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Sunny today with highs near 70 inland, 60 along the shore; clear tonight. Forecast, F6

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State's tax revenues post sharp decline

A weakening economy seen taking a toll on R.I.'s coffers

BY STEVE PEOPLES
JOURNAL STATE HOUSE BUREAU

PROVIDENCE — The state's largest revenue sources — income and sales taxes — are down sharply through the first 10 months of the fiscal year, a further sign that Rhode Island's financial problems are mounting as lawmakers struggle to balance the 2008-09 budget facing the largest deficit in nearly two decades.

Economists reported last week that Rhode Island is one of nine states across the country and the only one in New England experi-

encing an economic recession. State Tax Administrator David M. Sullivan supplied data yesterday detailing the effect of widespread job losses, stagnant wages and weak consumer confidence.

Sales tax collections are down \$23 million, or 3.1 percent, compared with the same period last year, Sullivan reported, while income tax revenue is down \$9 million, or 1 percent. Should the trend continue through the end of the fiscal year in June, as expected, it

SEE REVENUES, A2

Falling short

	FY 2007 Through April	FY 2008 Through April	Change
Personal Income Tax	\$905,033,901	\$895,949,819	-1.0%
Business Corp. Tax	109,482,968	104,783,519	-4.3%
Sales and Use Tax	731,933,088	708,944,389	-3.1%
Realty Transfer Tax	11,001,983	8,837,732	-19.7%
Lottery Revenue	232,599,490	265,789,832	14.3%

SOURCE: Governor's budget office

Carcieri vetoes bill for 24-hour gambling

BY KATHERINE GREGG
JOURNAL STATE HOUSE BUREAU

PROVIDENCE — While lawmakers are counting on round-the-clock gambling on weekends and holidays at Twin River and Newport Grand to raise upward of \$14 million in new money for the cash-strapped state, Governor Carcieri has vetoed the legislation.

In his veto message yesterday, Carcieri repeated his reservations about forcing expanded hours on two communities that have said they do not want it. The Newport City Council unanimously passed a resolution objecting to

SEE GAMBLING, A2

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Extra: To read the state's revenue brief on cash collections through April 2008, go to projo.com

A hard-pressed heartland



AP / ELISE AMENDOLA



NYT / DOUG MILLS

Economy on Hoosiers' minds as they vote today

Sen. Hillary Rodham Clinton poses for photos with firefighters during a campaign stop at the Fire Department in Merrillville, Ind., yesterday.

BY JOHN E. MULLIGAN
JOURNAL WASHINGTON BUREAU

ANDERSON, Ind. — When Bill Riffe was a young teacher, many a promising educator got through college by working nights at one of the sprawling auto-parts plants that made this East Providence-sized city boom.

"By the time they graduated, they'd be making too much money in the factory to go on with teaching. 'Generous Motors,' as we used to call it, just paid too much," said Riffe.

Now the only jobs at



the Inland Fisher Guide headlight plant, by the railroad tracks at the edge of town, are on the wrecking crews from North American Dismantling.

The smoke-stacked factory, shuttered early last year, is being reduced to brick rubble and rusting piles of scrap that crane-mounted magnets yank into huge Dumpsters.

It's the kind of loss, said Riffe, that has made the slumping economy the number-one issue as Indiana

takes a rare turn in the national spotlight for today's crucial presidential primary contest between Sen. Barack Obama of Illinois and Sen. Hillary Rodham Clinton of New York.

CAMPAIGN 2008

Riffe, a retired government teacher at Madison Heights High School, and his wife, Phyllis, the school's one-time head nurse, have spent a lot of time canvassing the streets of Anderson for Clinton. They say she seems to be doing well, but like their counterparts in the Obama camp, they think Indiana is anybody's race.

SEE CAMPAIGN, A9

Primary primer

Indiana and North Carolina hold their presidential primaries today. Polls close in Indiana at 6 p.m., in North Carolina at 7:30 p.m.

According to the latest state polls, Sen. Hillary Rodham Clinton leads Sen. Barack Obama in Indiana; Obama leads Clinton in North Carolina.

Any registered voter may vote in the Indiana Democratic primary. Only registered Democrats may vote in the party's North Carolina primary.

According to the Associated Press, Obama currently has 1,745.5 delegates to Clinton's 1,608, with 2,025 needed to win the nomination.

Sen. Barack Obama greets construction workers arriving for work in Evansville, Ind., yesterday.

Jury selection begins in case of ex-CVS officials charged with bribery

John R. Kramer and Carlos Ortiz face charges in connection with hiring former North Providence Sen. John A. Celona as a \$1,000-a-month consultant.

BY MIKE STANTON
JOURNAL STAFF WRITER

PROVIDENCE — The "lies" of John A. Celona will take center stage in federal court next week when two former CVS executives go on trial on charges that they

bribed the once-powerful, now-incarcerated state senator from North Providence.

Jury selection began yesterday in the trial of John R. Kramer, 75, and Carlos Ortiz, 64, who face charges of bribery and conspir-

acy to deprive Rhode Islanders of the honest services of a public official, Celona, by putting him on the CVS payroll as a \$1,000-a-month consultant to do their bidding at the State House.

Next Monday, after prosecutors and defense lawyers winnow a field of some 112 prospective jurors down to 12, the lawyers will present opening arguments in a trial estimated to last four weeks

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Extra: For our continuing report on Operation Dollar Bill, the wide-ranging corruption case involving at least seven politicians and seven corporations, go to projo.com

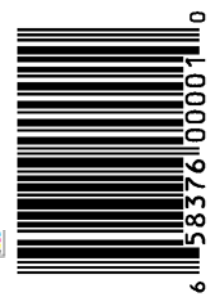
before Chief U.S. District Judge Mary M. Lisi.

In pretrial motions, the two

sides have sparred over the credibility of the government's star witness, Celona, who is serving 2½ years in federal prison after pleading guilty to selling his office to CVS, Blue Cross & Blue Shield of Rhode Island and Roger Williams Medical Center. He agreed to cooperate in a wide-ranging State House influence-peddling probe known as Operation Dollar Bill.

One focal point of that case is CVS, the Woonsocket-based drugstore chain that is the nation's biggest and which had financial ties not only to Celona but to two other powerful lawmakers, former House Majority Leader Gerard Martineau and former Senate President William Irons.

SEE CVS, A10



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PASSAGES

MILDRED LOVING

The black woman whose anger over a judge's denial of the validity of her marriage to a white man led to a landmark Supreme Court ruling overturning Virginia's anti-miscegenation laws, dies at 68. **A7**

GUNFIRE AT ZAMBARANO

A private security guard is removed from his assignment at Zambarano Hospital after he allegedly fires a gun at a knife-wielding intruder. **B1**

THE CAVS ARE COMING

The Celtics know they'll have their hands full tonight in Game One of the Eastern Conference semifinals when they go up against LeBron James and the Cleveland Cavaliers. **C1**



THOUSANDS DIE IN MYANMAR

The authoritarian regime in Myanmar, an isolated Southeast Asian nation, reports that as many as 10,000 may have been killed in a cyclone that unleashed a 12-foot tidal surge that swept through the country's largest city. **A4**