

The **Rhode Island Public Expenditure Council (RIPEC)** Monday released its annual "**How Rhode Island Compares**" report, which provides details on how state and local government revenue sources from **fiscal year 2009**, the latest year for which national data are available.

The publication compares Rhode Island's fiscal system with those of the other 49 states and the national average using data released by the US Census Bureau on October 31, 2009.

### **Tax Collections:**

In FY 2009,

- **state and local governments** in Rhode Island **collected \$1.9 billion**, or **21.0 percent less** revenue compared to FY 2008.
- **Nationally**, revenues **declined by \$587.5 billion**, or **22.1 percent**.

The majority of revenue losses were related to **negative investment returns in social insurance trusts** (including public employee retirement systems, workers compensation and unemployment insurance trust funds).

**Tax collections were also lower** in FY 2009 than in FY 2008, as most tax revenue categories fell in Rhode Island and across the nation, with the exception of property taxes.

### **Tax Burden**

**Rhode Island's** tax burden remains among the highest in the country, ranking

- **11th highest as a share of personal income**, and
- **13th highest on a per capita basis**.

In FY 2008, the state's tax burden ranked 17th highest per \$1,000 of personal income and 13th highest per capita.

Although Rhode Island moved up in the national rankings when tax burden was measured as a share of personal income, **year-over-year tax collections fell** from

- \$114.18 per \$1,000 of personal income to
- \$109.84 per \$1,000 of personal income.

This is in part a reflection of the **slower growth in personal income** in Rhode Island compared to the rest of the country.

By either measure – per \$1,000 of personal income or per capita – Rhode Island's ranking was driven by the state's **high property tax collections**.

Although Rhode Island ranked **11th highest for total tax collections** as a share of personal income, the state's ***tax collections were lower than the national average*** for all taxes with the exception of the property tax.

Similarly, the state's per capita tax collections were, in general, lower than, or similar to, the national average for all but the property tax.

Declining tax collections were ***primarily a result of individual income tax losses***. This, coupled with ***increases in property taxes***, resulted in the growing reliance on property taxes between the two years in Rhode Island and nationally.

- **Property taxes** accounted for almost **45 percent** of all state and local tax revenues in FY 2009,
- compared to FY 2008, when property taxes represented **42.3 percent** of all tax collections.

At the same time, the growing role property taxes play in supporting government is part of a longer trend; property taxes have increased their share of revenues in Rhode Island every year since FY 2006.