



State of Vermont
Agency of Administration
Office of the Secretary
Pavilion Office Building
109 State Street
Montpelier, VT 05609-0201
www.adm.state.vt.us

[phone] 802-828-3322
[fax] 802-828-3320

Neale F. Lunderville, Secretary

PRESS RELEASE

October 10, 2008

FOR IMMEDIATE RELEASE

CONTACT: Neale F. Lunderville
(802) 828-3322

Montpelier, VT - Secretary of Administration Neale F. Lunderville Announces Vermont's September Revenue Figures – General Fund, Transportation Fund and Education Fund Exceed Target for the Month.

General Fund

Secretary of Administration Neale F. Lunderville today released General Fund revenue results for the month of September, the third month of Fiscal Year 2009. General Fund revenues totaled \$127.44 million for September 2008, +\$13.84 million or +12.19% above the \$113.60 million consensus revenue forecast for the month. Cumulatively, General Fund revenues year to date were \$294.03 million or +12.97 million (+4.61%) above the consensus revenue forecast for Fiscal Year 2009.

However, there are certain factors that impact the availability of this apparent above target result. It is important to note that the September revenue includes a legal settlement of \$6.03 million. At the time the consensus revenue forecast was approved in July 2008, the outcome of the legal action was unknown. Consequently, no amount was included in the consensus forecast for the potential settlement; however, an estimated \$5.57 million was anticipated and already earmarked for use. Of the \$6.03 million, \$2.3 million has been transferred to Teachers' Retirement and the remaining \$3.73 million was included in the August 2008 General Fund Rescission, reducing the appropriation reductions necessary to balance the FY 2009 budget. This means that only \$0.46 million of the settlement is in excess of what was anticipated, not the entire \$6.03 million.

Without the portion of the settlement that was anticipated, General Fund revenue results for the month of September were +\$8.28 million or +7.29% above the \$113.60 million consensus revenue forecast for the month. **Cumulatively, adjusted General Fund revenues year to date were +\$7.40**

million (+2.63%) above the consensus revenue forecast for Fiscal Year 2009. However, given the instability in the national economy, we do not expect revenues to exceed targets for the remainder of the fiscal year.

The monthly targets reflect the most recent Fiscal Year 2009 consensus revenue forecast that was agreed to by the Emergency Board on July 29, 2008. The state's consensus revenue forecast is normally updated two times per year in January and July. However, with the downturn in the national economy, the Emergency Board has scheduled an interim review of the consensus revenue forecast for November 18, 2008.

Personal Income Tax receipts are the largest single state revenue source, and are reported Net of Personal Income Tax refunds. Personal Income Tax receipts for September were \$67.33 million, +\$4.50 million or +7.16% above the monthly target. Corporate Income tax receipts for September were \$12.28 million, +\$1.18 million or +10.65% above the target for the month. Both the Personal Income Tax and Corporate Income Tax receipts were significantly above target in the category of estimated income tax payments. For those individual and corporate tax payers required to pay estimated tax payments in lieu of withholding tax, those payments are generally paid at a minimum of 90% of their prior year tax amount. **In light of national economic turbulence, it is very probable that a significant portion of these estimated payments will need to be refunded when the 2008 tax returns are filed. In other words, we do not believe that the elevated revenues seen in September will continue in future months.**

Sales & Use Tax and Rooms & Meals Tax were both above target for the month. Sales and Use Tax was +\$0.51 million (+2.95%) above the target for September of \$17.30 million, while Rooms & Meals was +\$0.71 million (+6.00%) above the monthly target of \$11.82 million. The remaining tax component results for the month were: Insurance Premium, \$2.14 million (+85.72%); Inheritance/Estate Tax, \$0.17 million (-88.00%); Real Property Transfer Tax \$0.99 million (+1.53%); and Other, \$14.19 million (+103.58%). Included in the Other category was \$6.03 million in Bank Franchise tax – the settlement dollars referred to earlier in this press release. Year to date results for these components were: Insurance Premium, \$8.17 million (+2.97%); Inheritance/Estate Tax, \$1.82 million (-53.24%); Real Property Transfer Tax \$3.06 million (+0.07%); and Other, \$27.68 million (+48.86%), inclusive of the \$6.03 million settlement.

General Fund By Major Element (In Millions)*

Tax Component	September				FY2009 Year to Date			
	Target	Revenue	\$ Change	% Change	Target	Revenue	\$ Change	% Change
Personal Income	62.83	67.33	4.50	7.16%	144.69	150.72	6.03	4.17%
Sales & Use	17.30	17.81	0.51	2.95%	54.94	54.53	-0.41	-0.74%
Corporate	11.10	12.28	1.18	10.65%	14.62	14.17	-0.45	-3.08%
Meals & Room	11.82	12.53	0.71	6.00%	33.34	33.88	0.54	1.62%
Insurance Premium	1.15	2.14	0.99	85.72%	7.94	8.17	0.24	2.97%
Inheritance & Estate	1.45	0.17	-1.28	-88.00%	3.88	1.82	-2.07	-53.24%
Real Property Transfer	0.98	0.99	0.02	1.53%	3.06	3.06	0.00	0.07%
Other	6.97	14.19	7.22	103.58%	18.60	27.68	9.09	48.86%
Total	113.60	127.44	13.84	12.19%	281.06	294.03	12.97	4.61%
Revised Total excluding Anticipated Settlement	113.60	121.87	8.28	7.29%	281.06	288.46	7.40	2.63%

Transportation Fund

Secretary Lunderville also reported on the results for the non-dedicated Transportation Fund revenue. Transportation Fund revenue was \$19.07 million, which was +\$0.22 million, or +1.18%, above the monthly target for September. Cumulatively, Transportation Fund revenues year to date of \$53.38 million were -\$1.71 million or -3.11% below the consensus revenue forecast for Fiscal Year 2009. For the month of September, Gasoline Tax revenue was slightly above target; actual revenues from the Gasoline Tax were +\$0.32 million (+5.66%) above the consensus revenue estimate of \$5.65 million. The Other Fees of \$1.87 was also above the target by +\$0.38 (+25.20%). The Diesel Tax, Motor Vehicle Purchase & Use Tax, and Motor Vehicle Fees were all below their monthly targets; Diesel Tax, \$1.28 million or -5.44% below the monthly target; Motor Vehicle Purchase & Use Tax, \$4.69 million or -5.67% below the monthly target; and Motor Vehicle Fees, \$5.27 million or -2.20% below the monthly target.

Transportation Fund By Major Element (In Millions)*

Tax Component	September				FY2009 Year to Date			
	Target	Revenue	\$ Change	% Change	Target	Revenue	\$ Change	% Change
Gasoline	5.65	5.97	0.32	5.66%	16.37	16.39	0.02	0.11%
Diesel Fuel	1.35	1.28	-0.07	-5.44%	4.14	3.67	-0.47	-11.38%
MV Purchase & Use	4.97	4.69	-0.28	-5.67%	13.44	12.29	-1.14	-8.52%
Motor Vehicle Fees	5.38	5.27	-0.12	-2.20%	16.48	16.36	-0.11	-0.70%
Other	1.49	1.87	0.38	25.20%	4.67	4.67	0.00	-0.02%
Total	18.85	19.07	0.22	1.18%	55.09	53.38	(1.71)	-3.11%

*Differences due to rounding

Education Fund

Secretary Lunderville released revenue results for the “the non-Property Tax” Education Fund revenues (which constitute approximately 12% of the total Education Fund receipts). The Education Fund receipts totaled \$13.27 million for the month of September, or \$0.18 million (+1.35%) above the \$13.09 million consensus revenue target for the month. Cumulatively, Education Fund revenues year to date were \$37.82 million or -\$1.05 million (-2.70%) below the consensus revenue forecast for Fiscal Year 2009.

The portion of the Education Fund derived from the Motor Vehicle Purchase & Use Tax was below expectations for the month of September, as was the Lottery Transfer. The Education Fund portion of the Sales & Use Tax was above target for September.

Specifically, the Education Fund components were: Sales and Use Tax, \$8.90 million or +2.95% above target; Motor Vehicle Purchase & Use, \$2.35 million or -5.67% below target; Lottery Transfer, \$1.89 million or -2.16% below target; and Education Fund Interest \$0.13 million or +454.47% above the monthly target.

Education Fund By Major Element (In Millions)*

Non-Property Tax Component	September				FY2009 Year to Date			
	Target	Revenue	\$ Change	% Change	Target	Revenue	\$ Change	% Change
Sales & Use	8.65	8.90	0.26	2.95%	27.47	27.26	-0.21	-0.75%
MV Purchase & Use	2.49	2.35	-0.14	-5.67%	6.72	6.15	-0.57	-8.52%
Lottery Transfer	1.93	1.89	-0.04	-2.16%	4.64	4.28	-0.36	-7.79%
Investment Income	0.02	0.13	0.10	454.15%	0.04	0.13	0.09	235.71%
Total	13.09	13.27	0.18	1.35%	38.87	37.82	(1.05)	-2.70%

*Differences due to rounding

Conclusion

Secretary Lunderville cautioned that, “The continued volatility in the national economy is a serious concern. We need to be very cautious because of the uncertainty of national markets and the expectation that a significant amount of the Estimated Income Tax payments received to date in the General Fund will likely need to be refunded. We will continue to monitor future revenues very closely and review the situation again after the revenue forecast is revised in November.”

Attachments

Detailed schedules of the year-to-date revenue results comparing the current period with last year follow.

Note: Minor differences in figures are due to rounding.

**Comparative Statement of Revenues
General Fund
As of September 30, 2008**

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	143,847,137	150,717,278	4.8%
Sales & Use	57,544,717	54,526,042	-5.2%
Corporate	18,901,474	14,170,711	-25.0%
Meals & Room	34,361,008	33,882,730	-1.4%
Liquor & Wine	3,604,681	4,085,762	13.3%
Insurance Premium	8,049,127	8,172,850	1.5%
Telephone Gross Receipts	164,781	40,115	-75.7%
Telephone Property	2,288,925	2,198,859	-3.9%
Beverage	1,600,562	1,578,530	-1.4%
Electric Generating	665,702	693,892	4.2%
Inheritance & Estate	3,952,014	1,815,500	-54.1%
Real Property Transfer	3,732,147	3,058,805	-18.0%
Bank Franchise	2,649,168	8,750,170	230.3%
All Other Taxes	1,173,094	931,066	-20.6%
Total Taxes	<u>282,534,535</u>	<u>284,622,311</u>	<u>0.7%</u>
Other Revenues			
Business Licenses	228,203	280,893	23.1%
Fees	3,334,324	4,721,375	41.6%
Services	310,595	584,204	88.1%
Fines, Forfeits & Penalties	697,874	2,930,515	319.9%
Interest, Prem	1,453,293	843,074	-42.0%
Special Assessments	0	0	0.0%
All Other Revenues	61,614	45,317	-26.5%
Total Other Revenues	<u>6,085,902</u>	<u>9,405,378</u>	<u>54.5%</u>
Total General Fund	<u><u>288,620,437</u></u>	<u><u>294,027,689</u></u>	<u><u>1.9%</u></u>
Dept of Corrections AR	11,444	272,920	

Note: Revenue Estimates are fiscal year total estimates.

Prepared by Department of Finance & Management

Date: October 02, 2008

Time: 14:15

**Comparative Statement of Revenues
Transportation Fund
As of September 30, 2008**

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	16,878,374	16,388,337	-2.9%
Diesel Fuel	3,672,416	3,668,623	-0.1%
MV Purchase & Use	13,825,473	12,292,188	-11.1%
Total Taxes	34,376,264	32,349,147	-5.9%
Other Revenues			
Motor Vehicle Fees	16,676,834	16,360,140	-1.9%
Other	4,315,473	4,665,859	8.1%
Total Other Revenues	20,992,307	21,026,000	0.2%
Total Non-Dedicated	55,368,571	53,375,147	-3.6%
Dedicated			
Federal Aid	54,009,150	53,790,821	-0.4%
Other	1,351,895	524,432	-61.2%
Total Dedicated	55,361,045	54,315,252	-1.9%
Total Transportation Fund	110,729,616	107,690,400	-2.7%
Transportation Funds			
Other Revenues Non-Dedicated In Process	1,478,822	1,295,673	
Dept of Corrections Accounts Receivable	(9,624)	(15,307)	

Note: Revenue Estimates are fiscal year total estimates.

Prepared by Department of Finance & Management

Date: October 02, 2008

Time: 10:34

**State of Vermont
Comparative Statement of Revenues
Education Fund
As of September 30, 2008**

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	28,771,927	27,262,612	-5.2%
Purchase & Use	6,912,737	6,146,024	-11.1%
Lottery Transfer	4,632,151	4,281,392	-7.6%
Investment Income	(174,713)	126,918	172.6%
Total estimated revenues	<u>40,142,102</u>	<u>37,816,945</u>	<u>-5.8%</u>
Other Revenues:			
Education Property Taxes	13,782	117,428,552	851942.9%
Electric Energy Educ Prop Tax	0	0	0.0%
Medicaid Reimbursement	0	0	0.0%
Total other revenues	<u>13,782</u>	<u>117,428,552</u>	<u>851942.9%</u>
Total Education Fund	<u><u>40,155,884</u></u>	<u><u>155,245,497</u></u>	<u><u>286.6%</u></u>

Note: Revenue Estimates are fiscal year total estimates.

Prepared by Department of Finance & Management

Date: October 02, 2008

Time: 10:32