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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 Revenue Results for October 2011: General Fund Above Target; Transportation Fund and Education Fund Fall Short for the Month.

General Fund

Today, Secretary of Administration Jeb Spaulding released the October 2011 General Fund (GF) Revenue results. October is the fourth month of fiscal year (FY) 2012. General Fund revenues totaled \$100.77 million for October 2011, and were +\$3.85 million or +3.97% above the \$96.92 million consensus revenue forecast for the month. Year to date, General Fund revenues were \$394.04 million, and +\$9.94 million or +2.59% above the target of \$384.10 million for FY 2012.

For the third consecutive month, General Fund receipts exceeded the current fiscal year (FY 2012) monthly target, as well as the amount collected in the same months last year. Cumulatively, General Fund receipts through October 31, 2011 now exceed the prior year to date receipts as of October 31, 2010 by +\$20.11 million or +5.38%.

“State General Fund revenues have performed reasonably well against the backdrop of a global economic slowdown and Tropical Storm Irene. We have hit a significant milestone in that four months into FY 2012, we finally find ourselves +\$11.49 million (+3.00%) above the pre-recession four month total for FY 2008 of \$382.55 million. While that is good news on one side of the coin, the other side is that we are just getting back to where we were four years ago in terms of revenue collections” explained Secretary Spaulding.

Current targets reflect the Fiscal Year 2012 Consensus Revenue Forecast adopted by the Emergency Board at their July 21, 2011 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.

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 October were recorded at \$50.06 million, -\$1.50 million or -2.92% below

the monthly target of \$51.56 million. Year to date, Net PI Receipts were \$196.04 million, +\$0.65 million or +0.33% ahead of target.

Corporate Income Taxes are also reported net-of refunds and account for approximately 18.9% of annual General Fund Revenue. October Net Corporate Receipts of \$8.26 million were +\$4.86 million or +142.72% ahead of the monthly target of \$3.40 million. Year to date Corporate receipts were \$30.48 million, +\$9.48 million or +45.12% ahead of target; these results are also 14.12% ahead of the same period in the prior fiscal year.

Secretary Spaulding said, “In three of the last four months, Net Personal Income Tax receipts have fallen short of target, while Corporate Receipts have exceeded target. On its face, Corporate Income Tax receipts exceeding target, while Net PI receipts are more or less on track, may be seen as a positive sign. However, if we look closer at the details, the majority of above target performance in Corporate Income Tax receipts is in the “Corporate Estimated payments” category and may be offset by higher refunds next spring.”

Consumption tax results for October were, once again, mixed: Sales & Use Tax receipts of \$20.27 million were below target by -\$0.80 million (-3.81%); Rooms & Meals Tax receipts of \$10.98 million exceeded target by +\$0.32 million (+3.03%). Year to date, Sales & Use Tax fell short of target by -\$0.61 million or -0.80% and Rooms & Meals Tax receipts of \$46.47 million remain above target by +\$1.73 million or +3.86% for the current fiscal year (FY 2012). As compared to the same period for the prior fiscal year (FY 2011), cumulative October consumption taxes (Sales & Use, and meals & Rooms) exceeded the prior year results by +\$3.75% and 3.86% 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 October were as follows: Insurance Tax, \$0.36 million (+10.32%); Inheritance & Estate Tax, \$2.30 (+33.64%); Property Transfer Tax, \$0.69 million (-8.92%); and “Other”, \$7.84 million (+5.79%). The year to date October results for the remaining non-major categories were: Insurance Tax, \$8.57 million (+1.20%); Inheritance & Estate Tax, \$6.60 (1.84%); Property Transfer Tax, \$3.02 million (-6.83%); and “Other”, \$26.37 million (-4.71%). Cumulatively, the total non-major component receipts of \$44.56 million were below the prior year total of \$47.10 million by -\$2.54 million, or -5.41%. However, the shortfall versus prior year in “Other” is primarily due to one-time extraordinary settlement activity in Bank Franchise Tax during August of the prior year.

General Fund By Major Element (In Millions)*

Tax Component	Month				Fiscal YTD			
	Target	Revenue	Change	% Change	Target	Revenue	Change	% Change
Personal Income	51.56	50.06	-1.50	-2.92%	195.39	196.04	0.65	0.33%
Sales & Use	21.07	20.27	-0.80	-3.81%	77.10	76.49	-0.61	-0.80%
Corporate	3.40	8.26	4.86	142.72%	21.00	30.48	9.48	45.12%
Meals & Room	10.66	10.98	0.32	3.03%	44.74	46.47	1.73	3.86%
Insurance Premium	0.33	0.36	0.03	10.32%	8.47	8.57	0.10	1.20%
Inheritance & Estate	1.72	2.30	0.58	33.64%	6.48	6.60	0.12	1.84%
Real Prop. Transfer	0.76	0.69	-0.07	-8.92%	3.24	3.02	-0.22	-6.83%
Other	7.41	7.84	0.43	5.79%	27.68	26.37	-1.30	-4.71%
Total	96.92	100.77	3.85	3.97%	384.10	394.04	9.94	2.59%

*Differences due to rounding

Transportation Fund

Secretary Spaulding also released the non-dedicated Transportation Fund Revenue for October. Total non-dedicated Transportation Fund receipts of \$18.09 million for the month fell below target by -\$0.59 million (-3.18%), against the monthly target of \$18.68 million. The October year to date Transportation Fund receipts of \$72.65 million was short of the \$73.69 million target by -\$1.03 million or -1.40%. Year to date October FY 2012 Transportation Funds hover just above the prior year (FY 2011) by 0.21% for the same four month period.

Individual Transportation Fund revenue receipts components for October were mixed: Gasoline Tax, \$4.99 million or -1.25% below target; Diesel Tax, \$1.56 million or +9.19% above target; Motor Vehicle Purchase & Use Tax, \$4.57 million or -3.00% behind target; Motor Vehicle Fees, \$5.47 million or -10.21% behind target; and Other Fees, \$1.50 million or +7.23% above the monthly target. Year to date results for the individual Transportation Fund revenue components for October were: Gasoline Tax, \$21.30 million or -0.40% short of target; Diesel Tax, \$4.77 million or -2.98% below target; Motor Vehicle Purchase & Use Tax, \$17.73 million or -5.76% behind target; Motor Vehicle Fees, \$23.34 million or +0.89% ahead of target; and Other Fees, \$5.51 million or +1.42% above the monthly target.

Secretary Spaulding said, “The Transportation Fund continued in a downward trend, for the second month in a row, falling behind the year to date FY 2012 target by -1.40%, while staying slightly ahead (+0.21%) of the prior fiscal year (FY 2011) results for the same four month period. With three of the five Transportation Fund categories below target, it is difficult to project how the Transportation Fund will fare in light of the economic situation.”

The Secretary continued, “There is some good news related to the transportation funding; Congress has lifted the \$100 million Federal Highway Emergency Repair cap for Tropical Storm Irene transportation damage. This will lessen the pressure that the Transportation Fund will be under as we repair our roads and bridges that were destroyed or damaged by Irene.”

The Secretary also reported on the results for the Transportation Infrastructure Bond Fund (“TIB”). TIB Fund Gas receipts for October were \$1.81 million or +17.95% in excess of target; year to date TIB Gas receipts were \$7.45 million or +15.99% ahead of target. TIB Fund Diesel receipts for the month were \$0.18 million or 179.76% above the monthly target; year to date TIB Diesel receipts were \$0.56 million or +0.09% ahead of target. The rebound in TIB Diesel Fee receipts is largely due to normal volatility in the timing of receipts. The Secretary commented, “In the face of the repairs to Transportation infrastructure caused by Tropical Storm Irene, it is good to know that the cumulative above target results for TIB result in additional bonding capacity for Transportation projects, should it be needed.” The TIB Fund receipts are noted below the following table:

Transportation Fund By Major Element (In Millions)*

Tax Component	Month				Fiscal YTD			
	Target	Revenue	\$ Change	% Change	Target	Revenue	\$ Change	% Change
Gasoline	5.05	4.99	-0.06	-1.25%	21.38	21.30	-0.08	-0.40%
Diesel Fuel	1.43	1.56	0.13	9.19%	4.91	4.77	-0.15	-2.98%
MV Purchase & Use	4.71	4.57	-0.14	-3.00%	18.82	17.73	-1.08	-5.76%
Motor Vehicle Fees	6.09	5.47	-0.62	-10.21%	23.14	23.34	0.21	0.89%
Other	1.40	1.50	0.10	7.23%	5.43	5.51	0.08	1.42%
Total	18.68	18.09	-0.59	-3.18%	73.69	72.65	-1.03	-1.40%

Note:

TIB Fuel								
Fees/Gasoline	1.53	1.81	0.28	17.95%	6.43	7.45	1.03	15.99%
TIB Fuel Fees/Diesel	0.06	0.18	0.12	179.76%	0.56	0.56	0.00	0.09%

*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 October totaled \$13.86 million, or -\$0.75 million (-5.11%) below the \$14.60 million target for the month. Year to date, non-Property Tax Education Fund receipts were \$52.97 million, or -2.26% short of the year to date target. The individual Education Fund revenue component results for October were: Sales & Use Tax, \$10.13 million, or -3.81% below target; Motor Vehicle Purchase & Use Tax, \$2.29 million or -3.00%; Lottery Transfer, \$1.44 million or -16.09% behind target; Education Fund Interest for October was under \$0.01 million against a similar target below \$0. Year to date receipts by component were: Sales & Use Tax, \$38.24 million, or -0.80% below target; Motor Vehicle Purchase & Use Tax, \$8.87 million or -5.76%; Lottery Transfer, \$5.84 million or -6.30% below target; year to date Education Fund Interest for October was under \$0.02 million against a target of below \$1 million. As compared to prior year, FY 2012 year to date non-Property Tax Education Fund receipts are 3.66% 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	10.53	10.13	-0.40	-3.81%	38.55	38.24	-0.31	-0.80%
MV Purchase & Use	2.36	2.29	-0.07	-3.00%	9.41	8.87	-0.54	-5.76%
Lottery Transfer	1.71	1.44	-0.28	-16.09%	6.23	5.84	-0.39	-6.30%
Investment Income	0.00	0.00	0.00	NM	0.00	0.02	0.02	NM
Total	14.60	13.86	-0.75	-5.11%	54.19	52.97	-1.22	-2.26%

*Differences due to rounding

Conclusion

Secretary Spaulding concluded, “It is definitely good news that the General Fund is holding its own against target, but I want to emphasize that the level of revenue performance above targets has been narrowing over the last two months. It remains a real possibility that we will experience some negative trends in the coming months stemming from Irene and a global economic slowdown. In addition, we are concerned with the continued below target performance in both the Transportation and Education

Funds. With all of the uncertainties on a global, national, and state level, we must remain in a very cautious mode about future revenue expectations for all of our major funds.”

Attachments

The detailed schedules of the October 2011 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 October 31, 2011

General Fund Schedule 2

	<u>Total to Date</u> <u>Last Year</u>	<u>Total to Date</u> <u>This Year</u>	<u>% of</u> <u>Change</u>
Taxes			
Personal Income	181,648,880	196,043,650	7.92%
Sales & Use	73,727,668	76,488,860	3.75%
Corporate	26,708,151	30,480,302	14.12%
Meals & Room	44,743,744	46,471,833	3.86%
Liquor & Wine	4,688,383	5,556,560	18.52%
Insurance Premium	8,491,887	8,571,580	0.94%
Telephone Gross Receipts	118,787	106,169	-10.62%
Telephone Property	2,252,129	2,247,446	-0.21%
Beverage	2,121,549	2,192,593	3.35%
Electric Generating	728,646	732,053	0.47%
Inheritance & Estate	3,723,410	6,595,703	77.14%
Real Property Transfer	2,820,889	3,016,338	6.93%
Bank Franchise	10,156,323	5,414,862	-46.68%
All Other Taxes	2,775,356	443,485	-84.02%
Total Taxes	<u>364,705,803</u>	<u>384,361,432</u>	<u>5.39%</u>
Other Revenues			
Business Licenses	379,501	413,722	9.02%
Fees	6,454,218	6,553,750	1.54%
Services	400,524	644,422	60.89%
Fines, Forfeits & Penalties	1,349,127	1,812,114	34.32%
Interest, Prem	(225,797)	(39,070)	82.70%
Special Assessments	0	0	0.00%
All Other Revenues	865,792	293,195	-66.14%
Total Other Revenues	<u>9,223,365</u>	<u>9,678,133</u>	<u>4.93%</u>
Total General Fund	<u>373,929,169</u>	<u>394,039,565</u>	<u>5.38%</u>

November 3, 2011

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**Comparative Statement of Revenues
Transportation Fund
As of October 31, 2011**

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	21,653,458	21,297,103	-1.65%
Diesel Fuel	4,807,625	4,766,809	-0.85%
MV Purchase & Use	<u>16,741,184</u>	<u>17,733,505</u>	5.93%
Total Taxes	<u>43,202,267</u>	<u>43,797,417</u>	1.38%
Other Revenues			
Motor Vehicle Fees	23,611,920	23,344,573	-1.13%
Other	<u>5,689,459</u>	<u>5,512,138</u>	-3.12%
Total Other Revenues	<u>29,301,378</u>	<u>28,856,711</u>	-1.52%
Total Non-Dedicated	<u>72,503,645</u>	<u>72,654,128</u>	0.21%
Dedicated			
Federal Aid	135,293,534	109,681,568	-18.93%
Infrastructure Fuel Fees	6,322,447	8,015,881	26.78%
Other	<u>895,710</u>	<u>2,183,665</u>	143.79%
Total Dedicated	<u>142,511,691</u>	<u>119,881,115</u>	-15.88%
Total Transportation Fund	<u>215,015,336</u>	<u>192,535,242</u>	-10.46%

Note: Revenue Estimates are fiscal year total estimates.

Prepared by Department of Finance & Management

Date: November 04, 2011

State of Vermont
Comparative Statement of Revenues
Education Fund
As of October 31, 2011

Education Fund Schedule 2

	<u>Total to Date</u> <u>Last Year</u>	<u>Total to Date</u> <u>This Year</u>	<u>% of Change</u>
Non-Dedicated			
Estimated Revenues:			
Sales & Use	36,863,281	38,243,856	3.75%
Purchase & Use	8,370,592	8,866,753	5.93%
Lottery Transfer	5,845,631	5,840,861	-0.08%
Investment Income	21,434	18,499	-13.69%
Total estimated revenues	<u>51,100,938</u>	<u>52,969,969</u>	<u>3.66%</u>
Other Revenues:			
Education Property Taxes	(2,336,860)	(2,314,792)	0.94%
Electric Energy Educ Prop Tax	0	0	0.00%
Medicaid Reimbursement	0	0	0.00%
Total other revenues	<u>(2,336,860)</u>	<u>(2,314,792)</u>	<u>0.94%</u>
Total Education Fund	<u><u>48,764,078</u></u>	<u><u>50,655,177</u></u>	<u>3.88%</u>

Note: Revenue Estimates are fiscal year total estimates.

Prepared by Department of Finance & Management

Date: November 02, 2011