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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 2013 – General Fund Slightly Exceeds Monthly Target; Transportation and Educations Funds Fall Short for the Month.

General Fund

Secretary of Administration Jeb Spaulding released the February 2013 General Fund (GF) Revenue results today. February is the eighth month of fiscal year (FY) 2013. General Fund revenues totaled \$55.89 million for February 2013, and were +\$0.09 million or +0.16% above the \$55.80 million consensus revenue forecast for the month. Year to date, General Fund revenues were \$806.44 million, and +\$2.46 million or +0.31% ahead of the cumulative target of \$803.98 million.

Secretary Spaulding commented, "February General Fund revenues were essentially on target for the month. Higher than projected Corporate, Meals & Rooms, and Insurance taxes offset below target performance in Personal Income, Inheritance, and Property Transfer taxes. Importantly, General Fund receipts for February 2013 were 6.78% above February 2012 and, cumulatively, FY 2013 General Fund receipts through February 2013 exceed collections for the same period last year by 7.43%."

Current targets reflect the Fiscal Year 2013 Consensus Revenue Forecast adopted by the Emergency Board at their January 23, 2013 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. The July 2013 meeting has not been scheduled at this time.

Personal Income Tax (PI) receipts are the largest single state revenue source providing approximately 48% 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 recorded at a (negative) -\$4.17 million against a monthly target of (negative) -\$3.04 million. The negative target and results are due to the initial month of tax filings which are generally submitted by taxpayers receiving refunds, and which results in refunds exceeding payments for the month. Year to date, Net PI Receipts were \$381.63 million is +0.80%

above the FY 2013 target and +5.08% ahead of the results for the same period of the prior fiscal year (FY 2012).

Corporate Income Taxes are also reported net-of refunds. February Net Corporate Income Tax receipts of \$1.07 million were +\$0.61 million or +129.61% above the monthly target of \$0.47 million. Year to date Corporate receipts were \$53.49 million or +2.30% above target. Compared to the same period for the prior fiscal year (FY 2012), Corporate Income Tax receipts exceed the prior year by 51.23%.

Consumption tax results for February were mixed: Sales & Use Tax receipts of \$16.83 million were behind target by -\$0.43 million or -2.46%; while Rooms & Meals Tax receipts of \$11.48 million were above target by +\$0.75 million or +7.02%. Year to date, Sales & Use Tax receipts of \$159.88 million are -0.80% below the target of \$161.18 million. Cumulative Rooms & Meals Tax of \$92.64 million exceeded target by +1.64%. Sales & Use Tax and Rooms & Meals Tax through February both exceed receipts for the prior year by +1.67% and +6.73%, 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, \$25.86 million (+5.44%); Inheritance & Estate Tax, \$0.13 (-90.08%); Property Transfer Tax, \$0.46 million (-4.44%); and "Other", \$4.23 million (+3.50%). The fiscal year to date February results for the remaining non-major categories were: Insurance Tax, \$43.51 million (+3.02%); Inheritance & Estate Tax, \$12.99 million (-11.59%); Property Transfer Tax, \$6.06 million (+0.62%); and "Other", \$56.23 million (-2.77%). Cumulatively, the total non-major component receipts of \$118.79 million exceeded the prior year total by +\$10.78 million, or +9.98%.

General Fund By Major Element (In Millions)*												
Tax Component	Month				Fiscal YTD				Prior Fiscal YTD			%
	Target	Revenue	\$ Change	% Change	Target	Revenue	\$ Change	% Change	Revenue	\$ Change	Change	
Personal Income	-3.04	-4.17	-1.13	36.99%	378.58	381.63	3.05	0.80%	363.19	18.44	5.08%	
Sales & Use	17.25	16.83	-0.43	-2.46%	161.18	159.88	-1.30	-0.80%	157.26	2.62	1.67%	
Corporate	0.47	1.07	0.61	129.61%	52.29	53.49	1.20	2.30%	35.37	18.12	51.23%	
Meals & Room	10.72	11.48	0.75	7.02%	91.15	92.64	1.49	1.64%	86.80	5.84	6.73%	
Insurance Premium	24.52	25.86	1.34	5.44%	42.24	43.51	1.28	3.02%	41.45	2.06	4.97%	
Inheritance & Estate	1.30	0.13	-1.17	-90.08%	14.70	12.99	-1.70	-11.59%	10.27	2.72	26.51%	
Real Prop. Transfer	0.48	0.46	-0.02	-4.44%	6.02	6.06	0.04	0.62%	5.13	0.93	18.08%	
Other	4.09	4.23	0.14	3.50%	57.83	56.23	-1.60	-2.77%	51.16	5.07	9.91%	
Total	55.80	55.89	0.09	0.16%	803.98	806.44	2.46	0.31%	750.63	55.81	7.43%	

*Differences due to rounding

Transportation Fund

The non-dedicated Transportation Fund Revenue for February was also reported on by Secretary Spaulding. Total non-dedicated Transportation Fund receipts of \$14.44 million for the month fell short of the target by -1.21 million (-7.74%). Year to Date, non-dedicated Transportation Fund receipts of \$141.10 were -0.76% below the target of \$142.18 million. Compared to FY 2012, year to date February Transportation Funds receipts exceed the prior year by +\$1.06 million or +0.75% for the same period.

Individual Transportation Fund revenue receipts components for February were mixed: Gasoline Tax, \$4.09 million or -5.01% below target; Diesel Tax, \$0.89 million or -26.74% behind target; Motor Vehicle Purchase & Use Tax, \$3.07 million or -6.78% below target; Motor Vehicle Fees, \$5.00 million or -8.68% below target; and Other Fees, \$1.39 million or +2.07% in excess of the monthly target. Year to date results for the individual Transportation Fund revenue components for February were: Gasoline Tax, \$39.27 million or -1.57% below target; Diesel Tax, \$9.88 million or -1.27% below target; Motor Vehicle Purchase & Use Tax, \$33.80 million or +0.01% above target; Motor Vehicle Fees, \$45.84 million or -1.20% short of target; and Other Fees, \$12.31 million or +1.91% above the monthly target.

Secretary Spaulding said, “For the second month since the revised targets in January, gas and diesel taxes and other transportation related taxes and fees are resulting in less revenue than projected. While some of the underperformance is likely technical in nature due to February being a short month, it is also consistent with underlying issues in the Transportation Fund, which should be addressed in the current legislative session. Energy efficient vehicles and efforts to drive fewer miles, while good for climate change and reducing our dependence on foreign oil, have a negative impact on our ability to generate sufficient revenue to maintain our transportation infrastructure.”

The Secretary also reported on the results for the Transportation Infrastructure Bond Fund (“TIB”). TIB Fund Gas receipts for February were \$1.50 million or -2.84% behind the monthly target; year to date TIB Gas receipts were \$14.21 million or -1.39% below target. TIB Fund Diesel receipts for the month were \$0.10 million or -41.28% behind the monthly target; year to date TIB Diesel receipts were \$1.06 million or -5.16% below target. The year to date TIB Gas and Diesel results were +0.15% ahead and -15.23% behind the TIB Fund Gas receipts and TIB Diesel receipts, respectively, from the prior year (FY 2012). TIB Fund receipts are noted below the following table:

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

Tax Component	Month				Fiscal YTD				Prior Fiscal YTD		
	Target	Revenue	\$ Change	% Change	Target	Revenue	\$ Change	% Change	Revenue	\$ Change	% Change
Gasoline	4.30	4.09	-0.22	-5.01%	39.89	39.27	-0.63	-1.57%	40.34	-1.08	-2.67%
Diesel Fuel	1.22	0.89	-0.33	-26.74%	10.01	9.88	-0.13	-1.27%	10.45	-0.57	-5.49%
MV Purchase & Use	3.30	3.07	-0.22	-6.78%	33.80	33.80	0.00	0.01%	33.47	0.33	0.99%
Motor Vehicle Fees	5.48	5.00	-0.48	-8.68%	46.40	45.84	-0.56	-1.20%	43.59	2.25	5.17%
Other	1.36	1.39	0.03	2.07%	12.08	12.31	0.23	1.91%	12.19	0.12	1.01%
Total	15.66	14.44	-1.21	-7.74%	142.18	141.10	-1.08	-0.76%	140.04	1.06	0.75%

Note:

TIB Fuel Fees/Gasoline	1.54	1.50	-0.04	-2.84%	14.41	14.21	-0.20	-1.39%	14.19	0.02	0.15%
TIB Fuel Fees/Diesel	0.17	0.10	-0.07	-41.28%	1.12	1.06	-0.06	-5.16%	1.26	-0.19	-15.23%

*Differences due to rounding

Education Fund

Secretary Spaulding also released the “non-Property Tax” Education Fund revenues (which constitute approximately 12% of the total Education Fund sources) today. The non-Property Tax Education Fund receipts for February totaled \$11.44 million, or -\$0.99 million (-7.97%) below the \$12.43 million target for the month. Year to date, non-Property Tax Education Fund receipts were \$110.38 million, or -0.91% short of the year to date target. The individual Education Fund

revenue component results for February were: Sales & Use Tax, \$8.41 million, or -2.47% below target; Motor Vehicle Purchase & Use Tax, \$1.54 million or -6.78%; Lottery Transfer, \$1.49 million or -30.51%; and Education Fund Interest for February was less than \$0.01 million against a target of less than \$0.00 million. Year to date receipts by component were: Sales & Use Tax, \$79.94 million, or -0.80% short of target; Motor Vehicle Purchase & Use Tax, \$16.90 million or +0.01%; Lottery Transfer, \$13.48 million or -2.43% below target; year to date Education Fund Interest was less than \$0.06 million against a target under \$0.08 million. As compared to prior year, FY 2013 year to date non-Property Tax Education Fund receipts are +1.64% ahead of the FY 2012 results for the same period.

Education Fund By Major Element (In Millions)*

Non-Property Tax Component	Month				Fiscal YTD				Prior Fiscal YTD		
	Target	Revenue	\$ Change	% Change	Target	Revenue	\$ Change	% Change	Revenue	\$ Change	% Change
Sales & Use	8.63	8.41	-0.21	-2.47%	80.59	79.94	-0.65	-0.80%	78.63	1.31	1.67%
MV Purchase & Use	1.65	1.54	-0.11	-6.78%	16.90	16.90	0.00	0.01%	16.73	0.17	0.99%
Lottery Transfer	2.14	1.49	-0.65	-30.51%	13.82	13.48	-0.34	-2.43%	13.22	0.27	2.02%
Investment Income	0.01	0.00	-0.01	-86.36%	0.08	0.06	-0.02	-30.48%	0.02	0.04	209.50%
Total	12.43	11.44	-0.99	-7.97%	111.39	110.38	-1.01	-0.91%	108.60	1.78	1.64%

*Differences due to rounding

Conclusion

Secretary Spaulding concluded, “We are pleased with General Fund revenue performance eight months into the fiscal year and not surprised by the underperformance in the Transportation Fund revenues. The wild card remains what the impact on our economy will be from federal funding cutbacks. It may be some time before those impacts are manifested in our economy and revenue stream. The administration continues to evaluate the projected fiscal, programmatic, and economic impacts sequestration, or any successor efforts from Washington, may have on Vermont’s budget and programs for the remainder of FY 2013 and for FY 2014.”

Attachments

The detailed schedules of the February 2013 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 28, 2013**

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	363,186,458	381,626,628	5.08%
Sales & Use	157,261,881	159,881,237	1.67%
Corporate	35,373,213	53,493,400	51.23%
Meals & Room	86,801,180	92,644,497	6.73%
Liquor & Wine	11,235,707	11,320,226	0.75%
Insurance Premium	41,451,414	43,513,549	4.97%
Telephone Gross Receipts	157,614	151,692	-3.76%
Telephone Property	4,479,505	4,682,529	4.53%
Beverage	4,063,344	4,228,278	4.06%
Electric Generating	1,464,106	6,555,665	347.76%
Inheritance & Estate	10,269,597	12,991,990	26.51%
Real Property Transfer	5,131,427	6,059,208	18.08%
Bank Franchise	8,139,538	7,983,254	-1.92%
All Other Taxes	836,856	1,388,844	65.96%
Total Taxes	<u>729,851,841</u>	<u>786,520,997</u>	<u>7.76%</u>
Other Revenues			
Business Licenses	1,806,178	1,415,393	-21.64%
Fees	13,109,927	13,306,603	1.50%
Services	1,312,679	1,098,999	-16.28%
Fines, Forfeits & Penalties	3,672,669	2,822,685	-23.14%
Interest, Prem	201,205	205,963	2.37%
Special Assessments	0	0	0.00%
All Other Revenues	676,142	1,065,929	57.65%
Total Other Revenues	<u>20,778,801</u>	<u>19,915,572</u>	<u>-4.15%</u>
Total General Fund	<u><u>750,630,642</u></u>	<u><u>806,436,569</u></u>	<u><u>7.43%</u></u>

Date: March 07, 2013

**Comparative Statement of Revenues
Transportation Fund
As of February 28, 2013**

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	40,343,289	39,267,256	-2.67%
Diesel Fuel	10,453,762	9,880,201	-5.49%
MV Purchase & Use	33,467,982	33,800,350	0.99%
Total Taxes	<u>84,265,033</u>	<u>82,947,808</u>	-1.56%
Other Revenues			
Motor Vehicle Fees	43,586,945	45,838,408	5.17%
Other	12,191,196	12,313,988	1.01%
Total Other Revenues	<u>55,778,142</u>	<u>58,152,396</u>	4.26%
Total Non-Dedicated	<u>140,043,175</u>	<u>141,100,204</u>	0.75%
Dedicated			
Federal Aid	246,288,393	206,391,985	-16.20%
Infrastructure Bond Fund Revenue	15,444,553	15,274,815	-1.10%
Other	3,846,793	1,824,022	-52.58%
Total Dedicated	<u>265,579,739</u>	<u>223,490,822</u>	-15.85%
Total Transportation Fund	<u><u>405,622,914</u></u>	<u><u>364,591,025</u></u>	<u>-10.12%</u>

Note: Revenue Estimates are fiscal year total estimates.

Prepared by Department of Finance & Management

Date: March 07, 2013

**State of Vermont
Comparative Statement of Revenues
Education Fund
As of February 28, 2013**

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	78,629,761	79,939,419	1.67%
Purchase & Use	16,733,991	16,900,175	0.99%
Lottery Transfer	13,216,913	13,483,638	2.02%
Investment Income	17,963	55,594	209.50%
Total estimated revenues	<u>108,598,628</u>	<u>110,378,826</u>	<u>1.64%</u>
Other Revenues:			
Education Property Taxes	73,169,085	71,981,383	-1.62%
Electric Energy Educ Prop Tax	1,068,977	0	-100.00%
Medicaid Reimbursement	0	0	0.00%
Total other revenues	<u>74,238,062</u>	<u>71,981,383</u>	<u>-3.04%</u>
Total Education Fund	<u><u>182,836,690</u></u>	<u><u>182,360,210</u></u>	<u><u>-0.26%</u></u>

Note: Revenue Estimates are fiscal year total estimates.

Prepared by Department of Finance & Management

Date: March 07, 2013