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Jeb Spaulding, Secretary

PRESS RELEASE

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FOR IMMEDIATE RELEASE

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Montpelier, VT - Secretary of Administration Jeb Spaulding Announces Vermont's Preliminary Revenue Results for June 2012.

General Fund

Today, Secretary of Administration Jeb Spaulding released the Preliminary June 2012 General Fund (GF) revenue results. June is the final month of fiscal year (FY) 2012; changes to these results are possible as the fiscal year close-out process is finalized. Preliminary General Fund revenues totaled \$110.68 million for June 2012, and were -\$2.82 million or -2.49% below the \$113.50 million consensus revenue forecast for the month. Year end preliminary General Fund revenues were \$1.196 billion, and +\$7.19 million or +0.60% above the full year target of \$1.189 billion for FY 2012. The FY 2012 results through June also exceed the same period for the prior fiscal year (FY 2011) by 2.47%.

“Overall, we are pleased to have exceeded the full fiscal year target by +\$7.19 million or +0.60% and the prior fiscal year’s revenues by +\$28.84 million or 2.47%, despite experiencing some slippage for the month of June. Our three major revenue components performed quite nicely compared to last year; personal income tax receipts were up 7.9%, sales & use tax receipts were up 5.0%, and meals & rooms tax receipts were up 3.5%. The unanticipated revenues will be used to fund reconstruction of the Waterbury State Office Complex and other State facility needs resulting from Tropical Storm Irene,” explained Secretary Spaulding.

Spaulding continued, “It is worth noting that despite the moderate growth in revenues over the last two years, we finished the fiscal year ending June 30 just about level with where we were four fiscal years earlier. The General Fund revenue “high water” mark of \$1.199 billion was achieved for FY 2008, prior to the economic recession, compared to \$1.196 billion for the year just closed.”

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. The next Emergency Board meeting is scheduled for Friday July 20, 2012.

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, PI Paid, and PI Other.

Net PI receipts for June were \$59.43 million, -\$2.81 million or -4.52% behind the monthly target of \$62.24 million. The year to date Net PI Tax receipts of \$597.01 million were +0.40% above the cumulative target of \$594.60 million. The cumulative results are +7.91% ahead of the same period for the prior fiscal year (FY 2011).

Secretary Spaulding commented, “We experienced greater refund activity both in the month of June (-\$4.37 million) and for the full year (-\$14.54 million) than anticipated in the target. These results were offset by favorable results for the year in PI Paid Returns, PI Estimates and PI Other (+\$16.56 million, +3.64 million and +\$5.48 million respectively). As was expected, PI Withholdings ended the year unfavorable to target by \$8.73 million.”

Corporate Income Taxes are also reported net of refunds. Net Corporate Income Tax receipts for June of \$14.31 million resulted in recovering most of the previous negative results in this category. Year to date Corporate receipts were \$85.92 million, +\$8.62 million or +11.16% ahead of target.

Spaulding explained, “As projected last month, Net Corporate Income Tax receipts remained above target through the final month of this fiscal year (FY 2012). Unfortunately, as compared to the same period for the prior year (FY 2011), Net Corporate Income Taxes fell short by -4.16%.”

Consumption tax results for June exceeded target: Sales & Use Tax receipts of \$18.19 million were above target by +\$0.35 million (+1.99%); and Rooms & Meals Tax receipts of \$9.31 million exceeded target by +\$0.18 million (+2.02%). Year to date, Sales & Use Tax receipts of \$227.89 million exceed target by +0.60%, while Rooms & Meals Tax receipts of \$126.91 million were +0.17% ahead of the target for the current fiscal year (FY 2012). Compared to the results for the same period of the prior fiscal year (FY 2011), cumulative June consumption taxes (Sales & Use; Meals & Rooms) exceeded the prior year results by +4.98% and +3.49% respectively.

Spaulding commented, “It is heartening to see the consumption taxes exceeding both the current year target and the prior year, despite the relatively snowless winter and slow economic recovery. We will see if this trend is projected to continue when the State’s two economists present their consensus revenue recommendations on July 12th.”

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 June were as follows: Insurance Tax, \$0.29 million (-77.41%); Inheritance & Estate Tax, \$0.04 million (-97.05%); Property Transfer Tax, \$0.90 million (+3.78%); and “Other”, \$8.20 million (+6.33%). The year to date June results for the remaining non-major categories were: Insurance Tax, \$56.35 million (+0.62%); Inheritance & Estate Tax, \$13.33 million (-31.62%); Property Transfer Tax, \$7.86 million (-5.89%); and “Other”, \$81.28 million (+1.11%). Cumulatively, the year to date non-major components total of \$158.83 million through June 2012, is -11.84% 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	62.24	59.43	-2.81	-4.52%	594.60	597.01	2.41	0.40%
Sales & Use	17.84	18.19	0.35	1.99%	226.53	227.89	1.36	0.60%
Corporate	12.97	14.31	1.35	10.39%	77.30	85.92	8.62	11.16%
Meals & Room	9.13	9.31	0.18	2.02%	126.70	126.91	0.21	0.17%
Insurance Premium	1.28	0.29	-0.99	-77.41%	56.00	56.35	0.35	0.62%
Inheritance & Estate	1.47	0.04	-1.43	-97.05%	19.50	13.33	-6.17	-31.62%
Real Prop. Transfer	0.87	0.90	0.03	3.78%	8.35	7.86	-0.49	-5.89%
Other	7.72	8.20	0.49	6.33%	80.39	81.28	0.90	1.11%
Total	113.50	110.68	-2.82	-2.49%	1189.37	1196.56	7.19	0.60%

*Differences due to rounding

Transportation Fund

Secretary Spaulding also released the non-dedicated Transportation Fund Revenue for June. Total non-dedicated Transportation Fund receipts of \$23.14 million for the month fell below target by -\$2.43 million (-9.52%), compared to the monthly target of \$25.57 million. The cumulative June Transportation Fund receipts of \$221.81 million are below the \$225.17 million target by -1.49%. Year to date June FY 2012 non-dedicated Transportation Funds exceed the prior year (FY 2011) results by 1.93% for the same period.

Four (4) of the five (5) individual tax components of the Transportation Fund revenue were below target for the month as well as the full year, including Gasoline Tax, Motor Vehicle Purchase & Use Tax, Motor Vehicle Fees, and Other. Only the Diesel Tax component was essentially on target for the month and exceeded the full year target. Individual Transportation Fund revenue components for June were: Gasoline Tax, \$5.05 million or -6.22% below target; Diesel Tax, \$1.98 million or -0.07% above target; Motor Vehicle Purchase & Use Tax, \$6.31 million or -15.48% below target; Motor Vehicle Fees, \$8.16 million or -5.15% below target; and Other Fees, \$1.63 million or -23.39% below the monthly target. Year to date results for the individual Transportation Fund revenue components for June were: Gasoline Tax, \$59.28 million or -2.33% short of target; Diesel Tax, \$16.00 million or +1.92% above target; Motor Vehicle Purchase & Use Tax, \$54.60 million or -1.20% below target; Motor Vehicle Fees, \$73.64 million or -1.02% behind target; and Other Fees, \$18.28 million or -4.30% short of the target.

Spaulding said, “Cumulative Transportation Fund receipts for June were disappointing, resulting in below target performance for the full FY 2012. Hopefully, the reduced gas prices at the pump, for the summer vacation season, will spur better results going into FY 2013.”

The Secretary also reported on the results for the Transportation Infrastructure Bond Fund (“TIB”). TIB Fund Gas receipts for June were \$1.81 million or +3.84% above target; year to date TIB Gas receipts were \$20.92 million or +1.54% ahead of target. TIB Fund Diesel receipts for the month were \$0.24 million or -21.07% behind the monthly target; year to date TIB Diesel receipts were \$1.92 million or -8.55% 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	5.38	5.05	-0.33	-6.22%	60.70	59.28	-1.42	-2.33%
Diesel Fuel	1.98	1.98	0.00	-0.07%	15.70	16.00	0.30	1.92%
MV Purchase & Use	7.47	6.31	-1.16	-15.48%	55.27	54.60	-0.66	-1.20%
Motor Vehicle Fees	8.60	8.16	-0.44	-5.15%	74.40	73.64	-0.76	-1.02%
Other	2.13	1.63	-0.50	-23.39%	19.10	18.28	-0.82	-4.30%
Total	25.57	23.14	-2.43	-9.52%	225.17	221.81	-3.36	-1.49%

Note:

TIB Fuel								
Fees/Gasoline	1.74	1.81	0.07	3.84%	20.60	20.92	0.32	1.54%
TIB Fuel Fees/Diesel	0.30	0.24	-0.06	-21.07%	2.10	1.92	-0.18	-8.55%

*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 June totaled \$13.54 million, or -\$1.43 million (-9.54%) below the \$14.96 million target for the month. Year to date, non-Property Tax Education Fund receipts were \$162.05 million, or -0.16% short of the year to date target. An as yet undetermined upward revision to the Lottery Transfer is expected after the final reconciliation of fiscal year close-out. This adjustment may well bring the Education Fund results up to or slightly in excess of the full year target.

The preliminary individual Education Fund revenue component results for June were: Sales & Use Tax, \$9.09 million, or +1.99% above target; Motor Vehicle Purchase & Use Tax, \$3.16 million or -15.48%; Lottery Transfer, \$1.29 million or -43.51%; Education Fund Interest for June was less than \$.02 million for the month against a target of -\$01 million. Year to date receipts by component were: Sales & Use Tax, \$113.94 million, or +0.60% above target; Motor Vehicle Purchase & Use Tax, \$27.30 million or -1.20%; Lottery Transfer, \$20.76 million or -2.54% behind target; year to date Education Fund Interest for June was under \$0.10 million against a target of approximately \$0.04 million. The non-property tax current fiscal year to date Education Fund receipts are 4.08% 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	8.92	9.09	0.18	1.99%	113.27	113.94	0.68	0.60%
MV Purchase & Use	3.74	3.16	-0.58	-15.48%	27.63	27.30	-0.33	-1.20%
Lottery Transfer	2.29	1.29	-1.00	-43.51%	21.30	20.76	-0.54	-2.54%
Investment Income	0.02	-0.01	-0.03	-138.84%	0.10	0.04	-0.06	-58.26%
Total	14.96	13.54	-1.43	-9.54%	162.30	162.05	-0.25	-0.16%

*Differences due to rounding

Conclusion

Secretary Spaulding concluded, “June results were less than we had expected. Nevertheless, we are pleased that the preliminary General Fund results for fiscal year 2012 came in above target for the year

and continue to grow. We look forward to the Emergency Board's adoption of revised revenue forecasts for Fiscal Year 2013 and beyond, at their meeting on July 20, 2012."

Note: All results are preliminary and subject to change as the fiscal year end closing process proceeds.

Attachments

The detailed schedules of the June 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 June 30, 2012**

**General Fund Schedule 2 June
Preliminary**

	<u>Total to Date Last Year</u>	<u>Total to Date This Year</u>	<u>% of Change</u>
Taxes			
Personal Income	553,265,451	597,006,650	7.91%
Sales & Use	217,082,665	227,892,414	4.98%
Corporate	89,652,888	85,923,624	-4.16%
Meals & Room	122,628,019	126,912,552	3.49%
Liquor & Wine	15,350,160	16,428,915	7.03%
Insurance Premium	54,991,370	56,345,855	2.46%
Telephone Gross Receipts	223,440	208,063	-6.88%
Telephone Property	11,136,141	9,415,453	-15.45%
Beverage	5,786,559	5,974,632	3.25%
Electric Generating	2,921,398	2,930,157	0.30%
Inheritance & Estate	35,879,828	13,334,885	-62.83%
Real Property Transfer	8,377,522	7,859,404	-6.18%
Bank Franchise	15,423,985	10,658,134	-30.90%
All Other Taxes	3,719,089	1,235,985	-66.77%
Total Taxes	<u>1,136,438,515</u>	<u>1,162,126,723</u>	<u>2.26%</u>
Other Revenues			
Business Licenses	2,964,818	3,032,423	2.28%
Fees	20,464,581	20,420,436	-0.22%
Services	1,131,906	2,329,880	105.84%
Fines, Forfeits & Penalties	5,721,226	7,361,709	28.67%
Interest, Prem	255,257	395,072	54.77%
Special Assessments	0	0	0.00%
All Other Revenues	746,786	894,082	19.72%
Total Other Revenues	<u>31,284,573</u>	<u>34,433,602</u>	<u>10.07%</u>
Total General Fund	<u><u>1,167,723,089</u></u>	<u><u>1,196,560,325</u></u>	<u><u>2.47%</u></u>

Note: Revenue Estimates are fiscal year total estimates.

Prepared by Department of Finance & Management

Date: July 10, 2012

**Comparative Statement of Revenues
Transportation Fund
As of June 30, 2012**

**TF Detail Schedule 2 June
Preliminary**

	<u>Total to Date Last Year</u>	<u>Total to Date This Year</u>	<u>% of Change</u>
Non-Dedicated			
Taxes			
Gasoline	60,638,052	59,283,530	-2.23%
Diesel Fuel	15,398,351	16,002,173	3.92%
MV Purchase & Use	<u>51,367,220</u>	<u>54,604,421</u>	6.30%
Total Taxes	<u>127,403,623</u>	<u>129,890,124</u>	1.95%
Other Revenues			
Motor Vehicle Fees	72,322,010	73,639,599	1.82%
Other	<u>17,890,598</u>	<u>18,279,438</u>	2.17%
Total Other Revenues	<u>90,212,609</u>	<u>91,919,037</u>	1.89%
Total Non-Dedicated	<u>217,616,232</u>	<u>221,809,161</u>	1.93%
Dedicated			
Federal Aid	318,243,357	398,229,171	25.13%
Infrastructure Bond Fund Revenue	18,490,602	22,836,887	23.51%
Other	<u>10,968,221</u>	<u>5,409,769</u>	-50.68%
Total Dedicated	<u>347,702,179</u>	<u>426,475,827</u>	22.66%
Total Transportation Fund	<u>565,318,411</u>	<u>648,284,988</u>	14.68%

Note: Revenue Estimates are fiscal year total estimates.

Prepared by Department of Finance & Management

Date: July 10, 2012

**State of Vermont
Comparative Statement of Revenues
Education Fund
As of June 30, 2012**

**Education Fund Schedule 2 June
Preliminary**

	<u>Total to Date Last Year</u>	<u>Total to Date This Year</u>	<u>% of Change</u>
Non-Dedicated			
Estimated Revenues:			
Sales & Use	108,539,704	113,944,498	4.98%
Purchase & Use	25,683,610	27,302,211	6.30%
Lottery Transfer	21,420,144	20,759,041	-3.09%
Investment Income	52,155	41,739	-19.97%
Total estimated revenues	<u>155,695,613</u>	<u>162,047,488</u>	<u>4.08%</u>
Other Revenues:			
Education Property Taxes	917,225,080	913,690,708	-0.39%
Electric Energy Educ Prop Tax	2,128,074	2,137,953	0.46%
Medicaid Reimbursement	0	0	0.00%
Total other revenues	<u>919,353,154</u>	<u>915,828,660</u>	<u>-0.38%</u>
Total Education Fund	<u>1,075,048,767</u>	<u>1,077,876,148</u>	<u>0.26%</u>

Note: Revenue Estimates are fiscal year total estimates.

Prepared by Department of Finance & Management

Date: July 10, 2012