal year or conclude that the revenue projections for next year are too high,” explained Secretary Spaulding.

The Secretary continued, “The two largest contributors to the below target monthly results in the General Fund were Net Personal Income Taxes (-\$5.09 million) and Net Corporate Taxes (-\$3.94 million). Despite below target results, it should be noted that the cumulative General Fund receipts remain 1.33% above the same period for the prior fiscal year and a significant portion of the underperformance may result from technical factors and a relatively snowless winter.”

Current targets reflect the Fiscal Year 2012 Consensus Revenue Forecast adopted by the Emergency Board at their January 18, 2012 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. A date for the July 2012 Emergency Board has not been selected at this time.

Net 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 February were -\$1.16 million, -\$5.09 million or -129.43% below the monthly target of \$3.93 million. The year to date Net PI Tax receipts of \$363.19 million were -8.08% below the cumulative target of \$371.26 million. The cumulative results are +7.43 ahead of the same period for the prior fiscal year (FY 2011).

Secretary Spaulding commented, “The Personal Income Tax Refund component accounts for the majority of the -\$5.09 million shortfall (-\$4.77 million). Some of this shortfall may be due to timing as the result of early tax return submissions via e-filing, particularly when refunds are due. However, we will be watching developments closely in March and April.” The Personal Income Tax Withholding component was behind target by -\$2.31 million (-6.39%) for the month and -\$7.40 million (-2.17%) year to date. “Some of the under target results in PI Withholding may be a reflection of the impact of the snowless winter on tourism industry hiring; this like PI Refunds bears close scrutiny as the tax filing season goes forward,” said Spaulding.

Corporate Income Taxes are also reported net of refunds. Net Corporate Income Tax receipts for the month were -\$3.48 million and -\$3.94 million monthly or -849.92% below the monthly target of +\$0.46 million. Year to date Corporate receipts were \$35.37 million, -\$2.34 million or -6.21% below target. Year to date through February 2012, results are -27.31% below the results through February of the prior fiscal year. Spaulding said, “Net Corporate Income Tax is also of concern with an increasing level of downside risk. We will know more next month, after the March 15<sup>th</sup> corporate tax filing deadline.”

Consumption tax results for February were above target for the month. Sales & Use Tax receipts of \$16.92 million were above target by +\$0.50 million (+3.06%); Rooms & Meals Tax receipts of \$10.36 million were ahead of target by +\$0.17 million (+1.71%). The above target performance for the month was not sufficient to eliminate the year to date shortfall. Year to date, Sales & Use Tax receipts of \$157.26 million were behind target by -0.27% and Rooms & Meals Tax receipts of \$86.80 were short of target by -0.42% for the current fiscal year (FY 2012). Compared to the results for the same period of the prior fiscal year (FY 2011), cumulative February consumption taxes (Sales & Use; Meals & Rooms) exceeded the prior year results by +5.95% and +3.81% respectively.

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 February were as follows: Insurance Tax, \$24.10 million (+0.20%); Inheritance & Estate Tax, \$0.17 (-89.25%); Property Transfer Tax, \$0.49 million (-8.35%); and “Other”, \$4.93 million (+6.06%). The year to date February results for the remaining non-major categories were: Insurance Tax, \$41.45 million (+0.57%); Inheritance & Estate Tax, \$10.27 (-19.26%); Property Transfer Tax, \$5.13 million (-6.41%); and “Other”, \$51.15 million (-0.72%). Cumulatively, the year to date non-major components total of \$108.00 million through February 2012, is -7.73% below the receipts for the same period of FY 2011 (reduced for a one-time settlement received in August of FY 2011).

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

| Tax Component        | Month        |              |              |                | Fiscal YTD    |               |               |               |
|----------------------|--------------|--------------|--------------|----------------|---------------|---------------|---------------|---------------|
|                      | Target       | Revenue      | \$ Change    | % Change       | Target        | Revenue       | \$ Change     | % Change      |
| Personal Income      | 3.93         | -1.16        | -5.09        | -129.43%       | 371.26        | 363.19        | -8.08         | -2.18%        |
| Sales & Use          | 16.42        | 16.92        | 0.50         | 3.06%          | 157.70        | 157.26        | -0.43         | -0.27%        |
| Corporate            | 0.46         | -3.48        | -3.94        | -849.92%       | 37.72         | 35.37         | -2.34         | -6.21%        |
| Meals & Room         | 10.19        | 10.36        | 0.17         | 1.71%          | 87.16         | 86.80         | -0.36         | -0.42%        |
| Insurance Premium    | 24.05        | 24.10        | 0.05         | 0.20%          | 41.22         | 41.45         | 0.23          | 0.57%         |
| Inheritance & Estate | 1.59         | 0.17         | -1.42        | -89.25%        | 12.72         | 10.27         | -2.45         | -19.26%       |
| Real Prop. Transfer  | 0.53         | 0.49         | -0.04        | -8.35%         | 5.48          | 5.13          | -0.35         | -6.41%        |
| Other                | 4.65         | 4.93         | 0.28         | 6.06%          | 51.52         | 51.15         | -0.37         | -0.72%        |
| <b>Total</b>         | <b>61.83</b> | <b>52.34</b> | <b>-9.49</b> | <b>-15.35%</b> | <b>764.78</b> | <b>750.63</b> | <b>-14.15</b> | <b>-1.85%</b> |

\*Differences due to rounding

## Transportation Fund

Secretary Spaulding also released the non-dedicated Transportation Fund Revenue for February. Total non-dedicated Transportation Fund receipts of \$16.42 million for the month exceeded target by +\$1.63 million (+10.99%), compared to the monthly target of \$14.79 million. The February year to date Transportation Fund receipts of \$140.04 million were above the \$138.99 million target by +0.76%. Year to date February FY 2012 non-dedicated Transportation Funds have exceeded the prior year (FY 2011) by 3.20% for the same period.

All of the individual tax components of Transportation Fund revenue were favorable to the target for the month. Individual Transportation Fund revenue components for February were: Gasoline Tax, \$4.31 million or 0.95% ahead of target; Diesel Tax, \$1.36 million or +25.77% above target; Motor Vehicle Purchase & Use Tax, \$3.51 million or +16.58% ahead of target; Motor Vehicle Fees, \$5.36 million or +6.94% above; and Other Fees, \$1.89 million or +32.24% above the monthly target. Year to date results for the individual Transportation Fund revenue components for February were: Gasoline Tax, \$40.34 million or -0.51% short of target; Diesel Tax, \$10.45 million or +2.13% above target; Motor Vehicle Purchase & Use Tax, \$33.47 million or +1.90% above target; Motor Vehicle Fees, \$43.59 million or -0.13% behind target; and Other Fees, \$12.19 million or +4.09% above the monthly target.

The Secretary also reported on the results for the Transportation Infrastructure Bond Fund ("TIB"). TIB Fund Gas receipts for February were \$1.45 million or +4.74% in excess of target; year to date TIB Gas receipts were \$14.19 million or +1.10% ahead of target. TIB Fund Diesel receipts for the month were \$0.16 million or +4.64% above the monthly target; year to date TIB Diesel receipts were \$1.26 million or -2.46% short of target. The TIB Fund receipts are noted on the following table:

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

| Tax Component      | Month        |              |             |               | Fiscal YTD    |               |             |              |
|--------------------|--------------|--------------|-------------|---------------|---------------|---------------|-------------|--------------|
|                    | Target       | Revenue      | \$ Change   | % Change      | Target        | Revenue       | \$ Change   | % Change     |
| Gasoline           | 4.27         | 4.31         | 0.04        | 0.95%         | 40.55         | 40.34         | -0.21       | -0.51%       |
| Diesel Fuel        | 1.08         | 1.36         | 0.28        | 25.77%        | 10.24         | 10.45         | 0.22        | 2.13%        |
| MV Purchase & Use  | 3.01         | 3.51         | 0.50        | 16.58%        | 32.84         | 33.47         | 0.62        | 1.90%        |
| Motor Vehicle Fees | 5.01         | 5.36         | 0.35        | 6.94%         | 43.65         | 43.59         | -0.06       | -0.13%       |
| Other              | 1.43         | 1.89         | 0.46        | 32.24%        | 11.71         | 12.19         | 0.48        | 4.09%        |
| <b>Total</b>       | <b>14.79</b> | <b>16.42</b> | <b>1.63</b> | <b>10.99%</b> | <b>138.99</b> | <b>140.04</b> | <b>1.06</b> | <b>0.76%</b> |

**Note:**

|                        |      |      |      |       |       |       |       |        |
|------------------------|------|------|------|-------|-------|-------|-------|--------|
| TIB Fuel Fees/Gasoline | 1.39 | 1.45 | 0.07 | 4.74% | 14.03 | 14.19 | 0.16  | 1.10%  |
| TIB Fuel Fees/Diesel   | 0.16 | 0.16 | 0.01 | 4.64% | 1.29  | 1.26  | -0.03 | -2.46% |

\*Differences due to rounding

## Education Fund

Today, Secretary Spaulding released the “non-Property Tax” Education Fund revenues (which constitute approximately 12% of the total Education Fund sources). The non-Property Tax Education Fund receipts for February totaled \$11.89 million, or +\$0.19 million (+1.66%) above the \$11.70 million target for the month. Year to date, non-Property Tax Education Fund receipts were \$108.60 million, or +0.07% in excess of the year to date target. The individual Education Fund revenue component results for February were: Sales & Use Tax, \$8.46 million, or +3.06% above target; Motor Vehicle Purchase & Use Tax, \$1.75 million or +16.58%; Lottery Transfer, \$1.68 million or -14.31%; Education Fund Interest for February was immaterial for the month. Year to date receipts by component were: Sales & Use Tax, \$78.63 million, or -0.28% short of target; Motor Vehicle Purchase & Use Tax, \$16.73 million or +1.90%; Lottery Transfer, \$13.22 million or -0.91% behind target; year to date Education Fund Interest for February was under \$0.02 million against a target of approximately \$0.07 million. Although the non-property tax Current fiscal year to date Education Fund receipts are 5.85% ahead of the FY 2011 results for the same period.

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

| Non-Property Tax Component | Month        |              |             |              | Fiscal YTD    |               |              |               |
|----------------------------|--------------|--------------|-------------|--------------|---------------|---------------|--------------|---------------|
|                            | Target       | Revenue      | \$ Change   | % Change     | Target        | Revenue       | \$ Change    | % Change      |
| Sales & Use                | 8.21         | 8.46         | 0.25        | 3.06%        | 78.85         | 78.63         | -0.22        | -0.28%        |
| MV Purchase & Use          | 1.50         | 1.75         | 0.25        | 16.58%       | 16.42         | 16.73         | 0.31         | 1.90%         |
| Lottery Transfer           | 1.96         | 1.68         | -0.28       | -14.31%      | 13.34         | 13.22         | -0.12        | -0.91%        |
| Investment Income          | 0.02         | 0.00         | -0.03       | -102.31%     | 0.07          | 0.02          | -0.05        | -74.48%       |
| <b>Total</b>               | <b>11.70</b> | <b>11.89</b> | <b>0.19</b> | <b>1.66%</b> | <b>108.68</b> | <b>108.60</b> | <b>-0.08</b> | <b>-0.07%</b> |

\*Differences due to rounding

## Conclusion

Secretary Spaulding concluded, “We will be carefully watching revenue performance as the tax filing season moves forward, particularly for certain of the Personal Income Tax and Corporate Income Tax components. Hopefully, the tax receipts will “catch up” with the overall forecast.”

Spaulding continued, “We have had disappointing winter weather and some negative revenue impact as a result. The US housing market continues to struggle and energy prices are rising. And, despite Europe averting an immediate Greek default, there are no guarantees that their recession will move into recovery soon. However, there is broadening good news on the national front as the economic recovery

continues; job growth is getting stronger and consumer confidence is improving. These areas of improvement may well help offset some of the declines by year end. As a result, we will continue with the current Consensus Revenue Forecast, until and unless we have solid data and information to the contrary.”

### **Attachments**

The detailed schedules of the February 2012 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 29, 2012**

**General Fund Schedule 2**

|                             | <u>Total to Date<br/>Last Year</u> | <u>Total to Date<br/>This Year</u> | <u>% of Change</u>  |
|-----------------------------|------------------------------------|------------------------------------|---------------------|
| <b>Taxes</b>                |                                    |                                    |                     |
| Personal Income             | 338,063,431                        | 363,186,458                        | 7.43%               |
| Sales & Use                 | 148,423,952                        | 157,261,881                        | 5.95%               |
| Corporate                   | 48,659,938                         | 35,373,213                         | -27.31%             |
| Meals & Room                | 83,618,622                         | 86,801,180                         | 3.81%               |
| Liquor & Wine               | 10,351,631                         | 11,236,023                         | 8.54%               |
| Insurance Premium           | 40,460,829                         | 41,451,414                         | 2.45%               |
| Telephone Gross Receipts    | 170,015                            | 157,614                            | -7.29%              |
| Telephone Property          | 4,480,075                          | 4,479,505                          | -0.01%              |
| Beverage                    | 3,971,123                          | 4,063,344                          | 2.32%               |
| Electric Generating         | 1,457,293                          | 1,464,106                          | 0.47%               |
| Inheritance & Estate        | 19,940,038                         | 10,269,597                         | -48.50%             |
| Real Property Transfer      | 5,715,456                          | 5,131,427                          | -10.22%             |
| Bank Franchise              | 12,881,121                         | 8,139,538                          | -36.81%             |
| All Other Taxes             | 3,291,756                          | 836,856                            | -74.58%             |
| <b>Total Taxes</b>          | <b><u>721,485,277</u></b>          | <b><u>729,852,158</u></b>          | <b><u>1.16%</u></b> |
| <b>Other Revenues</b>       |                                    |                                    |                     |
| Business Licenses           | 1,676,891                          | 1,806,178                          | 7.71%               |
| Fees                        | 12,898,587                         | 13,106,779                         | 1.61%               |
| Services                    | 748,518                            | 1,312,679                          | 75.37%              |
| Fines, Forfeits & Penalties | 3,178,761                          | 3,672,669                          | 15.54%              |
| Interest, Prem              | (197,603)                          | 201,205                            | 201.82%             |
| Special Assessments         | 0                                  | 0                                  | 0.00%               |
| All Other Revenues          | 969,661                            | 676,142                            | -30.27%             |
| <b>Total Other Revenues</b> | <b><u>19,274,815</u></b>           | <b><u>20,775,652</u></b>           | <b><u>7.79%</u></b> |
| <b>Total General Fund</b>   | <b><u>740,760,092</u></b>          | <b><u>750,627,810</u></b>          | <b><u>1.33%</u></b> |

Note: Revenue Estimates are fiscal year total estimates.

Prepared by Department of Finance & Management

**Comparative Statement of Revenues  
Transportation Fund  
As of February 29, 2012**

**T Fund Detail Schedule 2**

|                                  | <u>Total to Date<br/>Last Year</u> | <u>Total to Date<br/>This Year</u> | <u>% of Change</u> |
|----------------------------------|------------------------------------|------------------------------------|--------------------|
| <b>Non-Dedicated</b>             |                                    |                                    |                    |
| <b>Taxes</b>                     |                                    |                                    |                    |
| Gasoline                         | 41,040,924                         | 40,343,289                         | -1.70%             |
| Diesel Fuel                      | 10,206,887                         | 10,453,762                         | 2.42%              |
| MV Purchase & Use                | <u>30,769,507</u>                  | <u>33,467,982</u>                  | 8.77%              |
| <b>Total Taxes</b>               | <b><u>82,017,319</u></b>           | <b><u>84,265,033</u></b>           | 2.74%              |
| <b>Other Revenues</b>            |                                    |                                    |                    |
| Motor Vehicle Fees               | 42,505,153                         | 43,586,945                         | 2.55%              |
| Other                            | <u>11,180,841</u>                  | <u>12,191,196</u>                  | 9.04%              |
| <b>Total Other Revenues</b>      | <b><u>53,685,994</u></b>           | <b><u>55,778,142</u></b>           | 3.90%              |
| <b>Total Non-Dedicated</b>       | <b><u>135,703,313</u></b>          | <b><u>140,043,175</u></b>          | 3.20%              |
| <b>Dedicated</b>                 |                                    |                                    |                    |
| Federal Aid                      | 213,058,584                        | 246,288,393                        | 15.60%             |
| Infrastructure Bond Fund Revenue | 12,022,838                         | 15,447,242                         | 28.48%             |
| Other                            | <u>8,885,209</u>                   | <u>3,846,794</u>                   | -56.71%            |
| <b>Total Dedicated</b>           | <b><u>233,966,630</u></b>          | <b><u>265,582,428</u></b>          | 13.51%             |
| <b>Total Transportation Fund</b> | <b><u><u>369,669,943</u></u></b>   | <b><u><u>405,625,603</u></u></b>   | 9.73%              |

Note: Revenue Estimates are fiscal year total estimates.

Prepared by Department of Finance & Management

**State of Vermont**  
**Comparative Statement of Revenues**  
**Education Fund**  
**As of February 29, 2012**

**Education Fund Schedule 2**

|                                 | <u>Total to Date</u><br><u>Last Year</u> | <u>Total to Date</u><br><u>This Year</u> | <u>% of Change</u>   |
|---------------------------------|--|--|----------------------|
| <b>Non-Dedicated</b>            |  |  |                      |
| <b>Estimated Revenues:</b>      |  |  |                      |
| Sales & Use                     | 74,210,863                               | 78,629,761                               | 6.0%                 |
| Purchase & Use                  | 15,384,754                               | 16,733,991                               | 8.8%                 |
| Lottery Transfer                | 12,972,455                               | 13,216,913                               | 1.9%                 |
| Investment Income               | 32,912                                   | 17,963                                   | -45.4%               |
| <b>Total estimated revenues</b> | <b><u>102,600,983</u></b>                | <b><u>108,598,628</u></b>                | <b><u>5.8%</u></b>   |
| <b>Other Revenues:</b>          |  |  |                      |
| Education Property Taxes        | 81,852,601                               | 73,169,085                               | -10.6%               |
| Electric Energy Educ Prop Tax   | 1,064,037                                | 1,068,977                                | 0.5%                 |
| Medicaid Reimbursement          | 0  | 0  | 0.0%                 |
| <b>Total other revenues</b>     | <b><u>82,916,638</u></b>                 | <b><u>74,238,062</u></b>                 | <b><u>-10.5%</u></b> |
| <b>Total Education Fund</b>     | <b><u>185,517,621</u></b>                | <b><u>182,836,690</u></b>                | <b><u>-1.4%</u></b>  |

Note: Revenue Estimates are fiscal year total estimates.

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