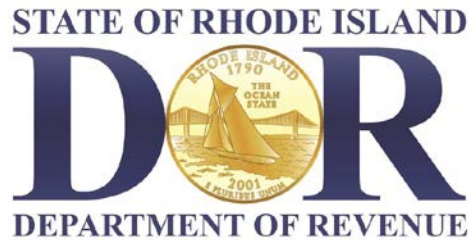


STATE OF RHODE ISLAND
GOVERNOR DANIEL J. MCKEE



Office of Revenue Analysis

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

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. This is especially true in FY 2021 given the impacts of federal fiscal stimulus, the extension of tax payment and tax filing due dates, and the late enactment of the FY 2021 budget relative to the typical fiscal year.

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.

This monthly revenue assessment report compares adjusted revenues to expected revenues based on the revenue estimates enacted in the FY 2021 budget, which was signed into law on December 21, 2020. The revenue estimates enacted in the FY 2021 budget will remain the basis of comparison for the December through April revenue assessment reports. 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 April Adjusted Revenues FY 2021		YTD April Estimate of Enacted FY 2021 Revenues †		Difference	Variance
Personal Income Tax ‡	\$ 1,228,728,628	a, b, c	\$ 1,013,092,090		\$ 215,636,538	21.3%
General Business Taxes						
Business Corporation ‡	160,033,377	d, e, f	125,542,465		34,490,912	27.5%
Public Utilities Gross Earnings ‡	71,677,121		83,078,681		(11,401,560)	-13.7%
Financial Institutions ‡	25,307,019	g, h, i	15,636,984		9,670,035	61.8%
Insurance Company Gross Premiums ‡	103,027,903	j, k	96,348,677		6,679,226	6.9%
Bank Deposits ‡	2,746,354	l	2,289,063		457,291	20.0%
Health Care Provider Assessment	30,536,933		34,798,247		(4,261,314)	-12.2%
Excise Taxes						
Sales and Use ◇	1,095,121,985	m	1,015,503,290		79,618,695	7.8%
Motor Vehicle License and Reg Fees	658,664		822,802		(164,138)	-19.9%
Cigarettes	132,733,772		127,272,838		5,460,934	4.3%
Alcohol	18,131,810		17,959,700		172,110	1.0%
Controlled Substances	4,000		4,000	+	-	0.0%
Other Taxes						
Estate and Transfer	30,022,649		41,410,349		(11,387,700)	-27.5%
Racing and Athletics	291,427		311,008		(19,581)	-6.3%
Realty Transfer	14,887,901	n	13,391,548		1,496,353	11.2%
Total Taxes	\$ 2,913,909,542		\$ 2,587,461,743		\$ 326,447,799	12.6%
Departmental Receipts †	\$ 187,453,414	o, p	\$ 179,238,450		\$ 8,214,964	4.6%
Taxes and Departmentals	\$ 3,101,362,956		\$ 2,766,700,193		\$ 334,662,763	12.1%
Other General Revenue Sources						
Other Miscellaneous Revenues	9,967,648	q	9,967,648	+	-	0.0%
Lottery Transfer	203,076,941	r	187,742,962		15,333,979	8.2%
Unclaimed Property +	-		-	+	-	n/a
Total Other Sources	\$ 213,044,589		\$ 197,710,611		\$ 15,333,979	7.8%
Total General Revenues	\$ 3,314,407,546		\$ 2,964,410,804		\$ 349,996,742	11.8%

PIT Component	YTD April Adj. Revenues		YTD April Enacted Estimates		Difference	Variance
Estimated payments ‡	\$ 209,034,143	a	\$ 185,804,939		\$ 23,229,204	12.5%
Final payments ‡	204,843,359	a, b	106,367,051		98,476,307	92.6%
Withholding	1,101,830,272		1,071,333,463		30,496,809	2.8%
Refunds and Adjustments ‡	(286,979,146)	a, c	(350,413,363)		63,434,217	-18.1%
Total	\$ 1,228,728,628		\$ 1,013,092,090		\$ 215,636,538	21.3%

‡ The TY 2019 filing and payment due date was postponed for personal income tax and most general business taxes estimated and final payments from April 15, 2020 to July 15, 2020. The TY 2020 personal income tax return filing and final payment due date was postponed from April 15, 2021 to May 17, 2021.

† FY 2021 estimated revenues are based on estimates adopted in the FY 2021 enacted budget signed into law on December 18, 2020. The estimate for personal income tax final payments, departmental receipts, and the lottery transfer were calculated using modified revenue flows to align expected revenues with the actual realization of revenues.

◇ Reflects June 2020-March 2021 activity. Please see the body of the report for more information on the impact of COVID-19 on sales and use tax activity.

+ Set equal to actual amounts received.

Detailed notes on the following page

- ^a 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 \$57,671,915 in net revenues from pass-through entities made on behalf of shareholders received in August through April 2021 and recorded as business corporation tax payments. ORA adjusted the pass-through entity payments recorded as personal income tax final payments to be consistent with the treatment of said payments in the estimates adopted at the November 2020 REC.
- ^c A net adjustment of \$(2,333,979) is included in personal income tax refunds and adjustments and reflects transfer(s) to and from business corporation tax to correct for payments received in FY 2013 and FY 2019 - FY 2021.
- ^d Subtracts \$27,209,000 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.
- ^e 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 \$90,384,181 in business corporation tax payments made by pass-through entities for the personal income tax of shareholders received in August through April 2021 that were transferred to personal income tax final payments.
- ^f Includes a net adjustment of \$239,107 across all business corporation tax components to correct for payments received in FY 2013 and FY 2019 - FY 2021 that were transferred between business corporation tax and personal income tax. Includes a net adjustment of \$(610,000) in net payments received in FY 2018 - FY 2020 that were transferred between business corporation tax and financial institutions tax. Includes an adjustment of \$120,000 to capture payments received in prior periods that were transferred to business corporation tax from insurance company gross premiums tax.
- ^g 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.
- ^h Includes a net adjustment of \$610,000 for transfers between business corporation tax and financial institutions tax for estimated payments received in FY 2018 - FY 2020.
- ⁱ Includes infrequently occurring large payment(s) of \$15,000,000.
- ^j 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.
- ^k 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.
- ^l 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.
- ^m Includes an adjustment of \$(333,053) for transfer(s) from sales and use tax to the compassion center surcharge in departmental receipts for payment(s) received in FY 2020. Includes an adjustment of \$133,798 for transfer(s) from meals and beverage tax for payment(s) received in September 2020.
- ⁿ Subtracts \$507,360 that is designated to the Housing Resources Commission. The amount reflects the April 2021 transfer that will occur in May 2021.
- ^o Subtracts \$183,434,970 of hospital licensing fee payments received in FY 2021 year-to-date but accrued back to FY 2020.
- ^p Includes an adjustment of \$333,053 for transfer(s) to the compassion center surcharge in departmental receipts from sales and use tax for payment(s) received in FY 2020.
- ^q Adds \$3,583,732 of revenues owed to the general fund from the Rhode Island Highway Maintenance Account (RIHMA) that normally would have been transferred in year-to-date though April but were not transferred in order to manage Department of Transportation cash flow needs. This amount is due to the general fund prior to the end of FY 2021.
- ^r Subtracts \$2,863,337 of revenues that were transferred in October 2020 but accrued back to FY 2020.

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

	April 2021 Adjusted Revenues FY 2021		April 2021 Estimate of Enacted FY 2021 Revenues †		Difference	Variance
Personal Income Tax ‡	\$ 134,708,578	a, b	\$ 52,383,123		\$ 82,325,455	157.2%
General Business Taxes						
Business Corporation ‡	44,761,278	b, c	32,766,236		11,995,042	36.6%
Public Utilities Gross Earnings ‡	22,163,233		26,906,919		(4,743,686)	-17.6%
Financial Institutions ‡	2,176,813		7,822,509		(5,645,696)	-72.2%
Insurance Company Gross Premiums ‡	33,068,698		31,803,784		1,264,914	4.0%
Bank Deposits ‡	816,600		728,104		88,496	12.2%
Health Care Provider Assessment	2,636,636		3,575,746		(939,110)	-26.3%
Excise Taxes						
Sales and Use ◇	124,912,223	f	93,549,158		31,363,065	33.5%
Motor Vehicle License and Reg Fees	69,275		88,843		(19,568)	-22.0%
Cigarettes	13,523,452		11,525,517		1,997,935	17.3%
Alcohol	2,155,768		1,841,891		313,877	17.0%
Controlled Substances	500		500	+	-	0.0%
Other Taxes						
Estate and Transfer	748,630		3,194,078		(2,445,448)	-76.6%
Racing and Athletics	39,491		36,915		2,576	7.0%
Realty Transfer	1,556,815	r	809,790		747,025	92.2%
Total Taxes	\$ 383,337,990		\$ 267,033,114		\$ 116,304,876	43.6%
Departmental Receipts †	\$ 25,401,183	f, g	\$ 22,758,075		\$ 2,643,108	11.6%
Taxes and Departmentals	\$ 408,739,173		\$ 289,791,189		\$ 118,947,984	41.0%
Other General Revenue Sources						
Other Miscellaneous Revenues	1,934,363	h	1,934,363	+	-	0.0%
Lottery Transfer	34,779,759		24,129,356		10,650,403	44.1%
Unclaimed Property	-		-	+	-	n/a
Total Other Sources	\$ 36,714,122		\$ 26,063,719		\$ 10,650,403	40.9%
Total General Revenues	\$ 445,453,295		\$ 315,854,908		\$ 129,598,387	41.0%

PIT Component	April 2021 Adj. Revenues		April 2021 Enacted Estimates		Difference	Variance
Estimated payments ‡	\$ 38,401,866		\$ 27,322,661		\$ 11,079,204	40.5%
Final payments ‡	60,116,970	a	13,082,970		47,034,000	359.5%
Withholding	115,009,112		101,940,347		13,068,765	12.8%
Refunds and Adjustments ‡	(78,819,370)	b	(89,962,855)		11,143,485	-12.4%
Total	\$ 134,708,578		\$ 52,383,123		\$ 82,325,455	157.2%

‡ The TY 2020 personal income tax return filing and final payment due date was postponed from April 15, 2021 to May 17, 2021.

† FY 2021 estimated revenues are based on estimates adopted in the FY 2021 enacted budget signed into law on December 18, 2020. The estimate for personal income tax final payments, departmental receipts, and the lottery transfer were calculated using modified revenue flows to align expected revenues with the actual realization of revenues.

◇ Reflects March 2021 activity. Rhode Island was in a modified Phase 3 Reopening for this period. Please see the body of the report for more information on the impact of COVID-19 on sales and use tax activity.

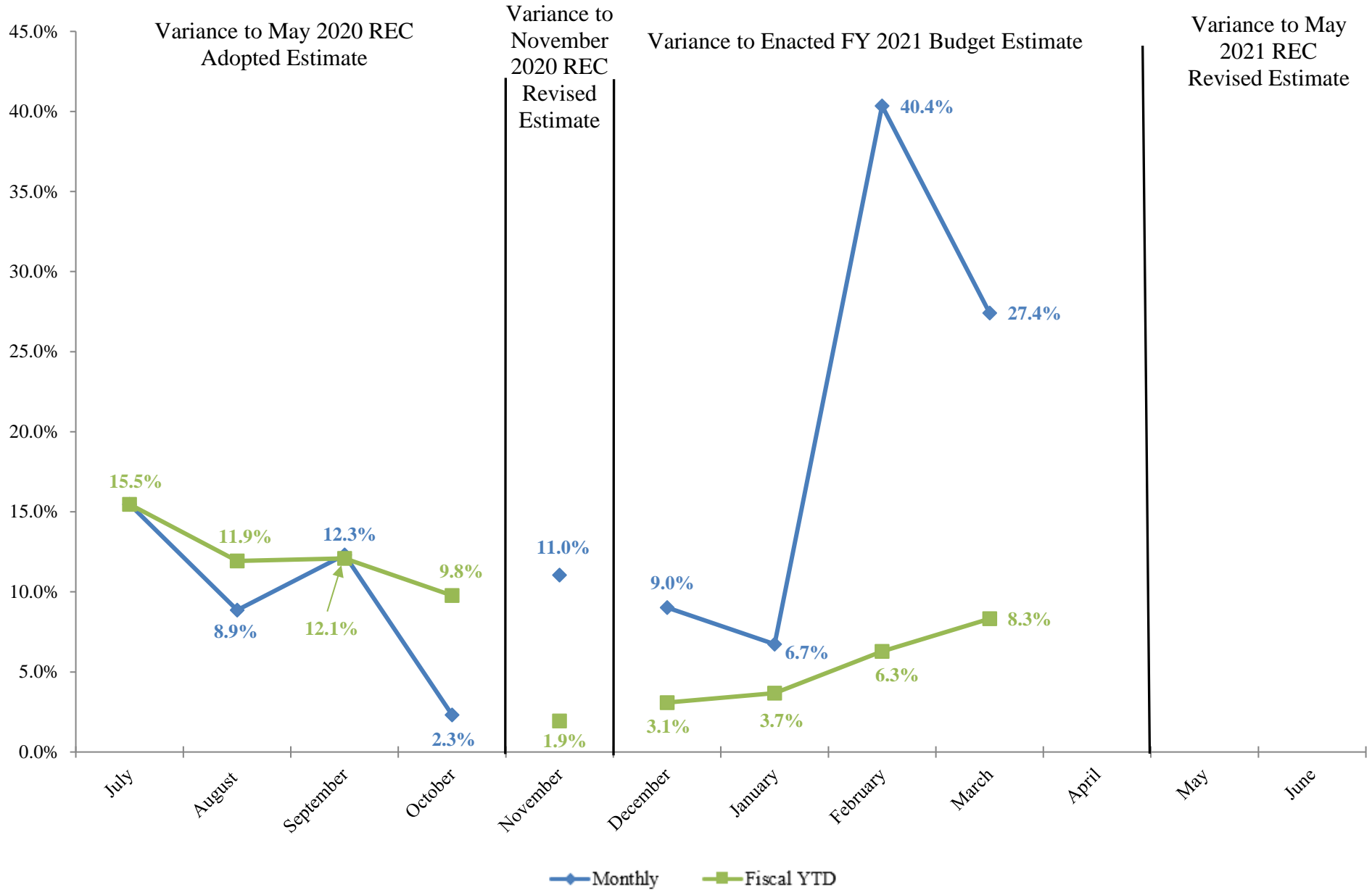
+ Set equal to actual amounts received.

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 \$4,714,373 in net revenues from pass-through entities made on behalf of shareholders received in April 2021 and recorded as business corporation tax payments. ORA adjusted the pass-through entity payments recorded as personal income tax final payments to be consistent with the treatment of said payments in the estimates included in the FY 2021 enacted budget.
- ^b Personal income tax refunds and adjustments include a net adjustment of \$(1,000) for net transfer(s) between personal income tax and business corporation tax for payment(s) received in March 2021. The offsetting adjustment of \$1,000 is included in business corporation tax.
- ^c Subtracts \$7,388,427 in business corporation tax payments made by pass-through entities for the personal income tax of shareholders received in April 2021 that were transferred to personal income tax final payments.
- ^d Includes an adjustment of \$133,798 for transfer(s) from meals and beverage tax for payment(s) received in September 2020.
- ^e Subtracts \$185,382 that is designated to the Housing Resources Commission. The amount reflects the difference between the March 2021 transfer that occurred in April 2021 and the April 2021 transfer that will occur in May 2021.
- ^f Subtracts \$1,793,148 of hospital licensing fee payments received in April 2021 but accrued back to FY 2020.
- ^g Includes net transfers of \$(247,005) from departmental receipts first response wireless and wireline surcharge accounts to restricted receipts E911 wireless and wireline surcharge and E911 education fund accounts that were completed in April 2021 for payment(s) made in March 2021.
- ^h Adds \$1,575,677 of revenues that would have been transferred from the Rhode Island Highway Maintenance Account (RIHMA) to general revenues in April 2021 but was not transferred to manage Department of Transportation cash flow needs. This amount is due to the general fund prior to the end of FY 2021.

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 enacted budget incorporated the impact of these filing and payment due date changes in the FY 2021 revenue estimates.

On March 19, 2021, the Division of Taxation, in conjunction with announcements made by the United States Treasury and Governor Daniel J. McKee, postponed the filing-and-payment deadline for income tax filings and income tax payments for individuals and certain businesses who pay the Rhode Island personal income tax from April 15, 2021 to May 17, 2021. For the affected tax types, the change in the filing date provided taxpayers an additional month to file TY 2020 returns and pay balances due, and no penalties or interest would accrue on these balances if paid on or before May 17, 2021. Estimated payments for TY 2021 are still due by April 15, 2021.

COVID-19 Pandemic Control Measures That Impacted Sales and Use Tax and the Lottery Transfer

- The Twin River Casino Hotel and the Tiverton Casino Hotel were closed on March 14, 2020. *
- March 17, 2020: Dine-in service at restaurants and bars was halted. *
- March 28, 2020: Governor Raimondo issued a stay-at-home order, which closed all non-essential retail and service businesses on March 30, 2020. *
- May 9, 2020: Phase 1 of Reopening RI commenced, lifting the stay-at-home order and allowing for a limited reopening of certain non-critical retail businesses. *
- May 18, 2020: Restaurants were allowed limited patio seating. *
- June 1, 2020: Indoor dining was allowed at 50% of capacity. *
- June 8, 2020: The Twin River Casino Hotel and Tiverton Casino Hotel reopened with limited capacity. *
- June 30, 2020: Phase 3 of Reopening RI was put in place by Governor Raimondo. Indoor dining was increased to 66% of capacity and larger crowd sizes were permitted at indoor and outdoor venues.
- July 2020: Major League Soccer (MLS), Major League Baseball (MLB), and the National Basketball Association (NBA) started either a shortened season or a championship tournament.
- July 29, 2020: The number of people who could attend catered events was reduced to 50 for indoor events and 100 for outdoor events, and the size of informal gatherings was capped at 15 people.

- August 1, 2020: The National Hockey League (NHL) resumed play in a playoff tournament format.
- August 8, 2020: Bars, including those inside of restaurants, were required to close by 11:00 PM.
- October 28, 2020: Informal gatherings were capped at 10 people.
- November 8, 2020: Indoor dining service was required to end by 10:00 PM on weeknights and 10:30 PM on weekends.
- November 19 – November 30, 2020: Central Falls closed all restaurants to indoor/outdoor dining.
- November 30 – December 20, 2020: Dine-in capacity at restaurants was reduced to 33%; retail capacity was reduced to one customer per 150 square feet of retail space; and recreational venues, gyms, bars, bar areas in restaurants and the Twin River and Tiverton Casino Hotels were closed. The number of people who could attend catered events was reduced to 25 for indoor events and 75 for outdoor events.
- December 21, 2020: Gyms, sports facilities, and indoor recreational venues could reopen with a capacity limit of one person per 150 square feet of space. Restaurants were allowed to increase indoor dining to 50% capacity, though bars remained closed. The number of people who could attend catered events was further reduced to 15 for indoor events and 50 for outdoor events.
- January 29, 2021: Early closure requirements imposed on bars and restaurants were eliminated.
- February 5, 2021: The number of people who could attend catered events was increased to 30 for indoor events and maintained at 50 for outdoor events. All catered events must have pre-event testing for attendees, as well as a designated COVID-19 safety officer. Capacity for gyms, sporting facilities and indoor recreation was increased to one person per 125 square feet of space.
- February 12, 2021: Bar areas reopened, with a maximum of four people per party and six feet of spacing between parties, or three feet of spacing between parties with barriers. Guests are limited to 90-minute reservations and bars must close by 11:00 PM.
- March 5, 2021: Restaurant capacity increased from 50% to 66%, and gym and fitness center capacity increased to one person per 100 square feet of space.
- March 12, 2021: Reopening guidance clarified that restaurant capacity at 66% must still maintain six feet of distance between tables. Bar areas may remain open until 12:00 AM if customers have been seated and ordered food by 11:00 PM. Outdoor retail, including farmers markets and other agricultural retail, may reopen without capacity restrictions.
- March 19, 2021: Restaurant capacity increased from 66% to 75%, and the number of people who can attend catered events was increased to 75% capacity, up to 100 people indoors and 200 people outdoors. Retail, gym, and fitness center capacity increased to one person per 50 square feet of space and big box stores increased to one person per 100 square feet of space.
- May 7, 2021: The capacity limit for all indoor businesses will increase to 80% capacity and three feet of spacing. Restaurants may increase capacity to 100% for outdoor dining areas, also with three feet of spacing between tables. Bar areas must still maintain seated only service indoors with plexiglass required. The number of people allowed for catered

events will increase to 200 people indoors and 500 people outdoors with standing bar service and cocktail hours for outdoor events only. *

- May 21, 2021: All businesses will be allowed to open to full capacity with three feet of spacing between patrons. Bar areas may resume standing service with no plexiglass required. There will no longer be a cap on the number of attendees at catered events, and indoor standing bar service, cocktail hours, and open dance floors will be allowed. *

* These restrictions do not impact the tax collections contained in this report.

Estimate of Enacted FY 2021 Revenues

In order to determine the expected monthly and 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.¹ For business corporation tax, public utilities 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 control for the impact of COVID-19.² 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 control for the impact of COVID-19.³ In prior years, ORA then applied these percentages to the enacted 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 enacted FY 2021 revenue estimate for each revenue item.

¹ 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 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.

² 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.

³ 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.

Beginning in FY 2020, ORA adopted a new methodology to calculate expected monthly and fiscal year-to-date revenues based on the revised estimates adopted at the November REC. The FY 2021 enacted revenue estimates for all revenue items, except for the lottery transfer, used the revised estimates adopted at the November REC. ORA sets expected revenues equal to adjusted revenues for the months of July through October, including all adjustments and reimbursements of redeemed tax credits, acknowledging that the revised revenue estimates adopted at the November REC are based on actual revenues through October. ORA then subtracts the actual revenues from the revised November 2020 REC estimates for FY 2021 to determine the amount of the remaining revised estimate that will be realized in November through June. ORA takes the monthly percentage noted above and divides it by the sum of the monthly percentages for November through June. This percentage is then multiplied by the amount of remaining revised estimate to yield the monthly expected revenues. Fiscal year-to-date expected revenues are then determined by summing the modified monthly percentages and applying this sum to the remaining revised estimate. 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.

ORA used a similar methodology as above for the lottery transfer, setting expected revenues equal to adjusted revenues for the months of July through November (gaming activity through October), acknowledging that the lottery transfer revenue estimate enacted in the FY 2021 budget is based on actual revenues through November. ORA then subtracts the actual revenues from the enacted revenue estimate for FY 2021 to determine the amount of the remaining enacted estimate that will be realized in December through June. ORA then calculated a Pause adjustment to reflect the number of days each month that Rhode Island casinos were closed in November and December 2020. This adjustment was applied to the lottery transfer for video lottery terminals, table games, and on-site sports betting to create a monthly percentage. ORA took the monthly percentage and divided it by the sum of the monthly percentages for December through June. This percentage was then multiplied by the amount of remaining enacted estimate to yield the monthly expected revenues. Fiscal year-to-date expected revenues were then determined by summing the modified monthly percentages and applying this sum to the remaining enacted estimate.

For FY 2021 personal income tax final payments, changes had to be made to the monthly and fiscal year-to-date expected revenues derived from the enacted estimates and the actual revenue flows received. For the expected revenues, ORA subtracted from the FY 2021 enacted estimate for personal income tax final payments, \$150,386,000 of revenues received in July 2020 but accrued back to FY 2020. An identical adjustment was made to the cash receipts deposited in July 2020. Once the FY 2020 revenues received in FY 2021 were removed from the estimate, ORA subtracted the actual revenues received for July through October, including the receipts from pass through entity payments and the reimbursement of redeemed historic structures tax credits, from the expected personal income tax final payments revenues included in the enacted budget to yield the remaining amount of the estimate that will be realized in November through June. ORA then applied the allocation methodology that was used for all general revenue items other than the lottery transfer noted above to the remaining expected personal income tax final payment revenues to yield base expected revenues on a monthly and fiscal year-to-date basis. Expected net pass-through entity payments were allocated by the percentage received in each month in FY 2020 out

of the FY 2020 total and added to the base expected personal income tax final payments revenues for November through June to derive total expected personal income tax final payments revenues.

Once FY 2021 monthly and fiscal year-to-date expected personal income tax final payment revenues were determined an adjustment was made to the actual revenue flows for personal income tax final payments. Since expected monthly and fiscal year-to-date personal income tax final payments include net pass-through entity payments, the difference between pass-through entity payments cash receipts and anticipated refunds associated with these payments, ORA added the estimated net pass-through entity payments to realized personal income tax final payments to yield adjusted personal income tax final payments revenues.

Finally, a further adjustment was made to the methodology used to determine the expected FY 2021 monthly and fiscal year-to-date revenues for personal income tax final payments. This adjustment was necessitated by the change in the TY 2020 tax return filing and final payment due date from April 15, 2021 to May 17, 2021. In this case, ORA set expected revenues equal to adjusted revenues for the months of July through March. ORA then subtracted the actual revenues from the enacted revenues estimate for FY 2021 to determine the amount of the remaining enacted estimate that will be realized in April through June. ORA then calculated an adjustment to reflect the change in the filing and final payment deadline. This adjustment was applied to personal income tax final payments to create a monthly percentage. ORA took the monthly percentage and divided it by the sum of the monthly percentages for April through June. This percentage was then multiplied by the amount of the remaining enacted estimate to yield the monthly expected revenues. Fiscal year-to-date expected revenues were then determined by summing the modified monthly percentages and applying this sum to the remaining enacted estimate.

Table A provides the average percentages used to determine expected monthly and fiscal year-to-date revenues for April. Monthly and fiscal year-to-date average percentages are based on the percent received in April of the total fiscal year revenues using the average five-fiscal year, or ten-fiscal year in the case of estate and transfer tax, periods.⁴

⁴ 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>	
	Apr.	YTD		Apr.	YTD
Personal Income Taxes			Sales and Use Taxes	7.9 %	83.4 %
Estimated Payments	12.8 %	79.2 %	Motor Vehicles Fees	8.6 %	82.8 %
Final Payments	8.7 %	38.7 %	Cigarettes Taxes	7.5 %	81.9 %
Withholding Payments	8.0 %	83.6 %	Alcohol Excise Taxes	8.5 %	81.4 %
Refunds/Adjustments	24.2 %	89.2 %	Estate and Transfer	6.7 %	87.0 %
Business Corporation Taxes	20.5 %	88.6 %	Racing and Athletics	8.6 %	79.3 %
Utilities Gross Earnings Taxes	24.6 %	75.8 %	Realty Transfer	5.5 %	83.5 %
Financial Institutions Taxes	56.2 %	79.4 %	Departmental Receipts	9.9 %	78.6 %
Insurance Co. Gross Premiums	26.2 %	69.2 %	Lottery Transfer	9.5 %	73.8 %
Bank Deposits	23.5 %	73.8 %	Other Misc. Revenues	n/a	n/a
Health Care Provider Assessment	8.5 %	82.9 %	Unclaimed Property	0.0 %	0.0 %

The health care provider assessment consists of an assessment on nursing homes. Motor vehicle license and registration 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. The lottery transfer does not begin in a given fiscal year until August, and fiscal year-to-date percentages reflect gaming activity from July through the prior month, while monthly percentages reflect the prior month's gaming activity. The unclaimed property transfer occurs only in June of each fiscal year.

The FY 2021 estimates by revenue item as enacted in the FY 2021 budget are as follows:

Table B. FY 2021 Enacted Revenue Estimates by Major Revenue Item			
Revenue Item	Enacted FY 2021 Estimate	Revenue Item	Enacted FY 2021 Estimate
Personal Income Taxes		Sales and Use Taxes	\$ 1,212,800,000
Estimated Payments †	\$ 259,300,000	Motor Vehicles Fees	1,000,000
Final Payments †, ‡	425,000,000	Cigarettes Taxes	155,000,000
Withholding Payments	1,281,800,000	Alcohol Excise Taxes	22,000,000
Refunds/Adjustments †	(410,000,000)	Estate and Transfer	58,100,000
Business Corporation Taxes	151,300,000	Racing and Athletics	400,000
Public Utilities Gross Earnings	109,600,000	Realty Transfer	15,400,000
Financial Institutions Taxes	18,500,000	Departmental Receipts ^	390,000,000
Insurance Co. Gross Premiums	133,700,000	Lottery *	254,500,000
Bank Deposits	3,100,000	Other Misc. Revenues	10,325,000
Health Care Provider Assessment	42,000,000	Unclaimed Property	10,300,000
		Total General Revenues *	\$ 4,056,425,000
* Total general revenues estimate includes a personal income tax net accrual of \$(105,700,000).			
† The estimates for these revenue items include cash receipts that were received or disbursed in July 2020 but were accrued back to FY 2020. Modified revenue flows were calculated by ORA and adjusted revenues were compared to these modified amounts.			
^ 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.			

Additional Footnotes to Table B:

‡ Personal income tax final payments revenue estimate includes \$18.1 million in estimated net pass-through entity payments. Personal income tax final payments were modified by adding in the estimated pass-through entity payments as allocated by the percentage received in each month in FY 2020. This figure was included in the \$425,000,000 enacted estimate noted above and this figure will be the basis of comparison through April 2021.

* Lottery transfer revenue estimate includes an adjustment of \$(10,023,034) to reflect the number of days each month that Rhode Island casinos were closed from November 30 – December 21 during the Rhode Island Pause and applied this adjustment to the relevant lottery components. The realization of this law change will impact revenue flows in December 2020 through January 2021. Actual revenues for the lottery transfer through November (gaming activity through October) were \$89,058,009, leaving an estimated \$165,441,991 to be collected. ORA will assess adjusted December through April revenue flows against “base” lottery transfer revenues of \$155,418,957 for November 2020 through January 2021, and \$165,441,991 for February 2021 through April 2021.

The enacted estimates for personal income tax estimated and final payments and personal income tax refunds and adjustments are cash estimates as the personal income tax net accrual is estimated

separately. The revenue assessment report assesses adjusted revenues versus expected revenues. In order to make this comparison properly, ORA subtracted from the cash estimates for personal income tax estimated and final payments and refunds and adjustments, the cash receipts accrued back to FY 2020 to arrive at modified revenues to which adjusted revenues are compared. The following amounts were subtracted from each personal income tax item: estimated payments, \$29,000,000; final payments, \$150,386,000; refunds and adjustments, \$(19,311,000).

Results for Enacted FY 2021 Revenues through April

The table, *Year-to-Date Estimate to Actual*, gives the results for FY 2021 through April. The Department of Revenue finds that FY 2021 adjusted total general revenues through April exceeded the enacted FY 2021 expected total general revenues estimate through April by \$350.0 million, a variance of 11.8%. In total taxes, fiscal year-to-date through April adjusted revenues were more than the enacted FY 2021 year-to-date expected revenues estimate by \$326.4 million, a difference of 12.6%. For departmental receipts, FY 2021 through April adjusted revenues led the enacted FY 2021 expected fiscal year-to-date revenues estimate by \$8.2 million, a variance of 4.6%. For other general revenue sources, adjusted FY 2021 through April revenues were above the enacted FY 2021 expected fiscal year-to-date revenues by \$15.3 million, a variance of 7.8%.

Nine revenue items had adjusted revenues in FY 2021 through April that exceeded expected FY 2021 revenue estimates, based on the enacted FY 2021 budget, by more than \$1.0 million.

- Personal income tax adjusted revenues through April were \$215.6 million more than expected FY 2021 through April personal income tax revenues, a variance of 21.3%.
 - Adjusted FY 2021 through April personal income tax final payments revenues were \$98.5 million, or 92.6%, more than expected FY 2021 through April personal income tax final payments revenues.
 - Adjusted FY 2021 personal income tax final payments revenues through April include \$8.8 million of reimbursed Historic Structures Tax Credits (HSTCs).
 - Adjusted fiscal year-to-date personal income tax final payments revenues also include \$57.7 million of personal income tax payments received from pass-through entities on behalf of shareholders.
 - Adjusted and expected FY 2021 through April personal income tax final payments revenues include the accrual of \$(150.4 million) of revenues to FY 2020.
 - Finally, an adjustment to expected FY 2021 through April personal income tax final payments revenues was made to account for the change in the filing and final payment due date that was extended from April 15, 2021 to May 17, 2021.
 - Adjusted FY 2021 personal income tax refunds and adjustments revenues through April were \$63.4 million less than expected fiscal year-to-date personal income tax refunds and adjustments revenues, a difference of -18.1%.

- Adjusted and expected FY 2021 through April personal income tax refunds and adjustments revenues include the accrual of \$19.3 million of revenues to FY 2020.
 - Due to the numerous changes to federal tax law that were included in the Consolidated Appropriations Act of 2021, the Internal Revenue Service and the Rhode Island Division of Taxation did not begin accepting TY 2020 returns until February 12, 2021, which is approximately two weeks later than expected. February was expected to be the month with the highest percentage of refunds and adjustments revenues. Additionally, the tax return filing deadline was extended from April 15, 2021 to May 17, 2021. ORA anticipates that refund activity will shift primarily to March through May.
 - Adjusted fiscal year-to-date personal income tax withholding payments revenues were \$30.5 million more than the \$1.07 billion of expected FY 2021 year-to-date personal income tax withholding payments, a variance of 2.8%.
 - Personal income tax withholding tax revenues in fiscal year-to-date 2021 include, to the extent recipients opted to withhold personal income tax: (i) withholding on the federal \$600 Pandemic Unemployment Compensation payments made to unemployment insurance recipients in July 2020; (ii) the Federal Emergency Management Agency's \$300 Lost Wages Supplemental Payment Assistance payments made to unemployment recipients in September 2020 for unemployment during the weeks ending on August 1, 2020 through September 5, 2020; (iii) the Federal Emergency Management Agency's \$300 Lost Wages Supplemental Payment Assistance payments made to unemployment recipients in January – April 2021 for unemployment during the weeks ending on January 2, 2021 through April 24, 2021. This program will continue through the end of the fiscal year.
 - Personal income tax withholding payments adjusted revenues also include \$7.2 million of large, infrequently occurring payment(s) received in September 2020. These payments were also accounted for in the enacted estimate included in the FY 2021 budget.
 - Adjusted fiscal year-to-date personal income tax estimated payments revenues were \$23.2 million more than expected year-to-date FY 2021 personal income tax estimated payments, a variance of 12.5%.
 - Adjusted and expected FY 2021 through April personal income tax estimated payments revenues include the accrual of \$(29.0 million) of revenues to FY 2020.
- FY 2021 year-to-date sales and use tax adjusted revenues were \$79.6 million more than expected fiscal year-to-date sales and use tax revenues based on the enacted estimate, a difference of 7.8%.

- Please see the section “Impact on General Revenues from the COVID-19 Pandemic” for an explanation of how changes in the operation of Rhode Island’s economy may have impacted sales and use tax revenues.
- Adjusted fiscal year-to-date revenues from business corporation tax were up \$34.5 million, or 27.5%, over expected business corporation tax enacted revenues for FY 2021 year-to-date.
 - This increase may be due in part to the late enactment of the federal Consolidated Appropriations Act, which favorably altered the deductibility of expenses paid with Paycheck Protection Program (PPP) loan proceeds from the law in place when business corporation tax estimated payments were due on December 15, 2020. As a result, the increase in business corporation tax revenues may be temporary as overpayments made in fiscal year-to-date through April are refunded in the coming months.
- Adjusted FY 2021 year-to-date revenues for the lottery transfer, reflecting gaming activity through March, were \$15.3 million more than expected fiscal year-to-date lottery transfer enacted revenues, a difference of 8.2%.
 - The transfer of net terminal income from video lottery terminals (VLTs) in FY 2021 through April was \$6.4 million more than expected.
 - The transfer of net income from traditional lottery games (i.e. scratch tickets, Daily Numbers, Powerball, etc.) and lottery monitor games (i.e. Keno, etc.) in FY 2021 through April was \$6.1 million more than expected.
 - The transfer of gross profit from on-site sports wagering in FY 2021 through April was \$2.3 million more than expected fiscal year-to-date revenues. The transfer of gross profit from remote sports betting was \$840,739 more than expected for FY 2021 through April.
 - The transfer of operating income from table games had a shortfall of \$265,802 in FY 2021 through April.
- Financial institutions tax had adjusted revenues in FY 2021 year-to-date that were more than the expected fiscal year-to-date enacted estimate by \$9.7 million, or 61.8%.
 - Adjusted revenues for financial institutions tax include large payment(s) of \$15.0 million.
- Departmental receipts adjusted revenues through April were \$8.2 million more than FY 2021 through April departmental receipts expected revenues, a variance of 4.6%.
- Adjusted year-to-date revenues for insurance company gross premiums tax were \$6.7 million, or 6.9%, more than expected insurance company gross premiums tax revenues based on the enacted budget.
 - The fiscal year-to-date revenues from health insurers were \$4.7 million more than expected. Adjusted FY 2021 year-to-date health insurance gross premiums tax revenues include \$2.9 million of reimbursed HSTCs.
 - The fiscal year-to-date gross premiums tax revenues from property, casualty, and life insurance companies were \$2.0 million more than expected for FY 2021 through April. Adjusted FY 2021 year-to-date gross premiums tax revenues from

property, casualty, and life insurance companies include \$1.3 million of reimbursed HSTCs.

- Adjusted year-to-date cigarette and other tobacco products (OTP) taxes revenues were \$5.5 million more than the expected revenues based on the enacted budget, a difference of 4.3%.
 - FY 2021 through April cigarette excise tax adjusted revenues were \$5.6 million more than expected revenues for the same period.
 - The fiscal year-to-date OTP excise tax adjusted revenues were \$132,934 less than expected.
- Realty transfer tax adjusted revenues through April were \$1.5 million more than FY 2021 through April realty transfer tax expected revenues, a variance of 11.2%.

FY 2021 adjusted revenues through April for bank deposits tax and alcohol excise tax were above the expected FY 2021 year-to-date enacted revenue estimates but by less than \$1.0 million each.

On the negative side, three revenue items had adjusted revenues through April that fell short of the expected FY 2021 through April enacted revenue estimates by \$1.0 million or more.

- Adjusted year-to-date revenues for public utilities gross earnings tax were \$11.40 million, or 13.7%, less than expected public utilities gross earnings tax revenues based on the enacted budget.
- Adjusted FY 2021 year-to-date estate and transfer tax revenues were \$11.39 million less than expected fiscal year-to-date estate and transfer tax enacted revenues, a difference of -27.5%.
- Health care provider assessment adjusted revenues for FY 2021 through April were below expected revenues by \$4.3 million, or 12.2%.

FY 2021 adjusted revenues through April for motor vehicle license and registration fees and racing and athletics tax were below their expected FY 2021 year-to-date enacted revenue estimates but by less than \$1.0 million each.

Results for the Month of April 2021

The table, *Monthly Estimate to Actual*, gives the results for April 2021. The Department of Revenue finds that FY 2021 adjusted total general revenues for April exceeded the enacted April expected total general revenues estimate by \$129.6 million, a variance of 41.0%. In total taxes, April adjusted revenues were more than the enacted monthly expected revenues estimate by \$116.3 million, a difference of 43.6%. For departmental receipts, April adjusted revenues exceeded the enacted April expected revenues estimate by \$2.6 million, a variance of 11.6%. For other general revenue sources, adjusted April revenues were above the enacted expected monthly revenues by \$10.7 million, a variance of 40.9%.

Seven revenue items had adjusted revenues in April that exceeded expected monthly revenue estimates, based on the enacted revenue estimates, by more than \$1.0 million.

- Personal income tax adjusted revenues in April were \$82.3 million more than expected April personal income tax revenues, a variance of 157.2%.
 - Adjusted April personal income tax final payments revenues were \$47.0 million, or 359.5%, more than expected April personal income tax final payments revenues.
 - Adjusted personal income tax final payments revenues in April include \$30,487 of reimbursed Historic Structures Tax Credits (HSTCs).
 - Adjusted April personal income tax final payments revenues also include \$4.7 million of net personal income tax payments received from pass-through entities on behalf of shareholders.
 - An adjustment to expected April personal income tax final payments revenues was made to account for the change in the filing and final payment due date that was extended from April 15, 2021 to May 17, 2021.
 - Adjusted fiscal year-to-date personal income tax withholding payments revenues were \$13.1 million more than the \$101.9 million of expected April personal income tax withholding payments, a variance of 12.8%. Personal income tax withholding tax revenues in April 2021 include the Federal Emergency Management Agency’s \$300 Lost Wages Supplemental Payment Assistance payments made to unemployment recipients in April 2021.
 - Adjusted April personal income tax refunds and adjustments revenues were \$11.14 million less than expected monthly personal income tax refunds and adjustments revenues, a difference of -12.4%.
 - Due to the numerous changes to federal tax law that were included in the Consolidated Appropriations Act of 2021, the Internal Revenue Service and the Rhode Island Division of Taxation did not begin accepting TY 2020 returns until February 12, 2021, which is approximately two weeks later than expected. February was expected to be the month with the highest percentage of refunds and adjustments revenues. Additionally, the tax return filing deadline was extended from April 15, 2021 to May 17, 2021. ORA anticipates that refund activity will be higher in May than usual.
 - Adjusted April personal income tax estimated payments revenues were \$11.08 million more than expected monthly personal income tax estimated payments, a variance of 40.5%.
- April sales and use tax adjusted revenues were \$31.4 million more than expected April sales and use tax revenues based on the enacted estimate, a difference of 33.5%.
 - Please see the section “Impact on General Revenues from the COVID-19 Pandemic” for an explanation of how changes in the operation of Rhode Island’s economy may have impacted sales and use tax revenues.
- Adjusted April revenues for business corporation tax were \$12.0 million, or 36.6%, more than expected April revenues based on the enacted budget.

- Adjusted revenues from the lottery transfer for April, reflecting March gaming activity, were above the enacted monthly estimate by \$10.7 million, or 44.1%.
 - The transfer of net terminal income from video lottery terminals (VLTs) in April was \$5.9 million more than expected.
 - The transfer of net income from traditional lottery games (i.e. scratch tickets, Daily Numbers, Powerball, etc.) and lottery monitor games (i.e. Keno, etc.) in April was \$3.5 million more than expected.
 - The transfer of gross profit from on-site sports wagering in April was \$595,365 more than expected fiscal year-to-date revenues. The transfer of gross profit from remote sports betting was \$376,033 more than expected for April.
 - The transfer of operating income from table games exceeded expectations by \$265,068 in April.
- Departmental receipts adjusted revenues in April were \$2.6 million more than expected monthly revenues, a variance of 11.6%.
- Adjusted April cigarette and other tobacco products (OTP) taxes revenues were \$2.0 million more than the expected revenues based on the enacted budget, a difference of 17.3%.
 - April cigarette excise tax adjusted revenues were \$2.1 million more than expected revenues for the same period.
 - The April OTP excise tax adjusted revenues were \$60,759 less than expected.
- Adjusted April revenues for insurance company gross premiums tax were \$1.3 million, or 4.0%, more than expected insurance company gross premiums tax revenues based on the enacted budget.
 - The April revenues from health insurers were \$436,479 more than expected. Adjusted April health insurance gross premiums tax revenues include \$653,690 of reimbursed HSTCs.
 - The April gross premiums tax revenues from property, casualty, and life insurance companies were \$828,435 more than expected. Adjusted gross premiums tax revenues from property, casualty, and life insurance companies include \$1.3 million of reimbursed HSTCs in April.

Adjusted revenues in April for realty transfer tax, alcohol excise tax, bank deposits tax, and racing and athletics tax were above the expected monthly enacted revenue estimates but by less than \$1.0 million.

On the negative side, three revenue items had adjusted revenues in April that fell short of the expected April enacted revenue estimate by \$1.0 million or more.

- April financial institutions tax adjusted revenues were less than the expected April enacted estimate by \$5.6 million, or 72.2%.
- Public utilities gross earnings tax adjusted revenues in April were \$4.7 million less than monthly public utilities gross earnings tax expected revenues, a variance of -17.6%.

- Estate and transfer tax adjusted April revenues were below the expected monthly estimate by \$2.4 million, or a difference of -76.6%.

Adjusted revenues in April for the health care provider assessment and motor vehicle license and registration fees were below their expected monthly enacted revenue estimates but by less than \$1.0 million each.



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