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Neale F. Lunderville, Secretary

PRESS RELEASE

March 6, 2009

FOR IMMEDIATE RELEASE

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Montpelier, VT - Secretary of Administration Neale F. Lunderville Announces Vermont's February Revenue Figures – General and Education Funds Slightly Above Target and Transportation Fund Below Target for the Month.

General Fund

Secretary of Administration Neale F. Lunderville today released General Fund revenue results for the month of February, the eighth month of Fiscal Year 2009. General Fund revenues exceeded target for the month as compared to the consensus revenue target revised in mid-January. The General Fund revenues of \$60.32 million for the month of February 2009 were +\$2.91 million or +5.08% above the \$57.41 million consensus revenue forecast for the month. Year-to-date, General Fund revenues of \$735.23 million remain below the forecast by -\$11.13 million or -1.49% for FY 2009. “We have seen a very modest bounce back in General Fund revenue receipts, but it is important to understand that about half of the favorable results for the month were due to a one-time settlement in Corporate Income Tax. Through February, we remain \$11 million below the year-to-date forecast,” said Secretary Lunderville.

The monthly targets reflect the most recent FY 2009 consensus revenue forecast that was agreed to by the Emergency Board on January 13, 2009. The state's consensus revenue forecast is normally updated two times per year in January and July. However, with the downturn in the national and regional economy, the Emergency Board has been scheduling interim revenue reviews.

Personal Income Tax receipts are the largest single state revenue source, and are reported Net of Personal Income Tax refunds. February is not only a short month, it is also a month where receipts from taxpayers who pay on an estimated basis are low, but refunds to early tax filers begin ramping up. The result is that the February forecast is the month with the fewest net Personal Income Tax receipts, followed by March. Personal Income Tax receipts for February were \$0.48 million, +\$0.04 million or +9.29% above the monthly target. Year-to-date, the Personal Income Tax receipts of \$360.98 million were below the \$368.60 million year-to-date estimate by -\$7.62 million or -2.07%.

Corporate Tax receipts are also reported net of refunds. Corporate Income Tax revenue results for February were \$2.48 million versus the monthly target of \$0.80 million, or +\$1.68 million (+211.07%) above for the month; the monthly receipts include the settlement referenced above. Year-to-date, Corporate Income Tax receipts of \$27.10 million were +\$0.54 million or +2.03% above the target of \$26.56 million.

For the month, receipts for the consumption taxes (Sales & Use Tax and Meals & Rooms Tax) bounced back slightly with Sales & Use Tax receipts of \$17.06 million exceeding target by +\$1.94 million or +12.88%, and Rooms & Meals Tax receipts of \$9.79 besting the target by +\$0.22 million or +2.35%. Although the forecast had been reduced due to the anticipated pull back in personal consumption in the US, Canadian visitors may have taken advantage of the favorable exchange rates, positively impacting consumption taxes. With the rates becoming less favorable, we cannot expect substantial positive impact on our consumption taxes going forward. Year-to-date, Sales & Use Tax was \$151.55 million (-\$.09 million, -0.06%) and Rooms & Meals Tax receipts were \$82.23 million (-\$.47 million, -0.57%).

The remaining components of the General Fund revenue were below target for the month, except Estate Tax. The non-major tax component results for the month were: Insurance Premium, \$23.55 million (-7.95%); Inheritance/Estate Tax, \$2.34 million (+117.77%); Real Property Transfer Tax \$0.35 million (-17.29%); and Other, \$4.27 million (-2.73%). Year-to-date results for these components were: Insurance Premium, -5.72%; Inheritance/Estate Tax, +2.48%; Real Property Transfer Tax, -1.14%; and Other, -1.80%.

General Fund By Major Element (In Millions)*

Tax Component	Month				FY 2009 YTD			
	Target	Revenue	\$ Change	% Change	Target	Revenue	\$ Change	% Change
Personal Income	0.44	0.48	0.04	9.29%	368.60	360.98	(7.62)	-2.07%
Sales & Use	15.12	17.06	1.94	12.88%	151.64	151.55	(0.09)	-0.06%
Corporate	0.80	2.48	1.68	211.07%	26.56	27.10	0.54	2.03%
Meals & Room	9.57	9.79	0.22	2.35%	82.70	82.23	(0.47)	-0.57%
Insurance Premium	25.58	23.55	(2.03)	-7.95%	43.28	40.80	(2.48)	-5.72%
Inheritance & Estate	1.08	2.34	1.26	117.77%	6.48	6.64	0.16	2.48%
Real Property Transfer	0.43	0.35	(0.08)	-17.29%	6.64	6.56	(0.08)	-1.14%
Other	4.39	4.27	(0.12)	-2.73%	60.46	59.37	(1.09)	-1.80%
Total	57.41	60.32	2.91	5.08%	746.36	735.23	(11.13)	-1.49%

*Differences due to rounding

Transportation Fund

The non-dedicated Transportation Fund revenue results were also released today by Secretary Lunderville. The Transportation Fund revenues were \$13.52 million, which was -\$0.36 million or -2.57% below the monthly target for February. Year-to-date, the Transportation Fund revenues remain below the year-to-date consensus target at \$129.62 million (-\$1.95 million, -1.50%).

The results for the Transportation Fund revenue components were mixed for the month. The components of the Transportation Fund revenue for the month were: Gasoline Tax, \$4.38 million (-6.40%); Diesel Tax, \$0.98 million (+7.10%); Motor Vehicle Purchase & Use Tax, \$2.29 million (-9.77%); Motor Vehicle Fees, \$4.29 million (-1.49%); and "Other", \$1.59 million (+13.64%). Year-to-date, the Transportation Fund revenue components for February were: Gasoline Tax, \$40.69 million (-0.81%); Diesel Tax, \$9.92 million (-3.36%); Motor Vehicle Purchase & Use Tax, \$27.30 million (-2.68%); Motor Vehicle Fees, \$38.51 million (-0.72%); and "Other", \$11.25 million (-2.10%).

Transportation Fund By Major Element (In Millions)*

Tax Component	Month				FY 2009 YTD			
	Target	Revenue	\$ Change	% Change	Target	Revenue	\$ Change	% Change
Gasoline	4.67	4.37	(0.30)	-6.40%	41.02	40.69	(0.33)	-0.81%
Diesel Fuel	0.92	0.98	0.06	7.10%	10.26	9.92	(0.34)	-3.36%
MV Purchase & Use	2.54	2.29	(0.25)	-9.77%	28.05	27.30	(0.75)	-2.68%
Motor Vehicle Fees	4.35	4.29	(0.06)	-1.49%	38.79	38.51	(0.28)	-0.72%
Other	1.40	1.59	0.19	13.64%	11.50	11.25	(0.25)	-2.10%
Total	13.88	13.52	-0.36	-2.57%	129.62	127.67	-1.95	-1.50%

*Differences due to rounding

Education Fund

Non-Property Tax Education Fund revenue receipts of \$11.76 million were released by Secretary Lunderville today; these receipts are +\$1.50 million (+14.66%) above the February monthly target of \$10.26 million. “Non-Property Tax” Education Fund revenues constitute approximately 12% of the total Education Fund receipts. Year-to-date, non-Property Tax Education Fund revenues are essentially on target at \$102.09 million or +\$0.11 million (+0.11%).

The results for the components of the non-Property Tax Education revenue for February were mixed: Sales & Use Tax, \$8.53 million (+12.85%); Motor Vehicle Purchase & Use, \$1.15 million (-9.77%); Lottery Transfer, \$2.08 million (+10.88%); and Investment Income, \$0.002 (-99.50%). Year-to-date results were: Sales & Use Tax, \$75.77 million (-0.07%); Motor Vehicle Purchase & Use, \$13.65 million (-2.68%); Lottery Transfer, \$12.45 million (-3.01%); and Investment Income, \$0.22 million (-131.57%).

Education Fund By Major Element (In Millions)*

Non-Property Tax Component	Month				FY 2009 YTD			
	Target	Revenue	\$ Change	% Change	Target	Revenue	\$ Change	% Change
Sales & Use	7.56	8.53	0.97	12.85%	75.82	75.77	-0.05	-0.07%
MV Purchase & Use	1.27	1.15	-0.12	-9.77%	14.02	13.65	-0.37	-2.68%
Lottery Transfer	1.88	2.08	0.20	10.88%	12.84	12.45	-0.39	-3.01%
Investment Income	(0.45)	(0.00)	0.45	-99.50%	(0.70)	0.22	0.92	-131.57%
Total	10.26	11.76	1.50	14.66%	101.98	102.09	0.11	0.11%

*Differences due to rounding

Conclusion

Secretary Lunderville said, “The modest rebound in the consumption taxes, coupled with the one-time settlement, kept the General Fund from losing more ground in February. Despite a modest uptick against the current forecast, we remain \$11.1 million down for the fiscal year. Further, we lost more ground again as compared to February 2008. Year-to-date revenues through February 2009 are \$32 million less than the same time period last fiscal year – falling an additional \$4 million in the month versus February 2008.”

Lunderville continued, “As was the case in January, there is still no clear indication of when revenues will stop declining; the recession continues to deepen. The March-April tax filing

season will give us a better indication of the remainder of the fiscal year, but the risk remains all on the downside. Although the federal funds that Vermont will receive through the American Recovery and Reinvestment Act will help cushion the downturn, we must maintain fiscal discipline and prevent reliance on these one-time funds. We must make structural changes to state government and resist tax increases to position Vermont for a strong economic recovery.”

Attachments: Detailed schedules of revenue results comparing the current fiscal year-to-date period with the same period from the last fiscal year follow:

**Comparative Statement of Revenues
General Fund
As of February 28, 2009**

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	375,392,400	360,976,264	-3.84%
Sales & Use	158,285,524	151,545,683	-4.26%
Corporate	38,003,480	27,099,946	-28.69%
Meals & Room	84,240,935	82,227,945	-2.39%
Liquor & Wine	9,859,935	10,364,561	5.12%
Insurance Premium	45,934,779	40,799,159	-11.18%
Telephone Gross Receipts	355,610	122,654	-65.51%
Telephone Property	4,547,863	4,425,574	-2.69%
Beverage	3,862,771	3,894,400	0.82%
Electric Generating	1,331,403	1,387,783	4.23%
Inheritance & Estate	9,125,137	6,637,206	-27.26%
Real Property Transfer	7,903,151	6,562,321	-16.97%
Bank Franchise	7,406,474	13,872,998	87.31%
All Other Taxes	<u>2,072,288</u>	<u>2,090,483</u>	<u>0.88%</u>
Total Taxes	<u>748,321,750</u>	<u>712,006,976</u>	<u>-4.85%</u>
Other Revenues			
Business Licenses	1,494,753	1,535,459	2.72%
Fees	9,761,955	12,707,447	30.17%
Services	1,247,698	989,764	-20.67%
Fines, Forfeits & Penalties	2,173,234	6,882,344	216.69%
Interest, Prem	3,902,027	938,684	-75.94%
Special Assessments	0	0	0.00%
All Other Revenues	<u>288,141</u>	<u>169,256</u>	<u>-41.26%</u>
Total Other Revenues	<u>18,867,808</u>	<u>23,222,954</u>	<u>23.08%</u>
Total General Fund	<u>767,189,558</u>	<u>735,229,930</u>	<u>-4.17%</u>

Note: Revenue Estimates are fiscal year total estimates.

Prepared by Department of Finance & Management

Date: March 04, 2009

Time: 08:53

**Comparative Statement of Revenues
Transportation Fund
As of February 28, 2009**

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	42,899,025	40,685,787	-5.16%
Diesel Fuel	10,812,582	9,920,511	-8.25%
MV Purchase & Use	33,076,751	27,298,103	-17.47%
Total Taxes	86,788,359	77,904,402	-10.24%
Other Revenues			
Motor Vehicle Fees	40,224,396	38,511,669	-4.26%
Other	16,427,079	11,256,502	-31.48%
Total Other Revenues	56,651,475	49,768,171	-12.15%
Total Non-Dedicated	143,439,834	127,672,573	-10.99%
Dedicated			
Federal Aid	118,740,909	126,420,544	6.47%
Other	2,954,215	1,330,534	-54.96%
Total Dedicated	121,695,124	127,751,079	4.98%
Total Transportation Fund	265,134,958	255,423,652	-3.66%

Note: Revenue Estimates are fiscal year total estimates.

Prepared by Department of Finance & Management

Date: March 04, 2009

Time: 08:57

**State of Vermont
Comparative Statement of Revenues
Education Fund
As of February 28, 2009**

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	79,141,575	75,769,584	-4.26%
Purchase & Use	16,538,376	13,649,052	-17.47%
Lottery Transfer	13,429,844	12,449,802	-7.30%
Investment Income	(1,170,051)	221,436	118.93%
Total estimated revenues	<u>107,939,744</u>	<u>102,089,873</u>	<u>-5.42%</u>
Other Revenues:			
Education Property Taxes	83,135,950	77,055,838	-7.31%
Electric Energy Educ Prop Tax	972,767	1,013,643	4.20%
Medicaid Reimbursement	0	0	0.00%
Total other revenues	<u>84,108,717</u>	<u>78,069,481</u>	<u>-7.18%</u>
Total Education Fund	<u><u>192,048,461</u></u>	<u><u>180,159,355</u></u>	<u><u>-6.19%</u></u>

Note: Revenue Estimates are fiscal year total estimates.

Prepared by Department of Finance & Management

Date: March 04, 2009

Time: 08:49