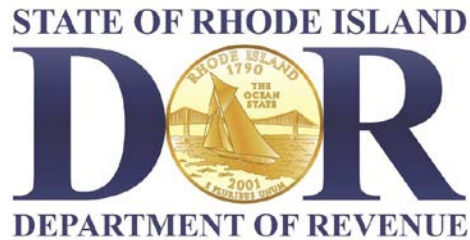


STATE OF RHODE ISLAND
GOVERNOR GINA M. RAIMONDO



Office of Revenue Analysis

State of Rhode Island Revenue Assessment Report
FY 2021 Monthly and Year-to-Date as of August 2020

Revised October 19, 2020

The Office of Revenue Analysis was informed of an error that it had made with respect to the estimate of the FY 2021 hospital licensing fee. The error effectively understated the base departmental receipts revenues against which adjusted actual departmental receipts revenues were compared and impacted the results of the *FY 2021 Monthly and Year-to-Date Revenue Assessment Report* for August. As a result of the error, the original August 2020 Revenue Assessment Report overstated the difference between adjusted and expected departmental receipts and total general revenues. This document replaces the earlier document produced by the Department of Revenue and contains the corrected numbers for the August 2020 report. ORA apologizes for any inconvenience or confusion the correction of this error may cause readers and users of the report.

The monthly revenue assessment report compares adjusted revenues, on a monthly and fiscal year-to-date basis, to the Office of Revenue Analysis' monthly and fiscal year-to-date estimates of expected revenues based on the current fiscal year revenue estimates. It should be noted that the fiscal year revenue estimates will vary over the course of the fiscal year as the Revenue Estimating Conference (REC) (see Rhode Island General Laws § 35-16-1 et seq.) convenes and modifies the fiscal year revenue estimates as enacted by the General Assembly.

The purpose of the Revenue Assessment Report is to give readers a sense of how the state's general revenues compare to those that might be expected if the official revenue estimates were being met in a predictable way. Caution should be exercised when interpreting this report as actual revenues may vary significantly from historical patterns. In addition, it is important for the reader to understand that enacted and adopted revenue estimates are made on an accrual basis, not a cash basis. Revenue accruals are not determined until at least one month after the fiscal year-end in

June. Thus, even if the assessment of actual fiscal year-to-date revenues trails the fiscal year-to-date revenue estimates, it is possible for the fiscal year-end accrual to make up any shortfall.

Normally, the August Revenue Assessment Report uses the revenue estimates from the enacted budget as the basis of comparison. In November 2020, the Rhode Island General Assembly will hold a special session to consider the FY 2021 budget. As such, the revenue estimates adopted at the May 2020 REC will be used as the basis of comparison for FY 2021 adjusted revenues through October 2020. Beginning with the November 2020 Revenue Assessment Report, the basis of comparison will be revenue estimates adopted at the November 2020 REC until the FY 2021 budget is enacted. After the FY 2021 budget is enacted, the basis of comparison will be the revenue estimates included in the enacted budget. For the May 2021 Revenue Assessment Report, the basis of comparison will be revenue estimates adopted at the May 2021 REC. There is no Revenue Assessment Report issued for the month of June. Instead, a Special Report on Preliminary Revenues for FY 2021 will be prepared and issued in September 2021.

Year-to-Date Estimate to Actual

| | YTD August Adjusted Revenues FY 2021 | | YTD August Estimate of May 2020 REC FY 2021 Revenues † | Difference | Variance |
|--------------------------------------|--|------|--|-----------------------|---------------|
| Personal Income Tax ‡ | \$ 202,935,262 | a, b | \$ 185,970,694 | \$ 16,964,567 | 9.1% |
| General Business Taxes | | | | | |
| Business Corporation ‡ | 8,130,920 | c, d | 7,655,260 | 475,660 | 6.2% |
| Public Utilities Gross Earnings ‡ | 1,225,130 | | 547,047 | 678,083 | 124.0% |
| Financial Institutions ‡ | 613,184 | e | 92,350 | 520,834 | 564.0% |
| Insurance Company Gross Premiums ‡ | 6,316,053 | f | 34,211 | 6,281,842 | 18,362.0% |
| Bank Deposits ‡ | (33,064) | g | (12,388) | (20,676) | 166.9% |
| Health Care Provider Assessment | 7,012,780 | | 7,147,313 | (134,533) | -1.9% |
| Excise Taxes | | | | | |
| Sales and Use ◇ | 230,706,278 | | 203,077,894 | 27,628,384 | 13.6% |
| Motor Vehicle License and Reg Fees | 201,739 | | 347,883 | (146,144) | -42.0% |
| Cigarettes | 29,102,209 | | 23,390,370 | 5,711,839 | 24.4% |
| Alcohol | 3,823,698 | | 3,644,308 | 179,390 | 4.9% |
| Controlled Substances | - | | - | - | n/a |
| Other Taxes | | | | | |
| Estate and Transfer | 10,740,972 | | 6,656,685 | 4,084,287 | 61.4% |
| Racing and Athletics | 34,470 | | 169,284 | (134,814) | -79.6% |
| Realty Transfer | 2,800,311 | h | 2,722,580 | 77,731 | 2.9% |
| Total Taxes | \$ 503,609,942 | | \$ 441,443,493 | \$ 62,166,449 | 14.1% |
| Departmental Receipts † | \$ 25,722,849 | i | \$ 29,633,004 | \$ (3,910,154) | -13.2% |
| Taxes and Departmentals | \$ 529,332,791 | | \$ 471,076,497 | \$ 58,256,294 | 12.4% |
| Other General Revenue Sources | | | | | |
| Other Miscellaneous Revenues | 4,940 | + | 4,940 | - | 0.0% |
| Lottery Transfer Δ | 22,659,181 | | 22,088,586 | 570,595 | 2.6% |
| Unclaimed Property | - | + | - | - | n/a |
| Total Other Sources | \$ 22,664,121 | | \$ 22,093,526 | \$ 570,595 | 2.6% |
| Total General Revenues | \$ 551,996,912 | | \$ 493,170,022 | \$ 58,826,890 | 11.9% |

| PIT Component | YTD August Adj. Revenues | | YTD August May 2020 REC Estimates | Difference | Variance |
|---------------------------|-----------------------------|------|---|----------------------|-------------|
| Estimated payments ‡ | \$ 10,587,794 | a | \$ 7,807,189 | \$ 2,780,605 | 35.6% |
| Final payments ‡ | 11,691,756 | a, b | 7,183,340 | 4,508,416 | 62.8% |
| Withholding | 198,561,010 | | 186,170,313 | 12,390,697 | 6.7% |
| Refunds and Adjustments ‡ | (17,905,298) | a | (15,190,148) | (2,715,150) | 17.9% |
| Total | \$ 202,935,262 | | \$ 185,970,694 | \$ 16,964,567 | 9.1% |

‡ On March 20, 2020, the United States Treasury and Governor Raimondo extended the payment and filing due date for personal income tax and most general business taxes estimated and final payments from April 15, 2020 to July 15, 2020.

† FY 2021 estimated revenues are based on estimates adopted at the May 2020 Revenue Estimated Conference (REC). The estimate for departmental receipts was calculated using modified revenue flows to align expected revenues with the actual realization of revenues.

◇ Reflects June-July 2020 activity. Rhode Island entered Phase 2 of ReopeningRI on June 1, 2020 and Phase 3 on June 30, 2020. Phase 2 allowed restaurants to open for dine-in seating at a 50% capacity and for personal service businesses to open at a reduced capacity. Phase 3 allowed for indoor establishments to open at a 66% capacity and allowed for larger crowd sizes at indoor and outdoor entertainment establishments. Please see the body of the report for information on the impact of COVID-19.

+ Set equal to actual amounts received.

Detailed notes on the following page

FY 2021 STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT
Year-to-Date Estimate to Actual

- ^a An adjustment of \$324,288 is included in personal income tax refunds and adjustments and reflects transfer(s) from business corporation tax to correct for payment(s) received in August 2012. Subtracts \$29,000,000 of estimated payments received in July 2020 that were accrued back to FY 2020 due to deferral of estimated payments due dates from April 15, 2020 and June 15, 2020 to July 15, 2020. Subtracts \$150,386,000 of final and extension payments received and reduces refund payments made in July 2020 by \$19,311,000. These amounts were accrued back to FY 2020 due to deferral of the filing deadline from April 15, 2020 to July 15, 2020.
- ^b Adds \$5,794,553 of personal income tax payments made by pass-through entities on behalf of shareholders that were deposited as business corporation tax. This amount was accrued back to FY 2020 as personal income tax final/extension payments, and included in the accrual as noted in a. Adds to personal income tax final payments \$386,589 in pass-through entity tax payments received in August 2020.
- ^c Includes a net adjustment of \$(104,288) to correct for payments received in prior periods that were transferred between business corporation tax and other general revenue accounts. Subtracts \$27,210,000 of net payments received in July 2020 that were accrued back to FY 2020 due to the delay in the tax filing deadline and estimated payments due dates to July 15, 2020.
- ^d Subtracts \$5,794,553 of payments received from pass-through entities for personal income taxes of shareholders that were deposited as business corporation tax but transferred to personal income tax final/extension payments and accrued back to FY 2020. Subtracts \$386,589 in pass-through entity tax payments received in August 2020 that were added to personal income tax final payments.
- ^e Includes an adjustment of \$(100,000) for a transfer to business corporation tax for estimated payment(s) received in March 2018. Subtracts \$347,000 of payments received in July 2020 that were accrued back to FY 2020 due to the delay in the tax filing deadline and estimated payments due dates to July 15, 2020.
- ^f Subtracts \$13,709,000 of payments received in July 2020 that were accrued back to FY 2020 due to the delay in the tax filing deadline and estimated payments due dates to July 15, 2020. Includes an adjustment of \$(120,000) for transfer(s) to business corporation tax from insurance company gross premiums tax for payment(s) received in December 2018.
- ^g Subtracts \$111,466 of payments received in July 2020 that were accrued back to FY 2020 due to the delay in the tax filing deadline and estimated payments due dates to July 15, 2020.
- ^h Subtracts \$467,919 that is designated to the Housing Resources Commission. The amount reflects the August 2020 transfer that will occur in September 2020.
- ⁱ Subtracts \$169,089,786 of hospital licensing fee payments received in FY 2021 year-to-date but accrued back to FY 2020.

FY 2021 STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT
Monthly Estimate to Actual

| | August 2020 Adjusted Revenues FY 2021 | | August 2020 Estimate of May 2020 REC FY 2021 Revenues † | | Difference | Variance |
|--------------------------------------|---|------|---|---|----------------|----------|
| Personal Income Tax ‡ | \$ 101,719,042 | a | \$ 97,679,720 | | \$ 4,039,322 | 4.1% |
| General Business Taxes | | | | | | |
| Business Corporation ‡ | 2,379,868 | b, c | 2,447,285 | | (67,417) | -2.8% |
| Public Utilities Gross Earnings ‡ | 303,972 | | 180,432 | | 123,540 | 68.5% |
| Financial Institutions ‡ | 17,000 | | 92,350 | | (75,350) | -81.6% |
| Insurance Company Gross Premiums ‡ | 5,725,000 | c | 902,781 | | 4,822,219 | 534.2% |
| Bank Deposits ‡ | (30,751) | | (12,388) | | (18,363) | 148.2% |
| Health Care Provider Assessment | 3,360,097 | | 3,541,907 | | (181,810) | -5.1% |
| Excise Taxes | | | | | | |
| Sales and Use ◊ | 116,105,465 | | 102,388,748 | | 13,716,717 | 13.4% |
| Motor Vehicle License and Reg Fees | 22,004 | | 187,994 | | (165,990) | -88.3% |
| Cigarettes | 13,293,628 | | 12,392,632 | | 900,996 | 7.3% |
| Alcohol | 1,848,204 | | 1,596,130 | | 252,074 | 15.8% |
| Controlled Substances | - | | - | + | - | n/a |
| Other Taxes | | | | | | |
| Estate and Transfer | 6,227,340 | | 3,376,711 | | 2,850,629 | 84.4% |
| Racing and Athletics | 34,470 | | 93,936 | | (59,466) | -63.3% |
| Realty Transfer | 1,079,043 | d | 1,380,194 | | (301,151) | -21.8% |
| Total Taxes | \$ 252,084,381 | | \$ 226,248,430 | | \$ 25,835,951 | 11.4% |
| Departmental Receipts † | \$ 12,871,339 | e, f | \$ 15,871,437 | | \$ (3,000,098) | -18.9% |
| Taxes and Departmentals | \$ 264,955,720 | | \$ 242,119,867 | | \$ 22,835,853 | 9.4% |
| Other General Revenue Sources | | | | | | |
| Other Miscellaneous Revenues | 374 | + | 374 | + | - | 0.0% |
| Lottery Transfer | 22,659,181 | | 22,088,586 | | 570,595 | 2.6% |
| Unclaimed Property | - | + | - | + | - | n/a |
| Total Other Sources | \$ 22,659,555 | | \$ 22,088,960 | | \$ 570,595 | 2.6% |
| Total General Revenues | \$ 287,615,275 | | \$ 264,208,827 | | \$ 23,406,448 | 8.9% |

| PIT Component | August 2020 Adj. Revenues | | August 2020 May 2020 REC Estimates | | Difference | Variance |
|---------------------------|------------------------------|---|---------------------------------------|--|--------------|----------|
| Estimated payments ‡ | \$ 5,316,112 | | \$ 3,748,259 | | \$ 1,567,854 | 41.8% |
| Final payments ‡ | 6,413,593 | a | 3,509,974 | | 2,903,619 | 82.7% |
| Withholding | 99,965,109 | | 97,069,682 | | 2,895,428 | 3.0% |
| Refunds and Adjustments ‡ | (9,975,773) | | (6,648,195) | | (3,327,578) | 50.1% |
| Total | \$ 101,719,042 | | \$ 97,679,720 | | \$ 4,039,322 | 4.1% |

‡ On March 20, 2020, the United States Treasury and Governor Raimondo extended the payment and filing due date for personal income tax and most general business taxes estimated and final payments from April 15, 2020 to July 15, 2020.

† FY 2021 estimated revenues are based on estimates adopted at the May 2020 Revenue Estimated Conference (REC). The estimate for departmental receipts was calculated using modified revenue flows to align expected revenues with the actual realization of revenues.

◊ Reflects July 2020 activity. Rhode Island entered Phase 3 on June 30, 2020. Phase 3 allowed for indoor establishments to open at a 66% capacity and allowed for larger crowd sizes at indoor and outdoor entertainment establishments. However, catered event sizes were reduced to 50 people indoors and 100 people outdoors.

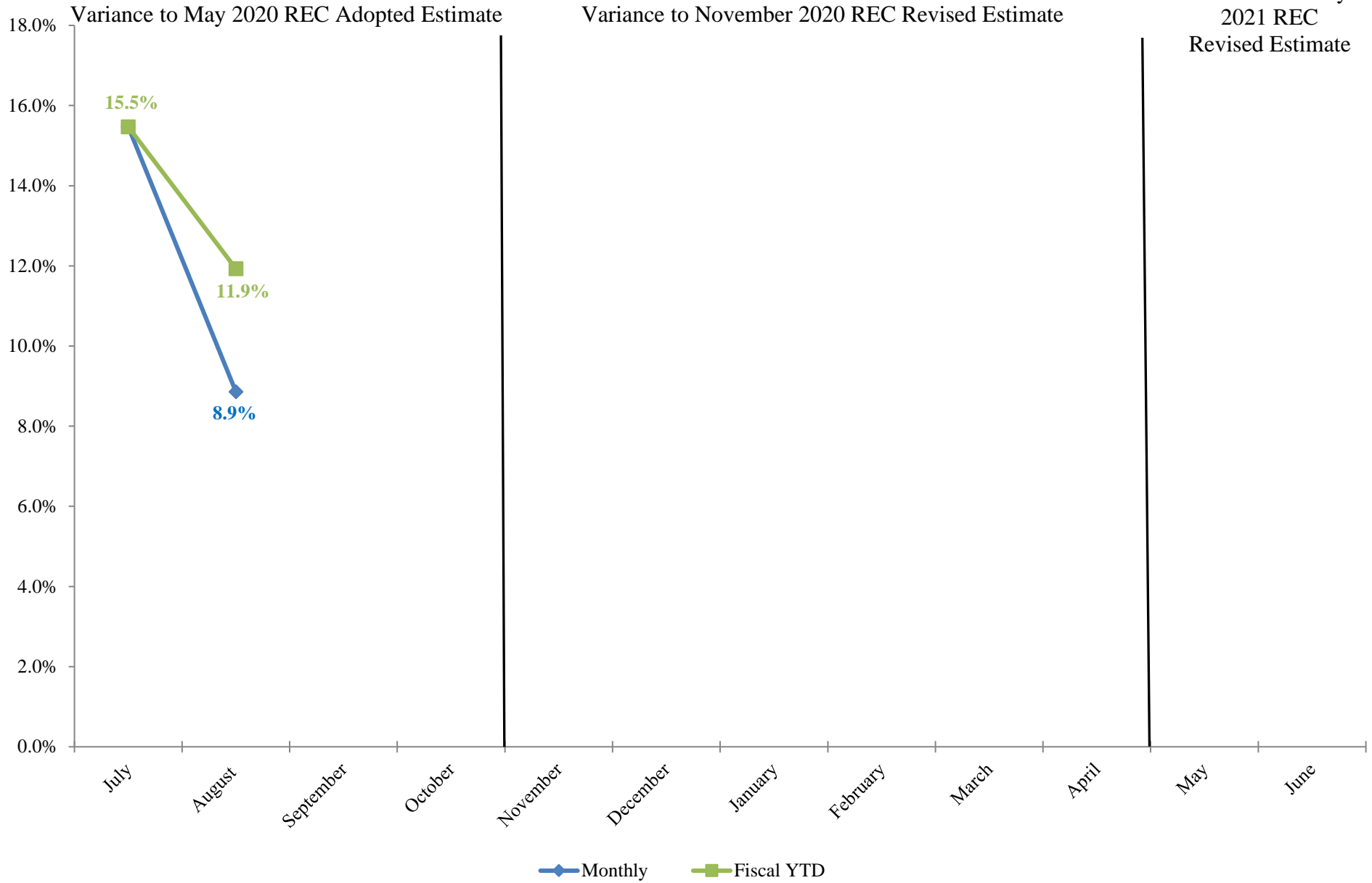
+ Set equal to actual amounts received.

Detailed notes on the following page

FY 2021 STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT
Monthly Estimate to Actual

- ^a Adds to personal income tax final payments \$386,589 in pass-through entity tax payments received in August 2020 and recorded as business corporation tax.
- ^b Subtracts from business corporation tax \$386,589 in pass-through entity tax payments received in August 2020 and transferred to personal income tax final payments.
- ^c Includes an adjustment of \$(120,000) for transfer(s) to business corporation tax from insurance company gross premiums tax for payment(s) received in December 2018.
- ^d Subtracts \$76,620 that are designated to the Housing Resources Commission. The amount reflects the difference between the July 2020 transfer that occurred in August 2020 and the August 2020 transfer that will occur in September 2020.
- ^e Subtracts \$1,793,148 of hospital licensing fee payments received in August 2020 but accrued back to FY 2020.
- ^f Includes an adjustment of \$(606,781) for transfer(s) to restricted receipt accounts from the first response surcharge accounts for payment(s) received in July 2020.

FY 2021 Variance of Adjusted Revenues to Estimate



Impact on General Revenues from the COVID-19 Pandemic

Due to the COVID-19 pandemic, on March 20, 2020, the Division of Taxation, in conjunction with announcements made by the United States Treasury and Governor Gina M. Raimondo, postponed the filing-and-payment deadline for income tax filings and income tax payments for individuals and certain businesses from April 15, 2020 to July 15, 2020. For the affected tax types, the change in the filing date provided taxpayers three additional months to file returns and pay balances due, and no penalties or interest would accrue on these balances if paid on or before July 15, 2020. Tax year 2019 payments made in July 2020 that normally would have been received before July 1, 2020 were booked as a FY 2020 revenue accrual. This report adjusts the cash collections received in July 2020 for these revenue accruals, both payables and receivables. The principals at the May 2020 REC incorporated the impact of these filing and payment due date changes in the FY 2021 adopted revenue estimates.

Phase 3 of Reopening RI was put in place by Governor Raimondo on June 30, 2020.¹ In Phase 3, indoor dining establishments could operate at 66% of capacity and larger crowd sizes were permitted at indoor and outdoor venues. Major League Soccer (MLS), Major League Baseball (MLB), and the National Basketball Association (NBA) started either a shortened season or a championship tournament during July 2020. On July 29, 2020, Governor Raimondo reduced the number of people who could attend catered events to 50 for indoor events and 100 for outdoor events and capped the size of informal gatherings at 15 people. The National Hockey League (NHL) resumed play in a playoff tournament format on August 1, 2020. On August 8, 2020, the Governor required bars, including those inside of restaurants, to close by 11:00 PM daily.

Estimate of Revised FY 2021 Revenues Adopted at the May 2020 REC

In order to determine the expected monthly and fiscal year-to-date revenues for the fiscal year, ORA first calculated the average percentage of total adjusted revenues that occurred in a given month over the previous five fiscal years for each revenue item, except for estate and transfer taxes for which the previous ten fiscal years are used.² For business corporation tax, public utilities

¹ Due to the COVID-19 pandemic, major sporting events were cancelled or postponed beginning March 11, 2020; the Twin River and Tiverton Casino Hotels were closed at midnight on March 14, 2020; Governor Raimondo suspended dine-in service at restaurants and bars on March 17, 2020; and on March 28, 2020 the Governor issued a stay-at-home order which closed all non-essential retail and service businesses effective March 30, 2020.

Phase 1 of Reopening RI commenced on May 9, 2020, which lifted the stay-at-home order and allowed for a limited reopening of certain non-critical retail businesses. Restaurants were opened subject to limited patio seating beginning on May 18, 2020. Rhode Island entered Phase 2 of Reopening RI on June 1, 2020, which included the reopening of dine-in service at 50% capacity. The Twin River Casino Hotel and Tiverton Casino Hotel reopened on June 8, 2020, albeit with limited capacity.

² The previous five fiscal years are FY 2016 through FY 2020, and the previous ten fiscal years are FY 2011 through FY 2020. In the case of personal income tax refunds and adjustments revenues, FY 2013 through FY 2015 and FY 2018 through FY 2019 were used in computing the five-fiscal year average percentages. These fiscal years were selected due to the impact on refund processing in FY 2016 and FY 2017 that resulted from the implementation of the new personal income tax system by the Division of Taxation. For personal income tax estimated and final payment revenues, FY 2015 through FY 2019 were used in computing the five fiscal year average percentages due to the delay in the return and payment due dates to July 15, 2020 in FY 2020. FY 2015 through FY 2019 was also used to compute the five fiscal year average percentages for racing and athletics taxes and the lottery transfer due to the pandemic

gross earnings tax, financial institutions tax, insurance company gross premiums tax, and bank deposits tax revenues, ORA continued to use adjusted FY 2019 percentages to account for the change in the estimated payments schedule for these tax types and the impact of COVID-19.³ For motor vehicle license and registration fees adjusted FY 2019 percentages were used to account for the change in the transfer to the Rhode Island Highway Maintenance Account (RIHMA) and the impact of COVID-19.⁴ ORA then applied these percentages to the revised FY 2021 revenue estimate for each revenue item. For the fiscal year-to-date estimates, the monthly percentages were summed and then applied to the revised FY 2021 revenue estimate for each revenue item. For controlled substances and other miscellaneous revenues, the actual monthly and fiscal year-to-date revenues are used in place of an estimate due to the discrete and unpredictable nature in the timing of these receipts.

Table A provides the average percentages used to determine expected monthly and fiscal year-to-date revenues for August. Monthly and fiscal year-to-date average percentages are based on the average percent received in August of the total collections using rounded five-year, or ten-year in the case of estate and transfer tax, revenues.⁵

induced closure of the Twin River and Tiverton Casino Hotels and the cessation of thoroughbred and greyhound races and major sporting events beginning in March of FY 2020.

³ Prior to tax year 2018, these taxpayers paid 100 percent of their projected tax year liability by the sixth month of their tax year. For taxpayers with a tax year that coincided with the calendar year, this meant that 100 percent of their projected tax liability had to be paid by June of the calendar year, which was the end of the state fiscal year. Effective for tax year 2018 and beyond, these same taxpayers now pay 50 percent of their projected tax year liability by the sixth month of their tax year. For these business taxes, the delay in the return and payment due dates to July 15, 2020 impacted revenue flows in an unpredictable way in FY 2020.

⁴ In FY 2019, all motor vehicle license and registration fees were transferred to the Rhode Island Highway Maintenance Account except for duplicate license and license update fees, which were retained as general revenues. In FY 2020, operations at the Division of Motor Vehicles were interrupted by the pandemic and the federal government delayed the mandatory use of Real ID compliant credentials from October 1, 2020 to October 1, 2021. Both of these factors impacted revenue flows in FY 2020 in an atypical way. As a result, ORA chose to use the FY 2019 percentages for FY 2021 since only duplicate license and license update fees will be retained as general revenues in FY 2021 as they were in FY 2019.

⁵ As noted previously, FY 2019 percentages were used for business corporation tax, public utilities gross earnings tax, financial institutions tax, insurance company gross premiums tax, and bank deposits tax revenues due to the change in the estimated payments schedule beginning in tax year 2018 and the impact of the pandemic on collections in FY 2020. FY 2019 percentages were also used for motor vehicle license and registration fees due to the impact of the pandemic on collections in FY 2020 and because only duplicate license and license update fees will be retained as general revenues in FY 2021, as they were in FY 2019.

| Revenue Item | <u>Percent Received</u> | | Revenue Item | <u>Percent Received</u> | |
|---------------------------------|--------------------------------|------------|-----------------------|--------------------------------|------------|
| | August | YTD | | August | YTD |
| Personal Income Taxes | | | Sales and Use Taxes | 9.2 % | 18.3 % |
| Estimated Payments | 1.7 % | 3.6 % | Motor Vehicles Fees | 9.4 % | 17.4 % |
| Final Payments | 1.4 % | 2.8 % | Cigarettes Taxes | 9.5 % | 17.9 % |
| Withholding Payments | 8.0 % | 15.4 % | Alcohol Excise Taxes | 7.8 % | 17.8 % |
| Refunds/Adjustments | 1.7 % | 3.9 % | Estate and Transfer | 9.3 % | 18.3 % |
| Business Corporation Taxes | 1.8 % | 5.8 % | Racing and Athletics | 9.4 % | 16.9 % |
| Utilities Gross Earnings Taxes | 0.2 % | 0.6 % | Realty Transfer | 9.5 % | 18.8 % |
| Financial Institutions Taxes | 0.4 % | 0.4 % | Departmental Receipts | 6.6 % | 12.3 % |
| Insurance Co. Gross Premiums | 0.7 % | 0.0 % | Lottery Transfer | 8.5 % | 8.5 % |
| Bank Deposits | -0.4 % | -0.4 % | Other Misc. Revenues | n/a | n/a |
| Health Care Provider Assessment | 8.4 % | 17.0 % | Unclaimed Property | 0.0 % | 0.0 % |

The health care provider assessment consists of an assessment on nursing homes. Motor vehicle fees are comprised of fees paid to issue updated or duplicate operators' licenses. Racing and athletics taxes consist of a tax on wagers placed on out-of-state greyhound and horse races that are broadcast to Rhode Island via closed circuit television. The "Percent Received" for monthly and year-to-date departmental receipts is calculated excluding hospital licensing fee revenues, which are large and generally made only once in the fiscal year. Finally, the lottery transfer does not begin in a given fiscal year until August, while the unclaimed property transfer occurs only in June of each fiscal year.

The revised FY 2021 estimates by revenue item as adopted at the May 2020 REC are as follows:

| Table B. FY 2021 Revised Revenue Estimates by Major Revenue Item | | | |
|---|--|------------------------------------|--|
| Revenue Item | May 2020 Revised FY 2021 Estimate | Revenue Item | May 2020 Revised FY 2021 Estimate |
| Personal Income Taxes | | Sales and Use Taxes | \$ 1,109,100,000 |
| Estimated Payments | \$ 217,700,000 | Motor Vehicles Fees | 2,000,000 |
| Final Payments | 254,800,000 | Cigarettes Taxes | 130,600,000 |
| Withholding Payments | 1,210,300,000 | Alcohol Excise Taxes | 20,500,000 |
| Refunds/Adjustments | (388,000,000) | Estate and Transfer | 44,900,000 |
| Business Corporation Taxes | 132,300,000 | Racing and Athletics | 1,000,000 |
| Public Utilities Gross Earnings | 98,900,000 | Realty Transfer | 14,500,000 |
| Financial Institutions Taxes | 21,200,000 | Departmental Receipts [^] | 403,000,000 |
| Insurance Co. Gross Premiums | 120,700,000 | Lottery | 265,200,000 |
| Bank Deposits | 3,100,000 | Other Misc. Revenues | 12,050,000 |
| Health Care Provider Assessment | 42,000,000 | Unclaimed Property | 9,000,000 |
| | | Total General Revenues * | \$ 3,725,850,000 |
| * Total general revenues estimate includes a personal income tax net accrual of \$1,000,000. | | | |
| [^] Includes hospital licensing fee revenues of \$161,541,471. These revenues will be booked as a receivable in June and are not included in the FY 2021 departmental receipts estimated revenues. | | | |

Results for FY 2021 through August

The table, *Year-to-Date Estimate to Actual*, gives the results for FY 2021 through August. The Department of Revenue finds that FY 2021 adjusted total general revenues through August exceeded the revised FY 2021 expected total general revenues estimate through August by \$58.8 million, a variance of 11.9%. In total taxes, fiscal year-to-date through August adjusted revenues were more than the revised FY 2021 year-to-date expected revenues estimate by \$62.2 million, a difference of 14.1%. For departmental receipts, FY 2021 through August adjusted revenues trailed the revised FY 2021 expected fiscal year-to-date revenues estimate by \$3.9 million, a variance of -13.2%. For other general revenue sources, adjusted FY 2021 through August revenues were above the revised FY 2021 expected fiscal year-to-date revenues by \$570,595, a variance of 2.6%.

Five revenue items had adjusted revenues in FY 2021 through August that exceeded expected FY 2021 revenue estimates, based on the revised revenue estimates adopted at the May 2020 REC, by more than \$1.0 million.

- FY 2021 year-to-date sales and use tax adjusted revenues were \$27.6 million more than expected fiscal year-to-date sales and use tax revenues based on the revised estimate, a difference of 13.6%. Phase 2 of Reopening RI commenced on June 1, 2020, which included the reopening of dine-in service at a 50% capacity with the reopening of the

state's two casinos on June 8, 2020 with limited capacity. Phase 3 of Reopening RI commenced on June 30, 2020, which allowed indoor establishments to open at 66% capacity and larger crowd sizes at indoor and outdoor venues. Governor Raimondo slowed Phase 3 of Reopening RI reducing catered events to 50 people indoors and 100 people outdoors on July 29, 2020 and requiring bars, including those inside of restaurants, to close by 11:00 PM daily on August 8, 2020.

- Personal income tax adjusted revenues through August were \$17.0 million more than expected FY 2021 through August personal income tax revenues, a variance of 9.1%.
 - Adjusted fiscal year-to-date personal income tax withholding payments revenues were \$12.4 million more than the \$186.2 million of expected FY 2021 year-to-date personal income tax withholding payments, a variance of 6.7%. It is believed that some of the increase in personal income tax withholding tax revenues in fiscal year-to-date 2020 are attributable to the federal \$600 unemployment "bonus" payments made to unemployment insurance recipients in July 2020 which were subject to personal income tax withholding. The first payments for the federal \$300 unemployment "bonus" were not paid out until September 2020 and thus do not impact the FY 2021 through August adjusted revenues.
 - Adjusted FY 2021 through August personal income tax final payments revenues were \$4.5 million, or 62.8%, more than expected FY 2021 through August personal income tax final payments revenues. Adjusted FY 2021 personal income tax final payments revenues through August include \$1.7 million of reimbursed Historic Structures Tax Credits (HSTCs). Adjusted fiscal year-to-date personal income tax final payments revenues also include \$6.2 million of personal income tax payments received from pass-through entities on behalf of shareholders and the accrual of \$(150.4 million) of revenues to FY 2020.
 - Adjusted fiscal year-to-date personal income tax estimated payments revenues were \$2.8 million more than expected year-to-date FY 2021 personal income tax estimated payments, a variance of 35.6%. Adjusted FY 2021 through August personal income tax estimated payments revenues include the accrual of \$(29.0 million) of revenues to FY 2020.
 - Adjusted FY 2021 personal income tax refunds and adjustments revenues through August were \$2.7 million more than expected fiscal year-to-date personal income tax refunds and adjustments revenues, a difference of 17.9%. Adjusted FY 2021 through August personal income tax refunds and adjustments revenues include the accrual of \$19.3 million of revenues to FY 2020.
- Adjusted FY 2021 year-to-date insurance company gross premiums tax revenues were \$6.3 million more than expected fiscal year-to-date insurance company gross premiums tax revenues, a difference of 18,362.0%. Adjusted FY 2021 through August insurance company gross premiums tax revenues include the accrual of \$(13.7 million) of revenues to FY 2020. Insurance company gross premiums adjusted revenues in year-to-date FY 2021 includes \$2.2 million in HSTCs.

- Cigarette and other tobacco products (OTP) adjusted revenues through August were \$5.7 million more than expected FY 2021 through August cigarette and OTP tax revenues, a variance of 24.4%. It should be noted that effective June 1, 2020, Massachusetts banned the sale of menthol and other flavored cigarettes and other tobacco products in the state.
- Adjusted FY 2021 year-to-date estate and transfer tax revenues were \$4.1 million more than expected fiscal year-to-date estate and transfer tax revenues, a difference of 61.4%.

FY 2021 adjusted revenues through August for public utilities gross earnings tax, the lottery transfer, financial institutions tax, business corporation tax, alcohol excise tax, and realty transfer tax were above the expected FY 2021 through August revised May 2020 REC revenue estimates but by less than \$1.0 million each.

On the negative side, one revenue item had adjusted revenues through August that fell short of the expected FY 2021 through August revenue estimate by \$1.0 million or more.

- FY 2021 year-to-date departmental receipts adjusted revenues were \$3.9 million less than fiscal year-to-date departmental receipts expected revenues, a difference of -13.2%.

FY 2021 adjusted revenues through August for motor vehicle license and registration fees, racing and athletics tax, health care provider assessment, and bank deposits tax were below their expected FY 2021 through August revised May 2020 REC revenue estimates but by less than \$1.0 million each.

Results for the Month of August 2020

The table, *Monthly Estimate to Actual*, gives the results for August 2020. The Department of Revenue finds that August adjusted total general revenues exceeded the revised FY 2021 expected total general revenues estimate for August by \$23.4 million, a variance of 8.9%. In total taxes, August adjusted revenues were more than the revised FY 2021 expected revenues estimate for August by \$25.8 million, a difference of 11.4%. For departmental receipts, August adjusted revenues trailed the revised FY 2021 expected monthly revenues estimate by \$3.0 million, a variance of -18.9%. For other general revenue sources, adjusted FY 2021 monthly revenues for August were above revised FY 2021 expected monthly revenues for August by \$570,595, a variance of 2.6%.

Four revenue items had adjusted revenues in August that exceeded FY 2021 expected monthly estimates, based on the revised revenue estimates adopted at the May 2020 REC, by more than \$1.0 million.

- August sales and use tax adjusted revenues were \$13.7 million more than expected monthly sales and use tax revenues based on the May 2020 REC estimate, a difference of 13.4%. Rhode Island was in Phase 3 of Reopening RI during August 2020. However, Governor Raimondo slowed Phase 3 of Reopening RI reducing catered events to 50 people indoors and 100 people outdoors on July 29, 2020 and requiring bars, including those inside of restaurants, to close by 11:00 PM daily on August 8, 2020.

- Adjusted August insurance company gross premiums tax revenues were \$4.8 million more than expected monthly insurance company gross premiums tax revenues, a difference of 534.2%. Adjusted August insurance company gross premiums tax revenues include the accrual of \$(13.7 million) of revenues to FY 2020. Insurance company gross premiums adjusted revenues for August also include \$2.2 million in HSTCs.
- Personal income tax adjusted revenues in August were \$4.0 million more than expected August personal income tax revenues, a variance of 4.1%.
 - Adjusted August personal income tax final payments revenues were \$2.9 million, or 82.7%, more than expected August 2020 personal income tax final payments revenues. Adjusted August 2020 personal income tax final payments revenues include \$921,655 of reimbursed HSTCs and \$386,589 of personal income tax payments received from pass-through entities on behalf of shareholders.
 - Adjusted August personal income tax withholding payments revenues were \$2.9 million more than the \$97.1 million of expected monthly personal income tax withholding payments, a variance of 3.0%. The first payments for the federal \$300 unemployment “bonus” were not paid out until September 2020 and thus do not impact the August adjusted revenues.
 - Adjusted monthly personal income tax estimated payments revenues were \$1.6 million more than expected August 2020 personal income tax estimated payments, a variance of 41.8%.
 - Adjusted August 2020 personal income tax refunds and adjustments revenues were \$3.3 million more than expected monthly personal income tax refunds and adjustments revenues, a difference of 50.1%.
- Estate and transfer tax adjusted revenues were \$2.9 million, or 84.4%, above revised expected monthly estate and transfer tax revenues for August.

August 2020 adjusted revenues for cigarette and other tobacco products (OTP), the lottery transfer, alcohol excise tax, and public utilities gross earnings tax were above the expected August revised revenue estimates as adopted at the May 2020 REC but by less than \$1.0 million each.

On the negative side, one revenue item had adjusted revenues for August that fell short of the expected monthly revenues estimate by \$1.0 million or more.

- Departmental receipts adjusted revenues were \$3.0 million below revised monthly departmental receipts expected revenues for August, a difference of -18.9%.

August adjusted revenues for realty transfer tax, health care provider assessment, motor vehicle license and registration fees, financial institutions tax, business corporation tax, racing and athletics tax, and bank deposits tax were below their expected August revenue estimates as adopted at the May 2020 REC but by less than \$1.0 million each.

A handwritten signature in blue ink, appearing to read "Mark A. Furcolo". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mark A. Furcolo, Director
Department of Revenue
October 19, 2020