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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 March 2012: General Fund and Education Fund Above Target; Transportation Fund Below Target for the Month.

General Fund

Secretary of Administration Jeb Spaulding released the March 2012 General Fund (GF) revenue results today. March is the ninth month of fiscal year (FY) 2012. General Fund revenues totaled \$87.49 million for March 2012, and were +\$7.45 million or +9.30% above the \$80.04 million consensus revenue forecast for the month. Year to date, General Fund revenues were \$838.12 million, and -\$6.71 million or -0.79% short of the target of \$844.82 million for FY 2012. The FY 2012 results through March remain ahead of the same period for the prior fiscal year (FY 2011) by 2.76%.

“We are pleased that, after three consecutive below target months for the General Fund, March was a positive one. The nearly \$7.5 million in above target revenues covered about half of our \$14.2 million shortfall for the fiscal year to date. We remain -\$6.7 million behind target with only one quarter remaining in which to make up ground, but we are trending in a positive direction and General Fund revenues through three quarters of the fiscal year are 2.8% ahead of where they were at this point last year,” explained Secretary Spaulding.

The +\$7.45 million favorable results for March were primarily due to strong Net Corporate Income Tax filings (+\$5.88 million) and above target results in Net Personal Income Tax filings (+\$2.28 million). These, plus a +\$0.98 million uptick in Sales & Use Tax receipts for March more than offset the below target performances in four of the remaining five tax receipt categories.

The Secretary continued, “The Personal Income Tax filing deadline is upon us and April’s results will be a crucial indicator about our ability to meet the full year revenue target.”

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, PI Paid, and PI Other.

Net PI receipts for March were \$19.29 million, +\$2.28 million or +13.40% ahead of the monthly target of \$17.01 million. The year to date Net PI Tax receipts of \$382.48 million were -1.49% below the cumulative target of \$388.28 million. The cumulative results are +8.15% ahead of the same period for the prior fiscal year (FY 2011).

Secretary Spaulding commented, “The Personal Income Tax Withheld component accounts for the majority of the +\$2.28 million above target performance (+\$1.61 million) with PI Paid providing another +\$0.83 million of the overage. Recovering a portion of the previous month’s Net PI Tax shortfall is a positive sign, although PI Withholdings remains below target year to date.”

On the jobs front, the U.S. Bureau of Labor Statistics (BLS) issues the official Payroll Jobs data projections based on random survey data. Periodically, BLS re-benchmarks the data based on actual information. BLS report re-benchmarked calendar year 2011, reducing their previously reported jobs created in Vermont from 14,300 to 5,600. “While Vermont did experience overall job growth in 2011, the re-benchmarking downward of the 2011 data may well explain why PI Withholdings remain below target and correlate to fewer jobs than anticipated as a result of the relatively snowless winter,” said Spaulding.

Corporate Income Taxes are also reported net of refunds. Net Corporate Income Tax receipts for the month were \$21.92 million and +\$5.88 million monthly or +36.65% above the monthly target of \$16.04 million. Year to date Corporate receipts were \$57.30 million, +\$3.54 million or +6.58% ahead of target.

Spaulding commented, “Net Corporate Income Tax receipts rebounded in March due to higher than expected Corporate Paid Returns (+\$5.77 million), Corporate Estimates (+\$3.24 million), and from a reduction in refunding activity versus the target (+\$0.59 million). Net Corporate Tax receipts through March are now ahead of target for the current fiscal year (FY 2012). However, they remain below the prior year (FY 2011) results for the same period by -8.20%.”

Consumption tax results for March were mixed: Sales & Use Tax receipts of \$17.44 million were above target by +\$0.98 million (+5.92%); and Rooms & Meals Tax receipts of \$12.27 million were short of target by -\$0.12 million (-0.95%). Year to date, Sales & Use Tax receipts of \$174.70 million now exceed target by +0.31%, while Rooms & Meals Tax receipts of \$99.07 million remain short of target by -0.48% for the current fiscal year (FY 2012). Compared to the results for the same period of the prior fiscal year (FY 2011), cumulative March consumption taxes (Sales & Use; Meals & Rooms) exceeded the prior year results by +5.73% and +2.79% 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 March were as follows: Insurance Tax, \$7.22 million (-3.72%); Inheritance & Estate Tax, \$0.53 million (-70.83%); Property Transfer Tax, \$0.49 million (-17.68%); and “Other”, \$8.33 million (+1.09%). The year to date March results for the remaining non-major categories were: Insurance Tax, \$48.67 million (-0.09%); Inheritance & Estate Tax, \$10.80 million (-25.66%); Property Transfer Tax, \$5.62 million (-7.50%); and “Other”, \$59.49 million

(-0.48%). Cumulatively, the year to date non-major components total of \$124.57 million through March 2012, is -6.35% 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 | 17.01 | 19.29 | 2.28 | 13.40% | 388.28 | 382.48 | -5.80 | -1.49% |
| Sales & Use | 16.46 | 17.44 | 0.98 | 5.92% | 174.16 | 174.70 | 0.54 | 0.31% |
| Corporate | 16.04 | 21.92 | 5.88 | 36.65% | 53.76 | 57.30 | 3.54 | 6.58% |
| Meals & Room | 12.39 | 12.27 | -0.12 | -0.95% | 99.55 | 99.07 | -0.48 | -0.48% |
| Insurance Premium | 7.49 | 7.22 | -0.28 | -3.72% | 48.71 | 48.67 | -0.04 | -0.09% |
| Inheritance & Estate | 1.80 | 0.53 | -1.28 | -70.83% | 14.52 | 10.80 | -3.73 | -25.66% |
| Real Prop. Transfer | 0.59 | 0.49 | -0.10 | -17.68% | 6.07 | 5.62 | -0.46 | -7.50% |
| Other | 8.24 | 8.33 | 0.09 | 1.09% | 59.77 | 59.49 | -0.29 | -0.48% |
| Total | 80.04 | 87.49 | 7.45 | 9.30% | 844.82 | 838.12 | -6.71 | -0.79% |

*Differences due to rounding

Transportation Fund

Secretary Spaulding also released the non-dedicated Transportation Fund Revenue for March. Total non-dedicated Transportation Fund receipts of \$18.74 million for the month fell short of target by -\$1.30 million (-6.47%), compared to the monthly target of \$20.04 million. The March year to date Transportation Fund receipts of \$158.79 million were below the \$159.03 million target by -0.15%. Year to date March FY 2012 non-dedicated Transportation Funds have exceeded the prior year (FY 2011) by 2.74% for the same period.

All of the individual tax components of Transportation Fund revenue were below the target for the month, with the exception of Motor Vehicle Purchase & Use tax. Individual Transportation Fund revenue components for March were: Gasoline Tax, \$4.92 million or -9.58% below target; Diesel Tax, \$1.12 million or -10.58% below target; Motor Vehicle Purchase & Use Tax, \$4.68 million or +6.87% ahead of target; Motor Vehicle Fees, \$6.30 million or -9.24% below target; and Other Fees, \$1.72 million or -14.95% behind the monthly target. Year to date results for the individual Transportation Fund revenue components for March were: Gasoline Tax, \$45.26 million or -1.58% short of target; Diesel Tax, \$11.57 million or +0.74% above target; Motor Vehicle Purchase & Use Tax, \$38.15 million or +2.49% above target; Motor Vehicle Fees, \$49.89 million or -1.38% behind target; and Other Fees, \$13.91 million or +1.28% above the monthly target.

The Secretary also reported on the results for the Transportation Infrastructure Bond Fund (“TIB”). TIB Fund Gas receipts for March were \$1.65 million or -6.88% below target; year to date TIB Gas receipts were \$15.84 million or +0.21% ahead of target. TIB Fund Diesel receipts for the month were \$0.13 million or -29.16% below the monthly target; year to date TIB Diesel receipts were \$1.39 million or -5.81% 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 | 5.44 | 4.92 | -0.52 | -9.58% | 45.99 | 45.26 | -0.73 | -1.58% |
| Diesel Fuel | 1.25 | 1.12 | -0.13 | -10.58% | 11.49 | 11.57 | 0.09 | 0.74% |
| MV Purchase & Use | 4.38 | 4.68 | 0.30 | 6.87% | 37.22 | 38.15 | 0.93 | 2.49% |
| Motor Vehicle Fees | 6.94 | 6.30 | -0.64 | -9.24% | 50.59 | 49.89 | -0.70 | -1.38% |
| Other | 2.03 | 1.72 | -0.30 | -14.95% | 13.74 | 13.91 | 0.18 | 1.28% |
| Total | 20.04 | 18.74 | -1.30 | -6.47% | 159.03 | 158.79 | -0.24 | -0.15% |

Note:

| | | | | | | | | |
|------------------------|------|------|-------|---------|-------|-------|-------|--------|
| TIB Fuel Fees/Gasoline | 1.77 | 1.65 | -0.12 | -6.88% | 15.80 | 15.84 | 0.03 | 0.21% |
| TIB Fuel Fees/Diesel | 0.18 | 0.13 | -0.05 | -29.16% | 1.47 | 1.39 | -0.09 | -5.81% |

*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 March totaled \$12.75 million, or +\$0.58 million (+4.75%) above the \$12.17 million target for the month. Year to date, non-Property Tax Education Fund receipts were \$121.35 million, or +0.41% in excess of the year to date target. The individual Education Fund revenue component results for March were: Sales & Use Tax, \$8.72 million, or +5.92% above target; Motor Vehicle Purchase & Use Tax, \$2.34 million or +6.86%; Lottery Transfer, \$1.68 million or -3.67%; Education Fund Interest for March was immaterial for the month. Year to date receipts by component were: Sales & Use Tax, \$87.35 million, or +0.31% above target; Motor Vehicle Purchase & Use Tax, \$19.07 million or +2.49%; Lottery Transfer, \$14.90 million or -1.23% behind target; year to date Education Fund Interest for March was under \$0.03 million against a target of approximately \$0.08 million. The non-property tax current fiscal year to date Education Fund receipts are 5.92% 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 | 8.23 | 8.72 | 0.49 | 5.92% | 87.08 | 87.35 | 0.27 | 0.31% |
| MV Purchase & Use | 2.19 | 2.34 | 0.15 | 6.86% | 18.61 | 19.07 | 0.46 | 2.49% |
| Lottery Transfer | 1.75 | 1.68 | -0.06 | -3.67% | 15.08 | 14.90 | -0.19 | -1.23% |
| Investment Income | 0.01 | 0.01 | 0.00 | 64.54% | 0.08 | 0.03 | -0.05 | -63.87% |
| Total | 12.17 | 12.75 | 0.58 | 4.75% | 120.85 | 121.35 | 0.50 | 0.41% |

*Differences due to rounding

Conclusion

Secretary Spaulding concluded, “Last month we noted that we would be watching for the tax receipts to “catch up” with the overall forecast. March was helpful in that regard and covered more than half of the previous General Fund shortfall. We look forward to the April results, which should give us a better idea about whether our full year revenue targets are secure, as well as the outlook for FY 2013.”

Attachments

The detailed schedules of the March 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 March 31, 2012**

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 | 353,668,846 | 382,480,867 | 8.15% |
| Sales & Use | 165,227,813 | 174,701,036 | 5.73% |
| Corporate | 62,411,657 | 57,295,733 | -8.20% |
| Meals & Room | 96,379,312 | 99,071,381 | 2.79% |
| Liquor & Wine | 11,490,438 | 12,540,808 | 9.14% |
| Insurance Premium | 47,485,225 | 48,666,879 | 2.49% |
| Telephone Gross Receipts | 170,015 | 157,614 | -7.29% |
| Telephone Property | 6,963,859 | 7,087,043 | 1.77% |
| Beverage | 4,398,194 | 4,508,332 | 2.50% |
| Electric Generating | 2,189,345 | 2,197,131 | 0.36% |
| Inheritance & Estate | 20,740,675 | 10,795,714 | -47.95% |
| Real Property Transfer | 6,233,845 | 5,616,984 | -9.90% |
| Bank Franchise | 12,899,540 | 8,158,216 | -36.76% |
| All Other Taxes | 3,315,668 | 878,363 | -73.51% |
| Total Taxes | <u>793,574,433</u> | <u>814,156,101</u> | <u>2.59%</u> |
| Other Revenues | | | |
| Business Licenses | 2,164,838 | 2,316,600 | 7.01% |
| Fees | 14,637,782 | 15,199,260 | 3.84% |
| Services | 826,773 | 1,573,069 | 90.27% |
| Fines, Forfeits & Penalties | 3,485,592 | 3,945,308 | 13.19% |
| Interest, Prem | (35,864) | 198,721 | 654.10% |
| Special Assessments | 0 | 0 | 0.00% |
| All Other Revenues | 979,411 | 726,687 | -25.80% |
| Total Other Revenues | <u>22,058,532</u> | <u>23,959,644</u> | <u>8.62%</u> |
| Total General Fund | <u>815,632,965</u> | <u>838,115,745</u> | <u>2.76%</u> |

Prepared by Department of Finance & Management

Date: April 03, 2012

**Comparative Statement of Revenues
Transportation Fund
As of March 31, 2012**

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 | 46,354,822 | 45,262,220 | -2.36% |
| Diesel Fuel | 11,235,783 | 11,573,605 | 3.01% |
| MV Purchase & Use | <u>34,812,397</u> | <u>38,146,074</u> | 9.58% |
| Total Taxes | <u>92,403,002</u> | <u>94,981,899</u> | 2.79% |
| Other Revenues | | | |
| Motor Vehicle Fees | 49,259,668 | 49,889,181 | 1.28% |
| Other | <u>12,892,243</u> | <u>13,914,603</u> | 7.93% |
| Total Other Revenues | <u>62,151,911</u> | <u>63,803,784</u> | 2.66% |
| Total Non-Dedicated | <u>154,554,913</u> | <u>158,785,683</u> | 2.74% |
| Dedicated | | | |
| Federal Aid | 232,891,192 | 269,685,676 | 15.80% |
| Infrastructure Bond Fund Revenue | 13,555,369 | 17,229,397 | 27.10% |
| Other | <u>9,251,220</u> | <u>4,246,717</u> | -54.10% |
| Total Dedicated | <u>255,697,782</u> | <u>291,161,791</u> | 13.87% |
| Total Transportation Fund | <u>410,252,695</u> | <u>449,947,474</u> | 9.68% |

Note: Revenue Estimates are fiscal year total estimates.

Prepared by Department of Finance & Management

Date: April 03, 2012

**State of Vermont
Comparative Statement of Revenues
Education Fund
As of March 31, 2012**

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 | 82,612,667 | 87,349,208 | 5.73% |
| Purchase & Use | 17,406,198 | 19,073,037 | 9.58% |
| Lottery Transfer | 14,509,059 | 14,899,222 | 2.69% |
| Investment Income | 37,405 | 27,531 | -26.40% |
| Total estimated revenues | <u>114,565,330</u> | <u>121,348,997</u> | <u>5.92%</u> |
| Other Revenues: | | | |
| Education Property Taxes | 81,936,463 | 73,999,406 | -9.69% |
| Electric Energy Educ Prop Tax | 1,064,037 | 1,068,977 | 0.46% |
| Medicaid Reimbursement | 0 | 0 | 0.00% |
| Total other revenues | <u>83,000,500</u> | <u>75,068,382</u> | <u>-9.56%</u> |
| Total Education Fund | <u>197,565,830</u> | <u>196,417,380</u> | <u>-0.58%</u> |

Note: Revenue Estimates are fiscal year total estimates.

Prepared by Department of Finance & Management

Date: April 03, 2012