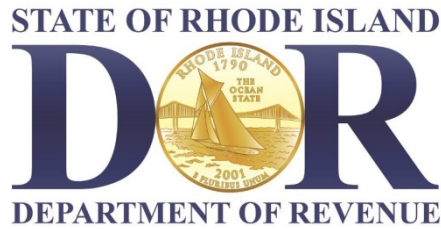


STATE OF RHODE ISLAND
GOVERNOR DANIEL J. MCKEE



Office of Revenue Analysis

**State of Rhode Island Revenue Brief
Special Report on Preliminary FY 2021 Revenues**

This special edition of the State of Rhode Island Revenue Brief is the traditional fiscal year-end report on preliminary revenues. This report assesses the current fiscal year revenues on an accrual basis. That is, it considers total fiscal year revenues, which are equal to cash collections plus the net accrual between consecutive fiscal years. This report's focus is on preliminary FY 2021 revenues and the fiscal year revenue estimates as adopted in the final enacted FY 2021 budget. Finally, the growth rates cited refer to preliminary FY 2021 revenues compared to final enacted FY 2021 revenue estimates or compared to audited FY 2020 revenues.

The data contained in this report is drawn from three sources, the Division of Lottery (Lottery), the Division of Taxation (Taxation), and the Office of Accounts and Controls (OAC). This report makes minimal adjustments to the data that is reported and only to ensure that the data is consistent across all three reporting entities. Small but insignificant differences in figures between the three data sources can be expected. In addition, due to rounding, figures may also vary by a dollar or two.

This report includes three tables. The first table, *Preliminary FY 2021 to Final Enacted FY 2021*, displays the amounts, difference, and variance of preliminary FY 2021 revenues to final enacted FY 2021 revenues. The second table, *Preliminary FY 2021 to Audited FY 2020*, displays the amounts, difference, and year-over-year growth of preliminary FY 2021 revenues to final audited FY 2020 revenues. The last table, *Final Enacted FY 2021 to Audited FY 2020*, displays the amounts, difference, and variance of final enacted FY 2021 revenues to final audited FY 2020 revenues.

It should be noted that Lottery reported a FY 2021 receivable of \$3,358,187 that was not included in OAC's initial preliminary revenue data. After consulting OAC, the Office of Revenue Analysis (ORA) included this receivable amount in its revenue calculations. The inclusion of this receivable by ORA impacts the following revenue items: total general revenues, other general revenue sources, and the lottery transfer. Each of these revenue items will differ from the preliminary amounts reported by the Office of Accounts and Controls.

STATE OF RHODE ISLAND SPECIAL REPORT ON PRELIMINARY REVENUES
Preliminary FY 2021 vs. Final Enacted FY 2021

	Preliminary Revenues FY 2021	Final Enacted Revenues FY 2021	Difference	Variance
<u>Personal Income Tax</u>	\$ 1,615,512,279	\$ 1,540,516,430	\$ 74,995,850	4.9%
<u>General Business Taxes</u>				
Business Corporations	202,570,678	115,611,548	86,959,130	75.2%
Public Utilities Gross Earnings	93,474,936	99,200,000	(5,725,064)	-5.8%
Financial Institutions	34,856,030	33,800,000	1,056,030	3.1%
Insurance Companies	131,446,789	135,100,000	(3,653,211)	-2.7%
Bank Deposits	3,818,574	3,700,000	118,574	3.2%
Health Care Provider Assessment	35,121,483	36,600,000	(1,478,517)	-4.0%
<u>Excise Taxes</u>				
Sales and Use *	1,341,910,598	1,292,300,000	49,610,598	3.8%
Motor Vehicle	681,739	800,000	(118,261)	-14.8%
Cigarettes	159,713,136	160,000,000	(286,864)	-0.2%
Alcohol	22,200,641	22,000,000	200,641	0.9%
Controlled Substances *	5,043	-	5,043	n/a
<u>Other Taxes</u>				
Estate and Transfer	42,986,729	42,900,000	86,729	0.2%
Racing and Athletics	404,040	400,000	4,040	1.0%
Realty Transfer	17,774,576	17,900,000	(125,424)	-0.7%
Total Taxes	\$ 3,702,477,272	\$ 3,500,827,978	\$ 201,649,295	5.8%
<u>Departmental Receipts</u>	\$ 400,225,506	\$ 398,927,628	\$ 1,297,878	0.3%
Taxes and Departmentals	\$ 4,102,702,778	\$ 3,899,755,606	\$ 202,947,172	5.2%
<u>Other General Revenue Sources</u>				
Other Miscellaneous Revenues	14,246,603	13,800,000	446,603	3.2%
Lottery Transfer	301,803,082	288,900,000	12,903,082	4.5%
Unclaimed Property	16,269,787	15,600,000	669,787	4.3%
Total Other Sources	\$ 332,319,472	\$ 318,300,000	\$ 14,019,472	4.4%
Total General Revenues	\$ 4,435,022,250	\$ 4,218,055,606	\$ 216,966,644	5.1%

* The Controller's Audited General Fund Revenue Report for FY 2021 includes Controlled Substances Revenues in Sales and Use Tax Revenues. This report treats these revenue sources separately.

PIT Component	Preliminary FY 2021	Final Enacted FY 2021	Difference	Variance
Estimated payments	\$ 294,734,032	\$ 288,000,000	\$ 6,734,032	2.3%
Final payments	\$ 541,675,080	456,116,430	85,558,651	18.8%
Withholding	\$ 1,322,951,888	1,313,900,000	9,051,888	0.7%
Refunds	\$ (401,683,863)	(405,000,000)	3,316,137	-0.8%
<i>Net Accrual</i>	<i>(142,164,859)</i>	<i>(112,500,000)</i>	<i>(29,664,859)</i>	<i>26.4%</i>
Total	\$ 1,615,512,279	\$ 1,540,516,430	\$ 74,995,850	4.9%

Preliminary FY 2021 vs. Audited FY 2020

	Preliminary Revenues FY 2021	Audited Revenues FY 2020 †	Difference	Year-over-Year Growth
Personal Income Tax	\$ 1,615,512,279	\$ 1,405,508,489	\$ 210,003,790	14.9%
General Business Taxes				
Business Corporations	202,570,678	148,605,498	53,965,180	36.3%
Public Utilities Gross Earnings	93,474,936	108,634,550	(15,159,614)	-14.0%
Financial Institutions	34,856,030	44,612,484	(9,756,454)	-21.9%
Insurance Companies	131,446,789	130,470,984	975,805	0.7%
Bank Deposits	3,818,574	3,325,216	493,358	14.8%
Health Care Provider Assessment	35,121,483	42,600,286	(7,478,803)	-17.6%
Excise Taxes				
Sales and Use *	1,341,910,598	1,167,418,649	174,491,949	14.9%
Motor Vehicle	681,739	937,239	(255,500)	-27.3%
Cigarettes	159,713,136	137,604,201	22,108,935	16.1%
Alcohol	22,200,641	20,235,117	1,965,524	9.7%
Controlled Substances *	5,043	4,813	230	4.8%
Other Taxes				
Estate and Transfer	42,986,729	55,290,559	(12,303,830)	-22.3%
Racing and Athletics	404,040	820,669	(416,629)	-50.8%
Realty Transfer	17,774,576	13,925,095	3,849,481	27.6%
Total Taxes	\$ 3,702,477,271	\$ 3,279,993,849	\$ 422,483,422	12.9%
Departmental Receipts	400,225,506	434,973,609	(34,748,103)	-8.0%
Taxes and Departmentals	\$ 4,102,702,777	\$ 3,714,967,458	\$ 387,735,319	10.4%
Other General Revenue Sources				
Other Miscellaneous Revenues	14,246,603	52,794,681	(38,548,078)	-73.0%
Lottery Transfer	301,803,082	283,870,548	17,932,534	6.3%
Unclaimed Property	16,269,787	12,080,719	4,189,068	34.7%
Total Other Sources	\$ 332,319,472	\$ 348,745,948	\$ (16,426,476)	-4.7%
Total General Revenues	\$ 4,435,022,249	\$ 4,063,713,406	\$ 371,308,843	9.1%

* The Controller's Audited General Fund Revenue Reports for FY 2021 and FY 2020 include Controlled Substances Revenues in Sales and Use Tax Revenues. This report treats these revenue sources separately.

† The transfer of \$120 million from the Budget Stabilization Fund is not considered to be revenue and thus is not included in these figures.

PIT Component	Preliminary FY 2021	Audited FY 2020	Difference	Year-over-Year Growth
Estimated payments	\$ 294,734,032	\$ 202,186,334	\$ 92,547,699	45.8%
Final payments	541,675,080	182,291,211	359,383,870	197.1%
Withholding	1,322,951,888	1,263,376,575	59,575,314	4.7%
Refunds	(401,683,863)	(358,198,139)	(43,485,724)	12.1%
Net Accrual	(142,164,859)	115,852,509	(258,017,368)	-222.7%
Total	\$ 1,615,512,279	\$ 1,405,508,489	\$ 210,003,790	14.9%

STATE OF RHODE ISLAND SPECIAL REPORT ON PRELIMINARY REVENUES

Final Enacted FY 2021 vs. Audited FY 2020

	Final Enacted Revenues FY 2021	Audited Revenues FY 2020 †	Difference	Variance
Personal Income Tax	\$ 1,540,516,430	\$ 1,405,508,489	\$ 135,007,940	9.6%
General Business Taxes				
Business Corporations	115,611,548	148,605,498	(32,993,950)	-22.2%
Public Utilities Gross Earnings	99,200,000	108,634,550	(9,434,550)	-8.7%
Financial Institutions	33,800,000	44,612,484	(10,812,484)	-24.2%
Insurance Companies	135,100,000	130,470,984	4,629,016	3.5%
Bank Deposits	3,700,000	3,325,216	374,784	11.3%
Health Care Provider Assessment	36,600,000	42,600,286	(6,000,286)	-14.1%
Excise Taxes				
Sales and Use *	1,292,300,000	1,167,418,649	124,881,351	10.7%
Motor Vehicle	800,000	937,239	(137,239)	-14.6%
Cigarettes	160,000,000	137,604,201	22,395,799	16.3%
Alcohol	22,000,000	20,235,117	1,764,883	8.7%
Controlled Substances *	-	4,813	(4,813)	n/a
Other Taxes				
Estate and Transfer	42,900,000	55,290,559	(12,390,559)	-22.4%
Racing and Athletics	400,000	820,669	(420,669)	-51.3%
Realty Transfer	17,900,000	13,925,095	3,974,905	28.5%
Total Taxes	\$ 3,500,827,978	\$ 3,279,993,849	\$ 220,834,128	6.7%
Departmental Receipts	398,927,628	434,973,609	(36,045,981)	-8.3%
Taxes and Departmentals	\$ 3,899,755,606	\$ 3,714,967,458	\$ 184,788,148	5.0%
Other General Revenue Sources				
Other Miscellaneous Revenues	13,800,000	52,794,681	(38,994,681)	-73.9%
Lottery Transfer	288,900,000	283,870,548	5,029,452	1.8%
Unclaimed Property	15,600,000	12,080,719	3,519,281	29.1%
Total Other Sources	\$ 318,300,000	\$ 348,745,948	\$ (30,445,948)	-8.7%
Total General Revenues	\$ 4,218,055,606	\$ 4,063,713,406	\$ 154,342,200	3.8%

* The Controller's Audited General Fund Revenue Reports for FY 2021 and FY 2020 include Controlled Substances Revenues in Sales and Use Tax Revenues. This report treats these revenue sources separately.

† The transfer of \$120 million from the Budget Stabilization Fund is not considered to be revenue and thus is not included in these figures.

PIT Component	Final Enacted FY 2021	Audited FY 2020	Difference	Variance
Estimated payments	\$ 288,000,000	\$ 202,186,334	\$ 85,813,666	42.4%
Final payments	456,116,430	182,291,211	273,825,219	150.2%
Withholding	1,313,900,000	1,263,376,575	50,523,425	4.0%
Refunds	(405,000,000)	(358,198,139)	(46,801,861)	13.1%
Net Accrual	(112,500,000)	115,852,509	(228,352,509)	-197.1%
Total	\$ 1,540,516,430	\$ 1,405,508,489	\$ 135,007,940	9.6%

Total General Revenues

<u>FY 2021</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 4,435,022,250	\$ 4,218,055,606	\$ 216,966,644
	<u>From FY 2020 Audited</u>		<u>From Final Enacted</u>
Percentage Change	9.1 %	3.8 %	5.1 %

The State of Rhode Island Department of Revenue reports that preliminary FY 2021 total general revenues were 5.1% more than the final enacted FY 2021 total general revenue estimate of \$4.218 billion, a surplus of \$217 million.

Preliminary FY 2021 total general revenues of \$4.435 billion were up \$371.3 million compared to audited FY 2020 total general revenues of \$4.064 billion, which translates into a growth rate of 9.1%.

The General Assembly's final enacted FY 2021 total general revenue estimate was \$154.3 million, or 3.8%, more than audited FY 2020 total general revenues.

Total Taxes and Departmental Receipts

<u>FY 2021</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 4,102,702,778	\$ 3,899,755,606	\$ 202,947,172
	<u>From FY 2020 Audited</u>		<u>From Final Enacted</u>
Percentage Change	10.4 %	5.0 %	5.2 %

Preliminary FY 2021 total taxes and departmental receipts were 5.2% more than the final enacted FY 2021 estimate of \$3.9 billion, a surplus of \$202.9 million.

Preliminary FY 2021 total taxes and departmental receipts of \$4.103 billion were up \$387.7 million compared to audited FY 2020 total taxes and departmental receipts of \$3.715 billion, which translates into a growth rate of 10.4%.

The final enacted FY 2021 total taxes and departmental receipts estimate was \$184.8 million, or 5.0%, above audited FY 2020 total taxes and departmental receipts.

Other General Revenue Sources

<u>FY 2021</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 332,319,472	\$ 318,300,000	\$ 14,019,472
	<u>From FY 2020 Audited</u>		<u>From Final Enacted</u>
Percentage Change	-4.7 %	-8.7 %	4.4 %

Preliminary FY 2021 other general revenue sources were 4.4% more than the final enacted FY 2021 estimate of \$318.3 million, an overage of \$14.0 million.

Preliminary FY 2021 other general revenue sources of \$332.3 million were down \$16.4 million compared to audited FY 2020 other general revenue sources of \$348.7 million, which translates into a growth rate of -4.7%.

The final enacted FY 2021 other general revenue sources estimate was \$30.4 million, or 8.7%, less than audited FY 2020 other general revenue sources.

Total Taxes

<u>FY 2021</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 3,702,477,272	\$ 3,500,827,978	\$ 201,649,295
	<u>From FY 2020 Audited</u>		<u>From Final Enacted</u>
Percentage Change	12.9 %	6.7 %	5.8 %

Preliminary FY 2021 revenues for total taxes were 5.8% more than the final enacted FY 2021 estimate of \$3.501 billion, a surplus of \$201.6 million.

Preliminary FY 2021 total taxes revenues of \$3.702 billion were up \$422.5 million compared to audited FY 2020 total taxes revenues of \$3.280 billion, which translates into a growth rate of 12.9%.

The final enacted FY 2021 total taxes estimate was \$220.8 million, or 6.7%, higher than audited FY 2020 total tax revenues.

Historic Structures Tax Credit Reimbursements

In FY 2021, total historic structure tax credit redemptions/reimbursements for all taxes totaled \$13.3 million versus \$25.1 million in FY 2020, a decrease of \$11.8 million or 47.0%.

The breakdown of the reimbursement of redeemed HSTCs by tax type is shown in the table below:

Historic Structures Tax Credit Reimbursements by Tax Type				
Tax Type	FY 2021	FY 2020	Difference	% Change
Personal Income	\$ 8,958,195	\$ 7,387,722	\$ 1,570,473	21.3 %
Business Corporation	0	155,961	(155,961)	-100.0 %
Financial Institutions	0	10,000,000	(10,000,000)	-100.0 %
Insurance	1,280,000	1,936,570	(656,570)	-33.9 %
Insurance/HMOs	2,882,056	2,370,107	511,949	21.6 %
Non-Profit Partner Refund	197,050	3,257,801	(3,060,751)	-94.0 %
Total	\$ 13,317,302	\$ 25,108,161	\$ (11,790,589)	-47.0 %

Personal Income Taxes

<u>FY 2021</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 1,615,512,279	\$ 1,540,516,430	\$ 74,995,850
	<u>From FY 2020 Audited</u>		<u>From Final Enacted</u>
Percentage Change	14.9 %	9.6 %	4.9 %

According to the Controller's Preliminary General Fund Revenue Report, FY 2021 personal income tax revenues were 4.9% more than the final enacted FY 2021 estimate of \$1.541 billion, an excess of \$75 million.

Preliminary FY 2021 personal income tax revenues of \$1.616 billion were up \$210 million compared to audited FY 2020 personal income tax revenues of \$1.406 billion, which translates into a growth rate of 14.9%.

The final enacted FY 2021 personal income tax revenue estimate was \$135 million, or 9.6%, more than audited FY 2020 personal income tax revenues.

The table below provides the component breakdown of the preliminary FY 2021 personal income tax revenues, as provided by the Division of Taxation, and the final enacted FY 2021 estimates for personal income tax revenues:

Component	FY 2021 Preliminary	FY 2021 Final Enacted	Variance	Percentage Change
Estimated Payments	\$ 294,734,032	\$ 288,000,000	\$ 6,734,032	2.3 %
Final Payments * ^	541,675,080	456,116,430	85,558,651	18.8 %
Withholding	1,322,951,888	1,313,900,000	9,051,888	0.7 %
Refunds/Adjustments	(401,683,863)	(405,000,000)	3,316,137	-0.8 %
Net Accrual †	(142,164,859)	(112,500,000)	(29,664,859)	26.4 %
Total	\$ 1,615,512,279	\$ 1,540,516,430	\$ 74,995,850	4.9 %

* FY 2021 preliminary close personal income tax final payments include \$9 million of historic structures tax credit (HSTC) redemptions. An undetermined amount of HSTC redemptions were also included in the FY 2021 final enacted personal income tax final payments estimate.

^ FY 2021 preliminary includes \$109.1 million of personal income tax payments from pass-through entities made on behalf of their shareholders that were originally deposited as business corporation tax revenues. FY 2021 final enacted personal income tax final payments estimate included \$70.9 million of net personal income tax payments from pass-through entities made on behalf of their shareholders.

† FY 2021 preliminary net accrual includes a payable of \$26 million for the projected refund of the overpayment of personal income taxes made by pass-through entities on behalf of their shareholders.

The table below provides the component breakdown of personal income tax revenues, as provided by the Division of Taxation, and compares preliminary FY 2021 revenues to audited FY 2020 revenues:

Component	FY 2021 Preliminary	FY 2020 Audited	Nominal Difference	Percent Difference
Estimated Payments	\$ 294,734,032	\$ 202,186,334	\$ 92,547,699	45.8 %
Final Payments *· ^	541,675,080	182,291,211	359,383,870	197.1 %
Withholding	1,322,951,888	1,263,376,575	59,575,314	4.7 %
Refunds/Adjustments	(401,683,863)	(358,198,139)	(43,485,724)	12.1 %
Net Accrual †	(142,164,859)	115,852,509	(258,017,368)	-222.7 %
Total	\$ 1,615,512,279	\$ 1,405,508,489	\$ 210,003,790	14.9 %
* Final payments include historic structures tax credit (HSTC) reimbursements of \$9 million in preliminary FY 2021 and \$7.4 million in audited FY 2020.				
^ Includes personal income tax payments from pass-through entities made on behalf of their shareholders that were originally deposited as business corporation tax revenues of \$109.1 in preliminary FY 2021 and \$47.8 million in audited FY 2020.				
† Net Accrual figures are from the Office of the Controller's Preliminary General Fund Revenue Report for FY 2021 and the Final General Fund Revenue Report for FY 2020. The FY 2021 preliminary net accrual includes a payable of \$26 million for the projected refund of the overpayment of personal income taxes made by pass-through entities on behalf of their shareholders. The FY 2020 final net accrual includes a payable of \$30.5 million for the projected refund of the overpayment of personal income taxes made by pass-through entities on behalf of their shareholders.				

The preliminary FY 2021 personal income tax net accrual was \$258.0 million less than the audited FY 2020 net accrual of \$115.9 million. One reason for this large discrepancy is the delaying of the FY 2019 personal income tax return due date from April 15, 2020 to July 15, 2020. This delay resulted in the booking of a receivable for FY 2020 of \$150,368,000 and a payable of \$(19,311,000). In addition, the payment of personal income tax estimates was delayed from April 15, 2020 and June 15, 2020 to July 15, 2020 which resulted in the posting of a receivable for FY 2020 of \$29,000,000. These posted receivables and the posted payable reflected revenues that would have been received as cash in FY 2020 had the payment and return due dates not been delayed into FY 2021.

Finally, the FY 2021 net accrual includes a payable for \$(10,299,320) and the FY 2020 net accrual includes a payable for \$(18,787,024) to reflect the liability the state may face from the repeal of the limitation on active loss deductions for non-corporate taxpayers for TY 2018 – TY 2020 that was passed as part of the CARES Act in May 2020. Net of these COVID-19 related receivables and payables, the FY 2021 personal income tax net accrual was \$8,487,704.

Business Corporation Taxes

<u>FY 2021</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 202,570,678	\$ 115,611,548	\$ 86,959,130
	<u>From FY 2020 Audited</u>		<u>From Final Enacted</u>
Percentage Change	36.3 %	-22.2 %	75.2 %

Rhode Island business corporation tax revenues are comprised of taxes collected from the corporate income tax and taxes on nonresident contractors and political organizations. Preliminary FY 2021 business corporation tax revenues were 75.2% more than the final enacted FY 2021 estimate of \$115.6 million, an excess of \$87 million.

Preliminary FY 2021 business corporation tax revenues of \$202.6 million were up \$54 million compared to audited FY 2020 business corporation tax revenues of \$148.6 million, which translates into a growth rate of 36.3%.

The final enacted FY 2021 business corporation tax revenue estimate was \$33 million, or 22.2%, less than audited FY 2020 business corporation tax revenues.

The table below provides the component breakdown of corporate income tax revenues, as provided by the Division of Taxation, and compares preliminary FY 2021 revenues to audited FY 2020 revenues:

Component	FY 2021 Preliminary	FY 2020 Audited	Nominal Difference	Percent Difference
Estimated Payments [^]	\$ 157,221,082	\$ 101,280,558	\$ 55,940,524	55.2 %
Final Payments ^{◇, *}	102,441,975	72,566,587	29,875,388	41.2 %
Refunds	(28,911,567)	(34,557,934)	5,646,367	-16.3 %
Adjustments	(7,971,853)	(17,691,477)	9,719,624	-54.9 %
Net Accrual [†]	(20,813,107)	26,954,426	(47,767,533)	-177.2 %
Total	\$ 201,966,530	\$ 148,552,160	\$ 53,414,370	36.0 %

[^] Does not include business corporation tax estimated payments received from pass-through entities that were made to cover the personal income tax liabilities of shareholders and transferred to personal income tax final payments of \$89.9 million in preliminary FY 2021 and \$38.1 million in audited FY 2020.

[◇] Does not include business corporation tax final payments received from pass through entities that were made to cover the personal income tax liabilities of shareholders and transferred to personal income tax final payments of \$19.2 million in preliminary FY 2021 and \$9.7 million in audited FY 2020.

* Final payments include historic structures tax credit (HSTC) reimbursements of \$155,961 in audited FY 2020.

[†] Net Accrual figures are from the Controller's Preliminary General Fund Revenue Report for FY 2021 and Final General Fund Revenue Report for FY 2020.

The preliminary FY 2021 business corporation tax net accrual was \$47.8 million less than the audited FY 2020 net accrual of \$27.0 million. The reason for this large discrepancy is the delaying of the FY 2019 business corporation tax return due date from April 15, 2020 to July 15, 2020 and the delay in the business corporation tax estimated payments due dates from April 15, 2020 and June 15, 2020 to July 15, 2020. In the case of the delay in the tax return due date, a receivable for \$13,100,000 and a payable for \$(822,000) were booked against FY 2020 revenues. In the case of the delay in the estimated payments due dates, a receivable for \$15,000,000 was posted for FY 2020. These posted receivables and the posted payable reflected revenues that would have been received as cash in FY 2020 had the payment and return due dates not been delayed into FY 2021. Net of these COVID-19 related receivables and payables, the FY 2020 personal income tax net accrual was \$(254,574).

Public Utilities Gross Earnings Taxes

<u>FY 2021</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 93,474,936	\$ 99,200,000	\$ (5,725,064)
	<u>From FY 2020 Audited</u>		<u>From Final Enacted</u>
Percentage Change	-14.0 %	-8.7 %	-5.8 %

Preliminary FY 2021 public utilities gross earnings tax revenues were 5.8% less than the final enacted FY 2021 public utilities gross earnings tax revenue estimate of \$99.2 million, a shortfall of \$5.7 million.

Preliminary FY 2021 public utilities gross earnings tax revenues of \$93.5 million were down \$15.2 million compared to audited FY 2020 public utilities gross earnings tax revenues of \$108.6 million, which translates into a growth rate of -14.0%. Preliminary FY 2021 public utilities gross earnings tax revenues include cash collections of \$93.4 million and a net accrual of \$26,207. FY 2021 public utilities gross earnings tax cash collections decreased by \$12.5 million from audited FY 2020 cash collections. The public utilities gross earnings tax net accrual decreased by \$2.62 million from the FY 2020 net accrual of \$2.6 million, which represents a growth rate of -99.0%.

The final enacted FY 2021 public utilities gross earnings tax revenue estimate was \$9.4 million, or 8.7% below audited FY 2020 public utilities gross earnings tax revenues.

Financial Institution Taxes

<u>FY 2021</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 34,856,030	\$ 33,800,000	\$ 1,056,030
	<u>From FY 2020 Audited</u>		<u>From Final Enacted</u>
Percentage Change	-21.9 %	-24.2 %	3.1 %

Preliminary FY 2021 financial institution tax revenues were 3.1% more than the final enacted FY 2021 estimate of \$33.8 million, a surplus of \$1.2 million.

Preliminary FY 2021 financial institution tax revenues of \$34.9 million were down \$9.8 million compared to audited FY 2020 financial institution tax revenues of \$44.6 million, which translates

into a growth rate of -21.9%. Audited FY 2020 financial institution tax revenues include \$10.0 million in reimbursed historic structures tax credit (HSTC) redemptions. No HSTC certificates were redeemed against financial institution tax in FY 2021. Preliminary FY 2021 financial institution tax revenues include cash collections of \$34.6 million and a FY 2021 net accrual of \$297,191. FY 2021 financial institution tax cash collections decreased by \$9.3 million from FY 2020 cash collections. The preliminary FY 2021 adjusted net accrual decreased by \$467,288 from the audited FY 2020 adjusted net accrual of \$764,479.

The final enacted FY 2021 financial institutions tax revenue estimate was \$33.8 million, a decrease of \$10.8 million, or 24.2%, from audited FY 2020 financial institutions tax revenues of \$44.6 million.

Insurance Company Gross Premiums Taxes

<u>FY 2021</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Non-Health Insurance	\$ 77,149,303	\$ 77,900,000	\$ (750,697)
Health Insurance	54,297,486	57,200,000	(2,902,514)
Total Revenues	\$ 131,446,789	\$ 135,100,000	\$ (3,653,211)
	<u>From FY 2020 Audited</u>		<u>From Final Enacted</u>
Percentage Change	0.7 %	3.5 %	-2.7 %

Preliminary FY 2021 insurance company gross premiums tax revenues were 2.7% less than the final enacted FY 2021 estimate of \$135.1 million, a shortfall of \$3.7 million.

Preliminary FY 2021 insurance company gross premiums tax revenues of \$131.4 million were up \$975,805 compared to audited FY 2020 insurance company gross premiums tax revenues of \$130.5 million, which translates into a growth rate of 0.7%. Preliminary FY 2021 insurance company gross premiums tax revenues include \$4.2 million of historic structures tax credit (HSTC) reimbursements and audited FY 2020 insurance company gross premiums tax revenues included \$4.3 million of HSTC reimbursements.

The final enacted FY 2021 insurance company gross premiums tax revenue estimate was \$4.6 million, or 3.5%, above audited FY 2020 insurance company gross premiums tax revenues.

The table below provides the component breakdown of insurance company gross premiums tax revenues, as provided in the Controller's Preliminary General Fund Revenue Report for FY 2021

and Final General Fund Revenue Report for FY 2020, and compares preliminary FY 2021 revenues to audited FY 2020 revenues:

Component	FY 2021 Preliminary	FY 2020 Audited	Nominal Difference	Percent Difference
<u>Non-Health Insurance</u>				
Cash	\$ 79,325,596	\$ 74,517,008	\$ 4,808,588	6.5 %
Net Accrual ^	(2,176,293)	782,575	(2,958,868)	-378.1 %
Total	\$ 77,149,303	\$ 75,299,583	\$ 1,849,720	2.5 %
<u>Health Insurance</u>				
Cash	\$ 66,962,486	\$ 42,798,401	\$ 24,164,085	56.5 %
Net Accrual *	(12,665,000)	12,373,000	(25,038,000)	-202.4 %
Total	\$ 54,297,486	\$ 55,171,401	\$ (873,915)	-1.6 %
^ The non-health insurance net accrual includes a receivable of \$680,000 that was posted to FY 2020 due to the delay in the final return due date from April 15, 2020 to July 15, 2020. This receivable was reversed in preliminary FY 2021.				
* The health insurance net accrual includes a receivable of \$13,029,000 that was booked to FY 2020 as a result of the delay in the estimated payment due dates from April 15, 2020 and June 15, 2020 to July 15, 2020.				

Bank Deposit Taxes

<u>FY 2021</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 3,818,574	\$ 3,700,000	\$ 118,574
	<u>From FY 2020 Audited</u>		<u>From Final Enacted</u>
Percentage Change	14.8 %	11.3 %	3.2 %

Preliminary FY 2021 bank deposit tax revenues were 3.2% more than the final enacted FY 2021 estimate of \$3.7 million, an excess of \$118,574.

Preliminary FY 2021 bank deposit tax revenues of \$3.8 million were up \$493,358 compared to audited FY 2020 bank deposit tax revenues of \$3.3 million, which translates into a growth rate of 14.8%. The preliminary FY 2021 net accrual was \$(45,079) vs. an audited FY 2020 net accrual of \$(151,034).

The final enacted FY 2021 bank deposit tax revenue estimate was projected to increase by \$374,784, or 11.3%, over audited FY 2020 bank deposit tax revenues.

Health Care Provider Assessment

<u>FY 2021</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 35,121,483	\$ 36,600,000	\$ (1,478,517)
	<u>From FY 2020 Audited</u>		<u>From Final Enacted</u>
Percentage Change	-17.6 %	-14.1 %	-4.0 %

Preliminary FY 2021 health care provider assessment revenues were 4.0% less than the final enacted FY 2021 estimate, a deficit of \$1.5 million.

Preliminary FY 2021 health care provider assessment revenues of \$35.1 million were down \$7.5 million compared to audited FY 2020 health care provider assessment revenues of \$42.6 million, a growth rate of -17.6%. Preliminary FY 2021 health care provider assessment revenues include cash collections of \$35.9 million and a net accrual of \$(811,067). FY 2021 health care provider assessment cash collections decreased by \$6.7 million from FY 2020 cash collections. The FY 2021 net accrual decreased by \$770,353 compared to the FY 2020 net accrual of \$(40,714), a growth rate of 1,892.1%.

The final enacted FY 2021 health care provider assessment revenue estimate was \$36.6 million, a decrease of \$6.0 million, or 14.1%, from audited FY 2020 health care provider assessment revenues.

Sales and Use Taxes

<u>FY 2021</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 1,341,910,598	\$ 1,292,300,000	\$ 49,610,598
	<u>From FY 2020 Audited</u>		<u>From Final Enacted</u>
Percentage Change	14.9 %	10.7 %	3.8 %

Preliminary FY 2021 sales and use tax revenues were 3.8% more than the final enacted FY 2021 estimate of \$1.292 billion, an overage of \$49.6 million.

Preliminary FY 2021 sales and use tax revenues of \$1.342 billion were up \$174.5 million compared to audited FY 2020 sales and use tax revenues of \$1.167 billion, a growth rate of 14.9%.

The final enacted FY 2021 sales and use tax revenue estimate was \$124.9 million, or 10.7%, over audited FY 2020 sales and use tax revenues.

The table below provides the component breakdown for sales and use tax revenues, as provided by the Division of Taxation, and compares preliminary FY 2021 revenues to audited FY 2020 revenues:

Component	Preliminary FY 2021	Audited FY 2020	Nominal Difference	Percent Difference
Net Taxation *	\$ 1,003,308,197	\$ 853,720,829	\$ 149,587,368	17.5 %
Providence Place Mall ^	0	2,048,314	(2,048,314)	-100.0 %
Subtotal Net Taxation	\$ 1,003,308,197	\$ 855,769,143	\$ 147,539,054	17.2 %
Meal & Bev Sales Tax	178,611,742	188,021,529	(9,409,787)	-5.0 %
Motor Vehicle Use Tax	153,010,797	113,521,401	39,489,396	34.8 %
Total Receipts	\$ 1,334,930,736	\$ 1,157,312,073	\$ 177,618,663	15.3 %
Net Accrual †	6,979,862	10,106,576	(3,126,714)	-30.9 %
Total Revenue	\$ 1,341,910,598	\$ 1,167,418,649	\$ 174,491,949	14.9 %
* The net taxation component includes nonsufficient funds checks of \$(13,831) in preliminary FY 2021 and \$20,045 in FY 2020.				
^ Effective September 2019, Providence Place Mall sales tax receipts were no longer recorded separately from net taxation sales tax receipts.				
† Net Accrual figures are from the Controller's Preliminary General Fund Revenue Report for FY 2021 and Final General Fund Revenue Report for FY 2020.				

Motor Vehicle License and Fees

<u>FY 2021</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 681,739	\$ 800,000	\$ (118,261)
	<u>From FY 2020 Audited</u>		<u>From Final Enacted</u>
Percentage Change	-27.3%	-14.6 %	-14.8 %

Preliminary FY 2021 motor vehicle operator license and vehicle registration fee revenues were 14.8% less than the final enacted FY 2021 estimate of \$800,000, a shortage of \$118,261.

Preliminary FY 2021 motor vehicle operator license and vehicle registration fee revenues of \$681,739 were down \$255,500 compared to audited FY 2020 motor vehicle operator license and vehicle registration fee revenues of \$937,239, which translates into a growth rate of -27.3%. For FY 2021 and FY 2020, all revenues collected from motor vehicle license and registration fees were transferred from general revenues to the Rhode Island Highway Maintenance Account (RIHMA) in the Intermodal Surface Transportation Fund, except revenues from duplicate license and license update fees.

Preliminary FY 2021 license and registration fees were \$681,739, which includes cash collections of \$654,574 and a net accrual of \$27,165. FY 2021 cash collections were down \$369,251, or 36.1%, compared to FY 2020 cash collections. The audited FY 2021 net accrual is -365.6% above the FY 2020 net accrual of \$(10,226).

The final enacted FY 2021 motor vehicle operator license and vehicle registration fee revenues estimate was \$137,239, or 14.6%, less than audited FY 2020 motor vehicle operator license and vehicle registration fee revenues.

Cigarettes Taxes

<u>FY 2021</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Cigarettes, w/ Floor Stock	\$ 147,990,795	\$ 148,000,000	\$ (9,205)
Other Tobacco Products	11,722,341	12,000,000	(277,659)
Total Revenues	\$ 159,713,136	\$ 160,000,000	\$ (286,864)
	<u>From FY 2020 Audited</u>		<u>From Final Enacted</u>
Percentage Change	16.1 %	16.3 %	-0.2 %

Rhode Island cigarettes tax revenues are made up of excise taxes collected on the sale of cigarettes, a tax on the wholesale price of other tobacco products such as cigars, pipe tobacco, and smokeless tobacco, and a cigarette floor stock tax, which is imposed when the cigarette excise tax rate is increased. Preliminary FY 2021 cigarettes tax revenues, including other tobacco products and any cigarette floor stock taxes, were down \$286,864, or 0.2% from the final enacted FY 2021 estimate of \$160.0 million.

Preliminary FY 2021 cigarettes tax revenues of \$159.7 million were up \$22.1 million compared to audited FY 2020 cigarettes tax revenues of \$137.6 million, a growth rate of 16.1%.

The final enacted FY 2021 cigarettes tax revenue estimate was \$22.4 million, or 16.3%, more than audited FY 2020 cigarettes tax revenues.

The table below provides the component breakdown for cigarettes tax revenues, as provided in the Controller's Preliminary General Fund Revenue Report for FY 2021 and Final General Fund Revenue Report for FY 2020, and compares preliminary FY 2021 revenues to audited FY 2020 revenues:

Component	FY 2021 Preliminary	FY 2020 Audited	Nominal Difference	Percent Difference
<u>Cigarettes, including Floor Stock</u>				
Cash	\$ 146,869,304	\$ 129,044,125	\$ 17,825,179	13.8 %
Net Accrual	1,121,491	(1,137,174)	2,258,665	-198.6 %
Total Cigarettes	\$ 147,990,795	\$ 127,906,951	\$ 20,083,844	15.7 %
<u>Other Tobacco Products</u>				
Cash	\$ 11,812,979	\$ 9,717,281	\$ 2,095,698	21.6 %
Net Accrual	(90,638)	(20,031)	(70,607)	352.5 %
Total Other Tobacco	\$ 11,722,341	\$ 9,697,250	\$ 2,025,091	20.9 %

Finally, the change in Rhode Island cigarette sales between preliminary FY 2021 and audited FY 2020 is determined by netting out the value of cigarette floor stock tax and other tobacco products tax revenues in each fiscal year. After netting out these receipts, it is determined that the sale of packs of cigarettes in Rhode Island rose by 13.8% in FY 2021.

Alcohol Taxes

<u>FY 2021</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 22,200,641	\$ 22,000,000	\$ 200,641
	<u>From FY 2020 Audited</u>		<u>From Final Enacted</u>
Percentage Change	9.7 %	8.7 %	0.9 %

Preliminary FY 2021 alcohol excise tax revenues were 0.9% more than the final enacted FY 2021 estimate, a surplus of \$200,641.

Preliminary FY 2021 alcohol tax revenues of \$22.2 million were up \$2 million compared to audited FY 2020 alcohol excise tax revenues, a growth rate of 9.7%. Preliminary FY 2021 alcohol excise tax revenues include cash collections of \$22.1 million and a net accrual of \$88,380. FY 2021 alcohol tax cash collections increased by \$2 million over FY 2020 cash collections. The FY 2021 alcohol excise tax preliminary net accrual is 26.0% less, or \$31,126, than the audited FY 2020 net accrual of \$119,506.

The final enacted FY 2021 alcohol excise tax revenue estimate was \$22.0 million, an increase of \$1.8 million, or 8.7%, from audited FY 2020 alcohol tax revenues of \$20.2 million.

Controlled Substances

<u>FY 2021</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 5,043	\$ 0	\$ 5,043
	<u>From FY 2020 Audited</u>		<u>From Final Enacted</u>
Percentage Change	4.8 %	n/a	n/a

Preliminary FY 2021 controlled substances revenues consist of \$5,500 in cash collections, which is a decrease of \$921 from FY 2020 cash collections of \$6,421, and a net accrual of \$(457), which represents a decrease of 71.6% from the audited FY 2020 net accrual of \$(1,608). There was no final enacted FY 2021 controlled substances revenue estimate.

Estate and Transfer Taxes

<u>FY 2021</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 42,986,729	\$ 42,900,000	\$ 86,729
	<u>From FY 2020 Audited</u>		<u>From Final Enacted</u>
Percentage Change	-22.3 %	-22.4 %	0.2 %

Preliminary FY 2021 estate and transfer tax revenues were \$86,729, or 0.2%, more than the final enacted FY 2021 estimate of \$42.9 million.

Preliminary FY 2021 estate and transfer tax revenues of \$43 million were down \$12.3 million compared to audited FY 2020 estate and transfer tax revenues of \$55.3 million, a growth rate of -22.3%. Preliminary FY 2021 estate and transfer tax revenues include cash collections of \$38.1 million and a net accrual of \$4.9 million. FY 2021 estate and transfer tax cash collections decreased by \$18.3 million from FY 2020 cash collections, and the preliminary FY 2021 estate and transfer tax net accrual increased by \$6 million over the audited FY 2020 net accrual of \$(1 million), which is a variance of -574.9%.

The final enacted FY 2021 estate and transfer tax revenue estimate was \$12.4 million, or 22.4%, less than audited FY 2020 estate and transfer tax revenues.

Racing and Athletics Taxes

<u>FY 2021</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 404,040	\$ 400,000	\$ 4,040
	<u>From FY 2020 Audited</u>		<u>From Final Enacted</u>
Percentage Change	-50.8 %	-51.3 %	1.0 %

Preliminary FY 2021 racing and athletics tax revenues were 1.0% more than the final enacted FY 2021 estimate of \$400,000, a surplus of \$4,040

Preliminary FY 2021 racing and athletics tax revenues of \$404,040 were down \$416,629 compared to audited FY 2020 racing and athletics tax revenues of \$820,669, which translates into a growth rate of -50.8%. It should be noted that due to the COVID-19 pandemic, no racing and athletics tax revenues were received in the months of April through July 2020. Preliminary FY 2021 racing and athletics tax revenues include cash collections of \$393,331 and a net accrual of \$10,707. FY 2021 racing and athletics tax cash collections are \$451,810 less than FY 2020 cash collections. The preliminary FY 2021 racing and athletics tax net accrual increased by \$35,178 from the audited FY 2020 net accrual of \$(24,471), a variance of -143.8 percent.

The final enacted FY 2021 racing and athletics tax revenue estimate was \$420,669, or 51.3% below audited FY 2020 racing and athletics tax revenues.

Realty Transfer Taxes

<u>FY 2021</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 17,774,576	\$ 17,900,000	\$ (125,424)
	<u>From FY 2020 Audited</u>		<u>From Final Enacted</u>
Percentage Change	27.6 %	28.5 %	-0.7 %

Preliminary FY 2021 realty transfer tax revenues were 0.7% less than the final enacted FY 2021 estimate of \$17.9 million, a deficit of \$125,424.

Preliminary FY 2021 realty transfer tax revenues of \$17.8 million were up \$3.8 million compared to audited FY 2020 realty transfer tax revenues of \$13.9 million, which translates into a growth

rate of 27.6%. Preliminary FY 2021 realty transfer tax revenues include cash collections of \$17.7 million and a net accrual of \$58,623. FY 2021 realty transfer tax cash collections increased by \$4.2 million from FY 2020 cash collections. The preliminary FY 2021 realty transfer tax net accrual decreased by \$317,199 from the audited FY 2020 net accrual of \$375,822, which translates to a growth rate of -84.4%.

The final enacted FY 2021 realty transfer tax revenue estimate was \$4.0 million, or 28.5%, more than audited FY 2020 realty transfer tax revenues.

Total Departmental Receipts

<u>FY 2021</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 400,225,506	\$ 398,927,628	\$ 1,297,878
	<u>From FY 2020 Audited</u>		<u>From Final Enacted</u>
Percentage Change	-8.0 %	-8.3 %	0.3 %

Preliminary FY 2021 total departmental receipts were 0.3% more than the final enacted FY 2021 estimate of \$398.9 million, a surplus of \$1.3 million.

Preliminary FY 2021 total departmental receipts of \$400.2 million were up \$34.7 million compared to audited FY 2020 total departmental receipts of \$435 million, which translates into a growth rate of -8.0%.

The final enacted FY 2021 total departmental receipts estimate was \$36 million, or 8.3%, below audited FY 2020 total departmental receipts.

The table below provides the breakdown of total departmental receipts by category, as provided in the Controller's Preliminary General Fund Revenue Report for FY 2021 and Final General Fund Revenue Report for FY 2020, and compares preliminary FY 2021 revenues to audited FY 2020 revenues:

Category	FY 2021 Preliminary	FY 2020 Audited	Nominal Difference	Percent Difference
<u>Licenses and Fees</u>				
Cash	\$ 337,984,508	\$ 328,473,642	\$ 9,510,866	2.9 %
Net Accrual	(30,611,663)	11,531,517	(42,143,180)	-365.5 %
Total Licenses and Fees	\$ 307,372,845	\$ 340,005,159	\$ (32,632,314)	-9.6 %
<u>Fines and Penalties</u>				
Cash	\$ 48,130,257	\$ 45,266,244	\$ 2,864,013	6.3 %
Net Accrual	(94,227)	(399,417)	305,190	-76.4 %
Total Fines and Penalties	\$ 48,036,030	\$ 44,866,827	\$ 3,169,203	7.1 %

Category	FY 2021 Preliminary	FY 2020 Audited	Nominal Difference	Percent Difference
<u>Sales and Services</u>				
Cash	\$ 9,357,678	\$ 11,132,790	\$ (1,775,112)	-15.9 %
Net Accrual	(87,073)	58,075	(145,148)	-249.9 %
Total Sales and Services	\$ 9,270,605	\$ 11,190,865	\$ (1,920,260)	-17.2 %
<u>Miscellaneous Departmental Receipts</u>				
Cash	\$ 35,516,502	\$ 39,147,417	\$ (3,630,915)	-9.3 %
Net Accrual	29,524	(2,000)	31,524	-1576.2 %
Total Misc. Dept. Receipts	\$ 35,546,026	\$ 39,145,417	\$ (3,599,391)	-9.2 %

It should be noted that, in the licenses and fees component of departmental receipts, the hospital licensing fee rate remained at 6.0% in FY 2021 but the base to which the rate applied was advanced from hospital FY 2018 net patient revenues in FY 2020 to hospital FY 2019 net patient revenues in FY 2021. As a result, FY 2021 hospital licensing fee revenues were \$192.9 million, an increase of \$12.1 million over FY 2020 hospital licensing fee revenues of \$180.8 million. The preliminary FY 2021 hospital licensing fee receivable was \$156.6 million, and the audited FY 2020 hospital licensing fee receivable was \$187 million, which translates into a hospital licensing fee net accrual of \$(30.4 million) in FY 2021.

Per Penny Motor Fuel Tax Yield

<u>FY 2021</u>	<u>Preliminary Close</u>	<u>ORA Estimated</u>	<u>Variance</u>
Revenues	\$ 4,074,036	\$ 4,001,709	\$ 72,327
	From FY 2020 Audited	From ORA Estimated	
Percentage Change	-1.5 %	-3.2 %	1.8 %

The State's per gallon motor fuel tax increased from \$0.33 to \$0.34 on July 1, 2019. The State's motor fuel tax is dedicated to the funding of transportation. The State's motor fuel tax is allocated to the Rhode Island Department of Transportation which receives \$0.2025 of the \$0.34 per gallon motor fuel tax, the Rhode Island Public Transit Authority which receives \$0.0925 of the \$0.34 per gallon motor fuel tax, the Department of Human Services which receives \$0.01 of the \$0.34 per gallon motor fuel tax for its elderly transportation program and the Rhode Island Turnpike and Bridge Authority which receives \$0.035 of the \$0.34 per gallon motor fuel tax for the maintenance and repair of the Jamestown Verrazano Bridge, the Mount Hope Bridge, the Newport Pell Bridge, and the Sakonnet River Bridge. The ORA Estimated figure above is the Office of Revenue Analysis' projection of the motor fuel tax per penny yield as it was computed in May 2021.

Based on information provided by the Office of Accounts and Controls, the preliminary FY 2021 per penny yield of the State's motor fuel tax was \$4.07 million, an increase of \$72,327 from the Office of Revenue Analysis' projection of the per penny yield. This increase translates into a 1.8% growth rate. The preliminary FY 2021 per penny yield was down \$61,522, or 1.5%, compared to the audited FY 2020 per penny yield. The projected per penny yield of \$4 million was \$133,849

less than the audited FY 2020 motor fuel tax per penny yield of \$4.14 million, or a growth rate of -3.2%.

Other Miscellaneous Revenues

<u>FY 2021</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 14,246,603	\$ 13,800,000	\$ 446,603
	<u>From FY 2020 Audited</u>		<u>From Final Enacted</u>
Percentage Change	-73.0 %	-73.9 %	3.2 %

Preliminary FY 2021 other miscellaneous revenues were 3.2% more than the final enacted FY 2021 estimate of \$13.8 million, a surplus of \$446,603.

Preliminary FY 2021 other miscellaneous revenues of \$14.2 million were down \$38.5 million compared to audited FY 2020 other miscellaneous revenues of \$52.8 million, a growth rate of -73.0%. Preliminary FY 2021 other miscellaneous revenues include approximately \$5.9 million in non-recurring revenue transfers vs. \$39.3 million in audited FY 2020.

The final enacted FY 2021 other miscellaneous revenue estimate was \$39 million, or 73.9%, less than audited FY 2020 other miscellaneous revenues.

Lottery Transfer

<u>FY 2021</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Traditional Games	\$ 67,416,165	\$ 65,000,000	\$ 2,416,165
VLT	209,163,730	200,800,000	8,363,730
Table Games	6,163,237	5,900,000	263,237
On-Site Sports Betting	9,839,575	8,400,000	1,439,575
Remote Sports Betting	9,220,375	8,800,000	420,375
Revenues	\$ 301,803,082	\$ 288,900,000	\$ 12,903,082
	<u>From FY 2020 Audited</u>		<u>From Final Enacted</u>
Percentage Change	6.3 %	1.8 %	4.5 %

The preliminary FY 2021 lottery transfer to the State's general fund was up 4.5% compared to the final enacted FY 2021 estimate of \$288.9 million, a surplus of \$12.9 million. Within the components of the lottery transfer, as provided by the Division of Lottery, the preliminary FY 2021 transfer from instant and monitor games was \$2.4 million above the final enacted FY 2021 instant and monitor games transfer estimate of \$65 million, a variance of 3.7%. With respect to the State's share of video lottery net terminal income (NTI), the preliminary FY 2021 video lottery transfer was 4.2% more than the final enacted FY 2021 video lottery transfer estimate of \$200.8 million, a surplus of \$8.4 million. The preliminary FY 2021 table games transfer was \$263,237, or 4.5%, more than the final enacted FY 2021 table games transfer estimate of \$5.9 million. The preliminary FY 2021 on-site and remote sports betting transfers were \$1.4 million and \$420,375, respectively, above the final enacted FY 2021 on-site and remote sports betting transfer estimates.

The table below provides the component breakdown of revenues from the lottery transfer, as provided by the Division of Lottery, and compares preliminary FY 2021 revenues to audited FY 2020 revenues:

Component	FY 2021 Preliminary	FY 2020 Audited	Nominal Difference	Percent Difference
Traditional Games	\$ 67,416,165	\$ 54,217,008	\$ 13,199,157	24.3 %
VLT	209,163,730	213,108,730	(3,945,000)	-1.9 %
Table Games	6,163,237	7,045,780	(882,543)	-12.5 %
On-Site Sports Betting	9,839,575	7,556,607	2,282,968	30.2 %
Remote Sports Betting	9,220,375	1,942,421	7,277,954	374.7 %
Total	\$ 301,803,082	\$ 283,870,546	\$ 17,932,536	6.3 %

The preliminary FY 2021 lottery transfer was \$301.8 million, \$17.9 million more than the audited FY 2020 lottery transfer of \$283.9 million, which translates into a growth rate of 6.3%. The preliminary FY 2021 lottery transfer includes cash collections of \$301.3 million and a net accrual of \$494,850. The FY 2021 lottery transfer cash collections increased by \$18.3 million from FY 2020 cash collections. The preliminary FY 2021 lottery transfer net accrual is 39.3% less than the audited FY 2020 net accrual of \$815,018.

The large differences in the FY 2021 preliminary lottery revenues vs. the audited FY 2020 lottery revenues are the result of the COVID-19 pandemic, which closed the state's two casinos, the Twin River Casino hotel and the Tiverton Casino Hotel, for about three weeks in FY 2021 (from end of November through the third week in December) compared to nearly three months in FY 2020 (from mid-March until the second week of June).

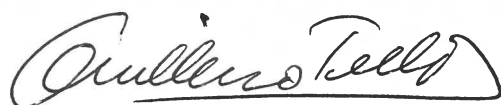
Unclaimed Property Transfer

<u>FY 2021</u>	<u>Preliminary Close</u>	<u>Final Enacted</u>	<u>Variance</u>
Revenues	\$ 16,269,787	\$ 15,600,000	\$ 669,787
	<u>From FY 2020 Audited</u>		<u>From Final Enacted</u>
Percentage Change	34.7 %	29.1 %	4.3 %

According to the Controller's Preliminary General Fund Revenue Report, the FY 2021 unclaimed property transfer was 4.3% more than the final enacted FY 2021 estimate of \$15.6 million, a surplus of \$669,787.

The unclaimed property transfer of \$16.3 million for preliminary FY 2021 was up 34.7%, or \$4.2 million, compared to the audited FY 2020 unclaimed property transfer of \$12.1 million.

The final enacted FY 2021 unclaimed property transfer estimate was \$3.5 million, or 29.1%, more than the audited FY 2020 unclaimed property transfer.

A handwritten signature in black ink, reading "Guillermo Tello". The signature is written in a cursive style with a large initial "G" and a long horizontal stroke at the end.

Guillermo L. Tello, Director
Department of Revenue

September 13, 2021