



State of Rhode Island and Providence Plantations

*Revenue Estimating Conference*

*One Capitol Hill, 4<sup>th</sup> Floor, PROVIDENCE, RI 02903*

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MEMORANDUM

To: The Honorable Gina M. Raimondo, Governor  
The Honorable Nicholas A. Mattiello, Speaker of the House  
The Honorable M. Teresa Paiva Weed, President of the Senate

From: Thomas A. Mullaney, State Budget Officer  
Sharon Reynolds Ferland, House Fiscal Advisor  
Stephen H. Whitney, Senate Fiscal Advisor

Date: November 20, 2015

Subject: **November 2015 Revenue Estimating Conference**

SUMMARY

The Revenue Estimating Conference (REC) met on October 30<sup>th</sup>, November 2<sup>nd</sup>, 5<sup>th</sup>, and 10<sup>th</sup>, 2015, in open public meetings. The Conference adopted the economic forecast for both calendar and fiscal years 2016 to 2021, and issued revised estimates for FY 2016 and initial estimates for FY 2017 revenues. Based on collection trends through October and the revised economic forecast, the Conference increased the FY 2016 estimates by \$52.4 million from the FY 2016 Budget as Enacted amount of \$3,543.8 million to \$3,596.2 million.

The Conference estimated FY 2017 revenues at \$3,493.0 million, which is \$103.2 million less than the revised Conference estimates for FY 2016 but does not include the hospital licensing fee. The hospital licensing fee accounts for \$169.1 million in FY 2016 that cannot be included in the FY 2017 estimates because it is enacted annually and revenue estimates may only be based upon current law. This fee is renewed on a year-to-year basis and has been extended each year since its inception.

Tables showing the estimates and the changes by revenue component are included at the end of this report.

## **ECONOMIC FORECAST**

The Consensus Economic Forecast was adopted at the November 2<sup>nd</sup> meeting. The principals heard testimony from the state's economic consultant Aaron Smith of Moody's Analytics. The consultant presented Conferees with updated economic forecasts for the United States and Rhode Island. Mr. Smith's testimony covered current economic performance and the outlook for the next several years and how the outlook has changed since the May 2015 Revenue Estimating Conference. Donna A. Murray, Assistant Director, Labor Market Information Unit, Rhode Island Department of Labor and Training presented the latest labor market data for Rhode Island.

After questioning the presenters, the Conferees adopted an updated consensus economic forecast for Rhode Island.

### ***Consensus Economic Forecast***

The Conferees adopted a consensus economic forecast based on the testimony of Mr. Smith. Nonfarm employment growth is expected to average 1.1 percent in the FY 2016 – FY 2021 forecast period, with significant growth of 1.6 percent in FY 2016, 1.7 percent in FY 2017 and 1.5 percent in FY 2018. Nonfarm employment growth rates gradually decline with FY 2019 at 1.1 percent before dropping to less than 1.0 percent in FY 2020 and FY 2021. The Consensus Economic Forecast (CEF) projects the state will recover all of the jobs lost during the Great Recession in CY 2018.

Personal income growth is projected to increase in FY 2016 and FY 2017 by 4.7 percent and 5.2 percent, respectively. Personal income growth averages 4.1 percent in the FY 2016 – FY 2021 forecast period. The rate of wage and salary growth is expected to increase from 4.6 percent in FY 2016 to 5.3 percent in FY 2017 with average growth of 4.4 percent over the FY 2016 – FY 2021 forecast horizon. Income derived from dividends, interest, and rent is projected to be very strong in FY 2016 and FY 2017 at 7.1 percent and 10.1 percent respectively and average 5.3 percent over the FY 2016 – FY 2021 forecast period. Personal income growth's underperformance relative to wage and salary growth and dividends, interest and rent growth is mainly due to negative growth in transfer receipts in the FY 2017 through FY 2019 period. More detail is presented in the following table.

**November 2015 Consensus Economic Forecast, by Calendar Year and State Fiscal Year**

	<i>(calendar year)</i>							
<b>RI Economic Indicators</b>	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021
RI Nonfarm Employment (Ths.)	477.7	483.7	491.7	499.7	506.5	510.6	512.2	513.5
RI Nonfarm Employment Growth (%)	1.3	1.2	1.7	1.6	1.4	0.8	0.3	0.3
RI Personal Income (Mil. \$)	51,027	52,992	55,799	58,662	61,152	63,275	65,230	67,327
RI Personal Income Growth (%)	5.0	3.9	5.3	5.1	4.2	3.5	3.1	3.2
RI Wages & Salaries Income Growth (%)	4.7	3.5	5.4	5.1	4.8	4.2	3.2	2.9
RI Dividends, Interest & Rents Income Growth (%)	4.0	4.4	9.4	9.8	5.4	1.9	1.8	2.1
RI Unemployment Rate (%)	7.7	5.9	5.4	5.1	5.0	5.0	5.0	5.0
<b>US Economic Indicators</b>	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021
US Consumer Price Index Inflation (%)	1.6	0.2	2.1	2.8	3.1	2.8	2.4	2.4
Ten-Year Treasuries (%)	2.5	2.2	3.0	4.1	4.2	4.1	4.1	4.2
Three-Month Treasuries (%)	0.0	0.1	0.6	1.7	3.1	3.2	3.4	3.5
	<i>(RI fiscal year, beginning July 1)</i>							
<b>RI Economic Indicators</b>	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
RI Nonfarm Employment (Ths.)	475.0	480.3	487.7	495.8	503.3	508.9	511.6	512.8
RI Nonfarm Employment Growth (%)	1.5	1.1	1.6	1.7	1.5	1.1	0.5	0.2
RI Personal Income (Mil. \$)	49,683	51,957	54,391	57,221	59,961	62,263	64,244	66,258
RI Personal Income Growth (%)	2.3	4.6	4.7	5.2	4.8	3.8	3.2	3.1
RI Wages & Salaries Income Growth (%)	4.0	4.1	4.6	5.3	5.0	4.6	3.6	3.0
RI Dividends, Interest & Rents Income Growth (%)	(0.8)	3.9	7.1	10.1	8.0	3.2	1.6	2.0
RI Unemployment Rate (%)	8.5	6.7	5.6	5.2	5.0	5.0	5.0	5.1
<b>US Economic Indicators</b>	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
US Consumer Price Index Inflation (%)	1.6	0.7	1.2	2.4	3.0	3.0	2.6	2.4
Ten-Year Treasuries (%)	2.7	2.2	2.5	3.6	4.3	4.2	4.1	4.1
Three-Month Treasuries (%)	0.0	0.0	0.3	1.0	2.5	3.2	3.3	3.5

Several indicators were revised since the previous consensus forecast in May. In particular, a stronger than expected second half of FY 2015 led to slight downward revisions in FY 2016 and thereafter. For example, the growth rate of income from wages and salaries for FY 2016 was revised downward from 6.0 percent in May 2015 to 4.6 percent in November 2015. At the same time, the forecasted FY 2016 unemployment rate was revised from 6.0 percent in the May 2015 Consensus Economic Forecast to 5.6 percent in the November 2015 CEF. In general, the forecast remains positive, but some of the near-term anticipated growth that was projected in May 2015 has been deferred to FY 2018 and FY 2019 in the November 2015 forecast. The full set of adjustments from the May 2015 forecast is shown in the following table.

**May 2015 Consensus Economic Forecast Change to November 2015**

	<i>(calendar year)</i>							
<b>RI Economic Indicators</b>	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021
RI Nonfarm Employment (Ths.)	-	1.7	0.1	2.1	6.0	8.3	8.7	8.7
RI Nonfarm Employment Growth (%)	-	0.4	(0.3)	0.4	0.8	0.5	0.1	-
RI Personal Income (Mil. \$)	(505.3)	(249.1)	(570.5)	(483.2)	(226.0)	(116.2)	(179.3)	(240.9)
RI Personal Income Growth (%)	0.7	0.5	(0.6)	0.2	0.5	0.2	(0.1)	(0.1)
RI Wages & Salaries Income Growth (%)	1.0	(0.3)	(1.2)	-	0.8	0.6	0.2	0.1
RI Dividends, Interest & Rents Income Growth (%)	0.8	1.4	(0.3)	1.5	0.7	(0.4)	(0.7)	(0.8)
RI Unemployment Rate (%)	-	(0.3)	(0.4)	(0.3)	(0.2)	(0.2)	(0.2)	(0.2)
<b>US Economic Indicators</b>	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021
US Consumer Price Index Inflation (%)	-	(0.4)	(0.5)	0.1	0.4	0.3	0.2	0.2
Ten-Year Treasuries (%)	-	(0.3)	(0.7)	(0.4)	(0.3)	(0.3)	(0.3)	(0.3)
Three-Month Treasuries (%)	-	(0.1)	(0.9)	(1.0)	(0.2)	(0.2)	(0.2)	(0.2)
	<i>(RI fiscal year, beginning July 1)</i>							
<b>RI Economic Indicators</b>	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
RI Nonfarm Employment (Ths.)	-	0.8	1.0	0.4	4.2	7.4	8.6	8.8
RI Nonfarm Employment Growth (%)	-	0.2	-	(0.1)	0.8	0.6	0.2	-
RI Personal Income (Mil. \$)	(779.1)	(255.5)	(409.7)	(603.1)	(343.0)	(141.0)	(139.9)	(213.7)
RI Personal Income Growth (%)	(0.7)	1.1	(0.3)	(0.3)	0.5	0.4	-	(0.1)
RI Wages & Salaries Income Growth (%)	0.4	1.0	(1.4)	(0.7)	0.6	0.8	0.4	0.1
RI Dividends, Interest & Rents Income Growth (%)	(3.1)	1.4	0.4	0.7	1.3	0.1	(0.7)	(0.7)
RI Unemployment Rate (%)	-	-	(0.5)	(0.3)	(0.3)	(0.2)	(0.2)	(0.2)
<b>US Economic Indicators</b>	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
US Consumer Price Index Inflation (%)	-	(0.1)	(0.6)	(0.1)	0.2	0.4	0.3	0.2
Ten-Year Treasuries (%)	-	-	(0.6)	(0.5)	(0.3)	(0.3)	(0.3)	(0.3)
Three-Month Treasuries (%)	-	-	(0.3)	(1.2)	(0.5)	(0.2)	(0.2)	(0.2)

***US and Rhode Island Economic Outlook***

Testimony from Mr. Smith described the U.S. economy as fast approaching full employment as the number of unemployed has declined considerably since the peaks of the Great Recession. Despite the frustrations of slow wage growth over the past several years, forecasts indicate that wage growth is finally set to accelerate. Additionally, households nationwide have experienced strong asset growth combined with slowing growth of liabilities. The combination of these forces is driving an upward surge in household net worth, as the ratio of household net worth to disposable income is approaching ten-year peak levels.

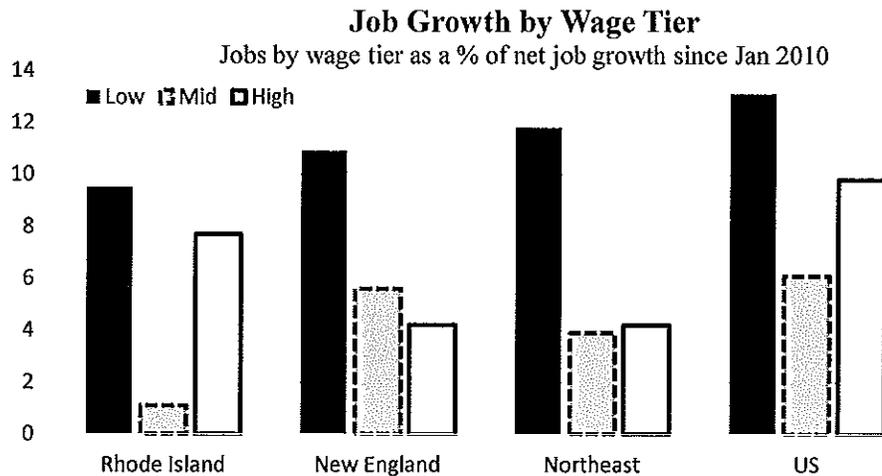
Economic and demographic factors point to growth in the housing market. Testimony suggested that the housing market is emerging from a multiyear glut and is transitioning from overbuilt to under-supplied. Housing demand is forecast to outpace new supply suggesting an upward movement in home prices. Demographic trends help to fuel strong housing demand. The number of 18-34 year olds nationwide living with parents has fallen off its recent peak, indicating a positive trend in household formation. Moody's drew attention to one particular sector of the housing market – multifamily – presenting data from economic models suggesting that multifamily housing starts are still lagging behind forecasted values.

Mr. Smith highlighted that the current recovery has already spanned over 70 months – not as long as the decade of expansion in the 1990s, but already longer than the average expansionary cycle experienced by the US economy since 1945. At this point, Mr. Smith's testimony highlighted potential global, national, and state risk factors. Moody's categorizes Rhode Island as "low risk" with respect to its "overall risk index," which measures the state's exposure to shocks in the equities, global trade, and energy markets. The fact that a relatively small portion of gross state product is comprised of international export goods and commodities insulates Rhode Island from shocks in the global trade markets. Additionally, because the state is a consumer of energy, falling oil prices would not have the same deleterious impact as they would on states involved in energy production and, in fact, are beneficial to Rhode Island businesses and

households. Rhode Island is, however, exposed to moderate risk in the equities markets, as the amount of direct and indirect holdings of stocks per household stands at approximately the national average.

Locally, there are positive signs in the Rhode Island labor market. While establishment surveys of Rhode Island firms show steady employment growth, household surveys of employment show a marked increase in 2015. This divergence could simply reflect the relative volatility of household surveys, or it could represent a trend of more Rhode Islanders accepting positions with out-of-state employers. Employment growth has not been uniform across all sectors in Rhode Island. As of September 2015, construction employment has fallen 10.9 percent in the past year. Meanwhile, wholesale trade, government, education/healthcare, financial activities, and retail trade employment have experienced relatively little change. Labor force growth has been driven primarily by employment in manufacturing, other services, professional/business services, transportation/warehousing, and leisure/hospitality – all of which experienced substantial growth. Travel and tourism is a bright spot in the Rhode Island economy. As of 2015, the hotel occupancy rate in Rhode Island surpassed the national average.

A notable feature of job growth in Rhode Island is that almost all growth has been in low wage and high wage jobs, while there has been little or no expansion in mid-wage jobs. This stands in contrast to regional and national trends which have shown more growth in mid-wage jobs. It should be noted that Rhode Island’s growth in high-wage jobs has been greater than for New England and the Northeast but below that of the United States as a whole. Low wage jobs are defined as those with annual wages below \$38,438; mid-wage jobs are defined as those between \$38,438 and \$70,615; and high wage jobs are those defined as above \$70,615.



Sources: BLS, BEA, Moody's Analytics

**Rhode Island Labor Market Conditions, Rhode Island Department of Labor & Training**

Ms. Donna Murray, Assistant Director of Labor Market Information at the Rhode Island Department of Labor & Training (DLT), provided local insight into labor market conditions. Her testimony stated that 5.4 percent of RI residents are unemployed, down 1.8 percentage points over the year, and less than half of the recession era high of 11.3 percent. Prior to the recession, the average annual unemployment rate was 4.9 percent. Additionally, the RI unemployment rate has remained above the national average for over ten years since August 2005, though the gap is narrowing. The state unemployment rate is 16<sup>th</sup> highest in the nation and highest in New England.

DLT testimony indicated that minorities are facing particular challenges in the RI labor market. The unemployment rate for the Black population stands at 11.5 percent, more than double that of the White population. The Hispanic unemployment rate of 8.1 percent is 2.5 percentage points above that of the White population, but the gap between the two groups is now narrower than it was prior to the recession. Other

groups facing challenges in the labor market include men, who are more likely than women to be unemployed, and youth/young adults, who are more likely than older workers to be unemployed.

As of September 2015, there were approximately 527,800 RI residents working, up 15,500 from a year ago. This represents a gain of 31,500 since the recession era low of 496,300 recorded in November 2011. The size of the overall labor force stood at 558,200 as of September, which represents an upward trend since its low point of 548,000 last December, but still 16,000 short of the peak level in December 2006.

The size and quality of the state labor force is of great concern among economists, government officials, policymakers, and businesses. DLT testimony suggested that the key forces keeping the labor force below pre-recession levels are that the working age population has grown only 1.6 percent since 2006, the overall population has gotten older – with individuals 55+ years old comprising 36 percent of total population in 2015 compared with 29 percent in 2006 – and labor force participation among younger workers is declining. DLT suggested that without a growing population, increasing labor force participation among the state's existing population is key to growing the labor force. Educated workers are most likely to participate in the labor force. For example, only 60.7 percent of individuals with less than a high school degree participate in the labor force compared with 89.4 percent of those with a bachelor's degree or higher and 80.4 percent of the population overall. The fact that Moody's had previously highlighted positive net migration into the state bodes well for retaining college graduates within the state's labor force.

Further, Ms. Murray testified that unemployment insurance claims statistics are showing promising signs. Initial claims processed during the first 43 weeks of 2015 are 11 percent below the previous year. Claims are well below the 2009 levels and are running about 9 percent below pre-recession levels. Additionally, with only 819 initial claims for the DLT workshare program in the first three-quarters of the year, utilization of the program is at its lowest in the history of the program since 1999.

Finally, Ms. Murray noted that, based on DLT estimates, Rhode Island establishment employment appears to be undercounted by approximately 1,500 jobs. As a result, DLT expects there to be a positive revision to Rhode Island based employment when the U.S. Bureau of Labor Statistics releases its benchmark revisions for CY 2015 in February/March 2016. DLT expects there to be significant upward revisions in construction and retail trade employment of 1,800 and 1,700 jobs respectively with lesser positive revisions in financial activities, government, and educational services. These positive revisions will be offset in part by substantive negative revisions to Rhode Island establishment employment in the other services, healthcare and social assistance, and accommodation and food services sectors.

## **REVENUES**

### **Taxes**

Revenues from taxes are estimated to decrease 0.4 percent in FY 2016 from preliminary FY 2015 collections and increase by 2.3 percent in FY 2017 over the revised FY 2016 estimate. Total estimated tax revenues for FY 2016 of \$2,871.7 million increased by \$28.3 million, or 1.0 percent, above the enacted estimate of \$2,843.4 million. FY 2017 total estimated taxes are \$2,937.0 million, \$65.3 million, or 2.3 percent, above the revised FY 2016 estimate.

### **Personal Income Tax**

The personal income tax estimates of \$1,214.9 million for FY 2016 and \$1,265.4 million for FY 2017 represent year-over-year growth rates of -1.0 percent from FY 2015 preliminary revenues and 4.2 percent from revised FY 2016 personal income tax revenues, respectively. The FY 2016 revised estimate is \$837,125 less than the enacted FY 2016 estimate, reflecting year-to-date collection trends. The FY 2017 estimate is \$50.5 million more than the FY 2016 revised estimate.

### **Business Taxes**

The conferees estimated total general business tax revenues of \$443.9 million in FY 2016 and \$454.0 million in FY 2017. The adopted estimate of \$443.9 million in FY 2016 represents year-over-year growth rates of 0.6 percent from FY 2015 preliminary general business tax revenues. For FY 2017, the equivalent growth rate is 2.3 percent from the FY 2016 revised estimate. The FY 2016 revised estimate is \$14.2 million more than the enacted FY 2016 estimate, a 3.0 percent increase; while the FY 2017 estimate is \$10.1 million more than the revised FY 2016 estimate.

### **Sales and Use Taxes**

The conferees estimated sales and use tax revenues of \$981.0 million in FY 2016 and \$1,015.0 million in FY 2017. The revised FY 2016 revenues increase by \$11.5 million, or 1.2 percent, above the enacted FY 2016 estimate and represent an increase of \$17.6 million, or 1.8 percent from FY 2015 preliminary revenues. The FY 2017 estimate is \$34.0 million more than the revised FY 2016 estimate, an increase of 3.5 percent. The estimates incorporate changes to the sales tax base approved in the 2015 General Assembly session, including the elimination of the sales tax on energy consumption by businesses for commercial use and the expansion of the sales and use tax to rentals of vacation homes, the unlicensed rental of lodging via social and other media platforms, and the resale of hotel rooms by on-line travel companies.

### **Excise Taxes Other Than Sales and Use Taxes**

The conferees estimate \$197.8 million for revised FY 2016 and \$170.8 million for FY 2017 from excise taxes other than sales and use taxes. These taxes include motor vehicle license and registration fees, motor carrier fuel use taxes, cigarettes taxes, and alcohol taxes. The FY 2016 revised estimate is \$1.1 million, or 0.6 percent growth over the enacted FY 2016 estimate. The revision upward from the enacted estimates is reflective of cigarette and alcohol excise tax collections being stronger than expected. The total FY 2017 estimate decreases by \$27.0 million, or 13.7 percent, from the revised estimate for FY 2016. This decline is primarily from changes in law that require the transfer of 25 percent of motor vehicle license and registration fees to the Rhode Island Highway Maintenance Account beginning in FY 2016, growing to 75 percent in FY 2017 and 100 percent in FY 2018 and thereafter. This transfer accounts for \$24.0 million of the decline between FY 2016 and FY 2017, with the balance primarily from projected declines in cigarette tax collections.

### **Other Taxes**

The inheritance and gift, racing and athletics, and realty transfer taxes are estimated to produce \$34.1 million in FY 2016 and \$31.8 million in FY 2017. The FY 2016 revised estimate is \$2.4 million more than the enacted FY 2016 estimate. The FY 2017 estimate for total other taxes is \$2.3 million less than the FY 2016 revised estimate, due primarily to a \$2.6 million reduction in expected inheritance tax revenues.

### **Departmental Receipts**

The conferees adopted estimates of \$356.7 million for FY 2016 and \$191.4 million for FY 2017 for these sources that include licenses and fees, fines and penalties, sales and services, and miscellaneous departmental receipts that are deposited as general revenues. The FY 2016 revised estimate is \$0.5 million less than the enacted FY 2016 estimate.

The FY 2017 estimate is \$165.3 million less than the revised FY 2016 estimate, primarily due to the end of the hospital licensing fee, which is estimated to produce \$169.1 million in FY 2016. This fee is renewed on a year-to-year basis and has been extended each year since its inception. The estimators, however, must estimate revenues consistent with current law under which no fee is yet authorized for FY 2017. Accounting for the difference in the hospital licensing fee in revised FY 2016 and FY 2017 results in a projected increase in non-hospital licensing fee revenues of \$3.8 million in FY 2017 from the revised FY 2016 estimate.

### **Lottery Transfer**

The lottery transfer is estimated to produce general revenue of \$356.9 million in FY 2016, with \$285.6 million generated from the video lottery terminals installed at Twin River and Newport Grand, \$57.0

million derived from combined games, which includes PowerBall, Mega Millions, scratch tickets, and Keno and \$14.3 million in net revenues received from the table games at Twin River. The transfer to the state for table games is based on the revised estimate of \$118.3 million in gross table games revenues at Twin River in FY 2016, of which the state receives 16.0 percent less the estimated expenses of \$4.6 million incurred by the Lottery to administer the table games. The FY 2016 revised estimate is \$25.2 million more than estimated in the enacted FY 2016 budget for the lottery transfer.

The estimated transfer is \$354.7 million in FY 2017, with \$283.2 million derived from video lottery terminals, \$57.1 million generated from combined games, and \$14.4 million in net revenues received from the table games at Twin River. Gross table games revenues were revised upward to \$120.1 million in FY 2017 or \$1.8 million above the FY 2016 adopted estimate. The FY 2017 lottery transfer is projected to decline by 0.6 percent from the revised FY 2016 estimate resulting in a \$2.2 million lower transfer to the state.

The estimators are required to determine the State share of video lottery net terminal income (NTI) at both Twin River and Newport Grand. For FY 2016, the conferees project a revised State share of \$260.7 million based on total NTI of \$435.0 million at Twin River. At Newport Grand, the State expects to receive in 2016, based on the November 2015 REC, \$24.9 million from the generation of \$42.0 million in NTI. For FY 2017, Twin River is projected to provide the State with \$259.3 million from the \$432.8 million of NTI generated while Newport Grand is expected to transfer \$23.9 million from the \$40.4 million of NTI it generates. Growth in estimated FY 2016 lottery revenues is largely due to updated assumptions on the timing and impact Massachusetts gaming would have on Rhode Island revenues. Christiansen Capital Advisors, LLC, updated a November 2014 report that projects impacts of Massachusetts gaming scenarios on Rhode Island gaming facilities. The update modifies near-term impact projections that the Plainridge slot parlor will have, in part based on experience to date. Additionally, the location and timing of the "Region C" casino was amended to remove Fall River as the most likely option. These amendments brightened the outlook for Rhode Island lottery revenues in the near and longer term.

**Other Sources.** Other source revenue consists of transfers to the general fund from unclaimed property and other miscellaneous sources. These are estimated to produce \$10.9 million in revised FY 2016 and \$9.9 million in FY 2017. The revised FY 2016 amount decreases by \$0.6 million from the enacted FY 2016 amount due primarily to an anticipated delay in the receipt of a \$0.5 million energy rebate resulting from the installation of energy efficient equipment in certain state agencies.

#### NEXT MEETING

The next required meeting of the conference is May, 2016.

cc: The Honorable Raymond Gallison, Chairman  
House Finance Committee

The Honorable Daniel DaPonte, Chairman  
Senate Finance Committee

Revenue Comparisons - FY 2016					
FY 2016	FY 2015 Preliminary	FY 2016 Enacted	Consensus	Change from Enacted	
<b>Personal Income Tax</b>	1,227,581,960	1,215,737,125	1,214,900,000	-0.07%	(837,125)
<b>General Business Taxes</b>					
Business Corporations	147,979,089	136,380,000	153,500,000	12.55%	17,120,000
Public Utilities Gross	103,950,349	104,700,000	104,000,000	-0.67%	(700,000)
Financial Institutions	22,743,284	16,500,000	17,700,000	7.27%	1,200,000
Insurance Companies	120,264,561	125,249,699	122,400,000	-2.28%	(2,849,699)
Bank Deposits	2,259,880	2,000,000	2,300,000	15.00%	300,000
Health Care Provider	44,125,338	44,915,693	44,000,000	-2.04%	(915,693)
<b>Sales and Use Taxes</b>					
Sales and Use	963,446,369	969,521,947	981,000,000	1.18%	11,478,053
Motor Vehicle	49,117,001	36,538,048	36,200,000	-0.93%	(338,048)
Motor Fuel	(124,650)	500,000	500,000	0.00%	-
Cigarettes	138,045,483	140,779,745	142,100,000	0.94%	1,320,255
Alcohol	18,363,285	18,850,000	19,000,000	0.80%	150,000
Controlled Substances	6,177	-	-		
<b>Other Taxes</b>					
Inheritance and Gift	34,202,383	20,400,000	23,000,000	12.75%	2,600,000
Racing and Athletics	1,107,202	1,100,000	1,100,000	0.00%	-
Realty Transfer	9,493,464	10,210,937	10,000,000	-2.07%	(210,937)
<b>Total Taxes</b>	<b>2,882,561,175</b>	<b>2,843,383,194</b>	<b>2,871,700,000</b>	<b>1.00%</b>	<b>28,316,806</b>
Departmental Receipts	353,680,035	357,236,271	356,700,000	-0.15%	(536,271)
Other Miscellaneous	8,778,364	1,397,000	783,000	-43.95%	(614,000)
Lottery	381,935,511	331,740,000	356,900,000	7.58%	25,160,000
Unclaimed Property	13,711,780	10,000,000	10,100,000	1.00%	100,000
<b>Total General Revenues</b>	<b>3,640,666,865</b>	<b>3,543,756,465</b>	<b>3,596,183,000</b>	<b>1.48%</b>	<b>52,426,535</b>
<b>Personal Income Tax</b>					
Estimated	225,905,795	222,500,000	226,600,000	1.84%	4,100,000
Finals	202,893,957	177,404,637	180,800,000	1.91%	3,395,363
Refunds	(274,888,631)	(288,567,512)	(276,200,000)	-4.29%	12,367,512
Withholding	1,061,456,549	1,107,400,000	1,086,000,000	-1.93%	(21,400,000)
Net Accrual	12,214,290	(3,000,000)	(2,300,000)	-23.33%	700,000
<b>Total</b>	<b>1,227,581,960</b>	<b>1,215,737,125</b>	<b>1,214,900,000</b>	<b>-0.07%</b>	<b>(837,125)</b>
<b>Lottery</b>					
All Games	56,887,642	54,900,000	57,000,000	3.83%	2,100,000
VLT	312,289,044	263,340,000	285,600,000	8.45%	22,260,000
Table Games	12,758,825	13,500,000	14,300,000	5.93%	800,000
<b>Total</b>	<b>381,935,511</b>	<b>331,740,000</b>	<b>356,900,000</b>	<b>7.58%</b>	<b>25,160,000</b>
Lincoln NTI	470,766,022	399,600,000	435,000,000	8.86%	35,400,000
Newport NTI	45,496,378	40,000,000	42,000,000	5.00%	2,000,000
<b>Combined NTI</b>	<b>516,262,400</b>	<b>439,600,000</b>	<b>477,000,000</b>	<b>8.51%</b>	<b>37,400,000</b>
Lincoln NTGR	106,640,942	112,300,000	115,100,000	2.49%	2,800,000

Revenue Comparisons - FY 2017				
FY 2017	FY 2016 November REC	Consensus	Change from FY 2016 Consensus	
<b>Personal Income Tax</b>	1,214,900,000	1,265,400,000	4.16%	50,500,000
<b>General Business Taxes</b>				
Business Corporations	153,500,000	156,000,000	1.63%	2,500,000
Public Utilities Gross	104,000,000	104,500,000	0.48%	500,000
Financial Institutions	17,700,000	19,500,000	10.17%	1,800,000
Insurance Companies	122,400,000	126,600,000	3.43%	4,200,000
Bank Deposits	2,300,000	2,300,000	0.00%	-
Health Care Provider	44,000,000	45,100,000	2.50%	1,100,000
<b>Sales and Use Taxes</b>				
Sales and Use	981,000,000	1,015,000,000	3.47%	34,000,000
Motor Vehicle	36,200,000	12,200,000	-66.30%	(24,000,000)
Motor Fuel	500,000	500,000	0.00%	-
Cigarettes	142,100,000	138,600,000	-2.46%	(3,500,000)
Alcohol	19,000,000	19,500,000	2.63%	500,000
<b>Other Taxes</b>				
Inheritance and Gift	23,000,000	20,400,000	-11.30%	(2,600,000)
Racing and Athletics	1,100,000	1,100,000	0.00%	-
Realty Transfer	10,000,000	10,300,000	3.00%	300,000
<b>Total Taxes</b>	<b>2,871,700,000</b>	<b>2,937,000,000</b>	<b>2.27%</b>	<b>65,300,000</b>
<b>Departmental Receipts</b>	<b>356,700,000</b>	<b>191,400,000</b>	<b>-46.34%</b>	<b>(165,300,000)</b>
<b>Other Miscellaneous</b>	<b>783,000</b>	<b>1,116,000</b>	<b>42.53%</b>	<b>333,000</b>
<b>Lottery</b>	<b>356,900,000</b>	<b>354,700,000</b>	<b>-0.62%</b>	<b>(2,200,000)</b>
<b>Unclaimed Property</b>	<b>10,100,000</b>	<b>8,800,000</b>	<b>-12.87%</b>	<b>(1,300,000)</b>
<b>Total General Revenues</b>	<b>3,596,183,000</b>	<b>3,493,016,000</b>	<b>-2.87%</b>	<b>(103,167,000)</b>
<b>Personal Income Tax</b>				
Estimated	226,600,000	238,100,000	5.08%	11,500,000
Finals	180,800,000	184,400,000	1.99%	3,600,000
Refunds	(276,200,000)	(290,200,000)	5.07%	(14,000,000)
Withholding	1,086,000,000	1,126,600,000	3.74%	40,600,000
Net Accrual	(2,300,000)	6,500,000	-382.61%	8,800,000
<b>Total</b>	<b>1,214,900,000</b>	<b>1,265,400,000</b>	<b>4.16%</b>	<b>50,500,000</b>
<b>Lottery</b>				
All Games	57,000,000	57,100,000	0.18%	100,000
VLT	285,600,000	283,200,000	-0.84%	(2,400,000)
Table Games	14,300,000	14,400,000	0.70%	100,000
<b>Total</b>	<b>356,900,000</b>	<b>354,700,000</b>	<b>-0.62%</b>	<b>(2,200,000)</b>
Lincoln NTI	435,000,000	432,800,000	-0.51%	(2,200,000)
Newport NTI	42,000,000	40,400,000	-3.81%	(1,600,000)
<b>Combined NTI</b>	<b>477,000,000</b>	<b>473,200,000</b>	<b>-0.80%</b>	<b>(3,800,000)</b>
Lincoln NTGR	118,300,000	120,100,000	1.52%	1,800,000