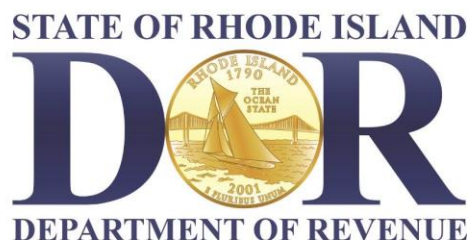


STATE OF RHODE ISLAND
GOVERNOR DANIEL J. MCKEE



Office of Revenue Analysis

State of Rhode Island Revenue Assessment Report
FY 2023 Monthly and Year-to-Date as of July 2022

The monthly revenue assessment report compares adjusted revenues, on a monthly and fiscal year-to-date basis, to the Office of Revenue Analysis' (ORA) monthly and fiscal year-to-date (YTD) 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) convenes and modifies the fiscal year revenue estimates as enacted by the General Assembly.

This monthly revenue assessment report compares adjusted revenues to expected revenues based on the revenue estimates enacted in the FY 2023 budget, which was signed into law on July 13, 2022.

Results for FY 2023 Revenues through July

ORA finds that FY 2023 adjusted total general revenues through July exceeded the enacted FY 2023 expected total general revenues estimate through July by \$12.4 million, a variance of 4.2%.

Some notable variances to expected revenues are as follows:

- Sales and use tax adjusted revenues in FY 2023 YTD were \$9.8 million more than expected. July 2022 sales and use tax grew 8.8% compared to July 2021. This strong performance follows the overall trend in FY 2022 of significant growth in sales and use tax, which grew at 12.7% in FY 2022. July sales tax receipts represent June sales activity.
- Insurance company gross premiums tax adjusted revenues in FY 2023 YTD were \$7.1 million, or 1,760.1%, more than expected. This variance is primarily due to large Rebuild RI reimbursements received in July 2022 of \$6.8 million. Rebuild RI tax credits are reimbursed from the appropriated Rebuild RI fund, but these reimbursements only occur twice annually (unlike the credits, which can be claimed at any time).

- Personal income tax adjusted revenues in FY 2023 YTD were \$2.4 million less than expected, a variance of -2.1%.
 - The negative variance is primarily accounted for by weaker than expected income tax withholding, a difference of \$(4.7 million) compared to the estimate.
 - Offsetting a portion of the negative variance were stronger than expected estimated payments, with a difference of \$2.1 million compared to the estimate. The percentage of expected estimated payment revenue in July is small at 2.1% as payments are primarily made on a quarterly basis. Refunds and adjustments had a positive nominal variance as well, which was less than \$1 million.

Results for Month of July

Given that July is the first month of the fiscal year, the differences between the monthly adjusted revenues and expected revenues are the same as the above year-to-date differences.

How to Read this Report

Following this summary are two tables: one showing the variance for year-to-date by revenue stream and one showing the variance for the month. The next page displays a chart showing the monthly and year-to-date variance as it has evolved over the course of the fiscal year, helping to visualize if revenue has converged or diverged with expectations over time. An appendix to this report contains two sections. One section discusses the expected share of revenue for this month and the next contains the total revenue estimates for this fiscal year.

Jane E. Cole, Acting Director
Department of Revenue
September 15, 2022

FY 2023 STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT
Monthly and Year-to-Date Estimate to Actual

	July 2022 and YTD Adjusted Revenues FY 2023		July 2022 and YTD Estimate of FY 2023 Enacted Revenues †	Difference	Variance
Personal Income Tax	\$ 113,683,487	a, b, c	\$ 116,090,602	\$ (2,407,115)	-2.1%
General Business Taxes					
Business Corporation †	10,741,136	a, b	11,299,119	(557,983)	-4.9%
Public Utilities Gross Earnings	117,244		135,113	(17,870)	-13.2%
Financial Institutions	893		372,309	(371,416)	-99.8%
Insurance Company Gross Premiums	7,505,771	c	403,505	7,102,266	1,760.1%
Bank Deposits	139,655		33,047	106,608	322.6%
Health Care Provider Assessment	3,426,387		3,345,979	80,408	2.4%
Excise Taxes					
Sales and Use	142,624,686	a	132,861,138	9,763,548	7.3%
Motor Vehicle License and Reg Fees	177,300		171,365	5,935	3.5%
Cigarettes	10,807,006	a	11,872,686	(1,065,680)	-9.0%
Alcohol	2,470,867		2,351,476	119,392	5.1%
Controlled Substances	1,000		1,000	+	0.0%
Other Taxes					
Estate and Transfer	4,101,283		3,681,698	419,585	11.4%
Racing and Athletics	44,454		57,409	(12,954)	-22.6%
Realty Transfer	1,682,496	d	2,022,057	(339,561)	-16.8%
Total Taxes	\$ 297,523,664		\$ 284,698,500	\$ 12,825,164	4.5%
Departmental Receipts †	\$ 12,343,429	e	\$ 12,817,402	\$ (473,972)	-3.7%
Taxes and Departmentals	\$ 309,867,093		\$ 297,515,902	\$ 12,351,191	4.2%
Other General Revenue Sources					
Other Miscellaneous Revenues	4,960		4,960	+	0.0%
Lottery Transfer *	-		-	-	n/a
Unclaimed Property	-		-	+	n/a
Total Other Sources	\$ 4,960		\$ 4,960	\$ -	0.0%
Total General Revenues	\$ 309,872,053		\$ 297,520,862	\$ 12,351,191	4.2%

PIT Component	July 2022 and YTD Adj. Revenues		July 2022 and YTD FY 2023 Enacted Estimates	Difference	Variance
Estimated payments	\$ 8,235,001		\$ 6,094,095	\$ 2,140,906	35.1%
Final payments †	8,147,419	b, c	8,628,338	(480,919)	-5.6%
Withholding	107,949,693		112,660,630	(4,710,938)	-4.2%
Refunds and Adjustments	(10,648,625)	a	(11,292,461)	643,835	-5.7%
Total	\$ 113,683,487		\$ 116,090,602	\$ (2,407,115)	-2.1%

† FY 2023 expected revenues are based on enacted estimates included in the FY 2023 budget. The estimate for personal income tax final payments and refunds and adjustments, insurance company gross premiums tax, health care provider assessment, sales and use tax, and departmental receipts were calculated using modified revenue flows to align expected revenues with the actual realization of revenues.

+ Set equal to actual amounts received.

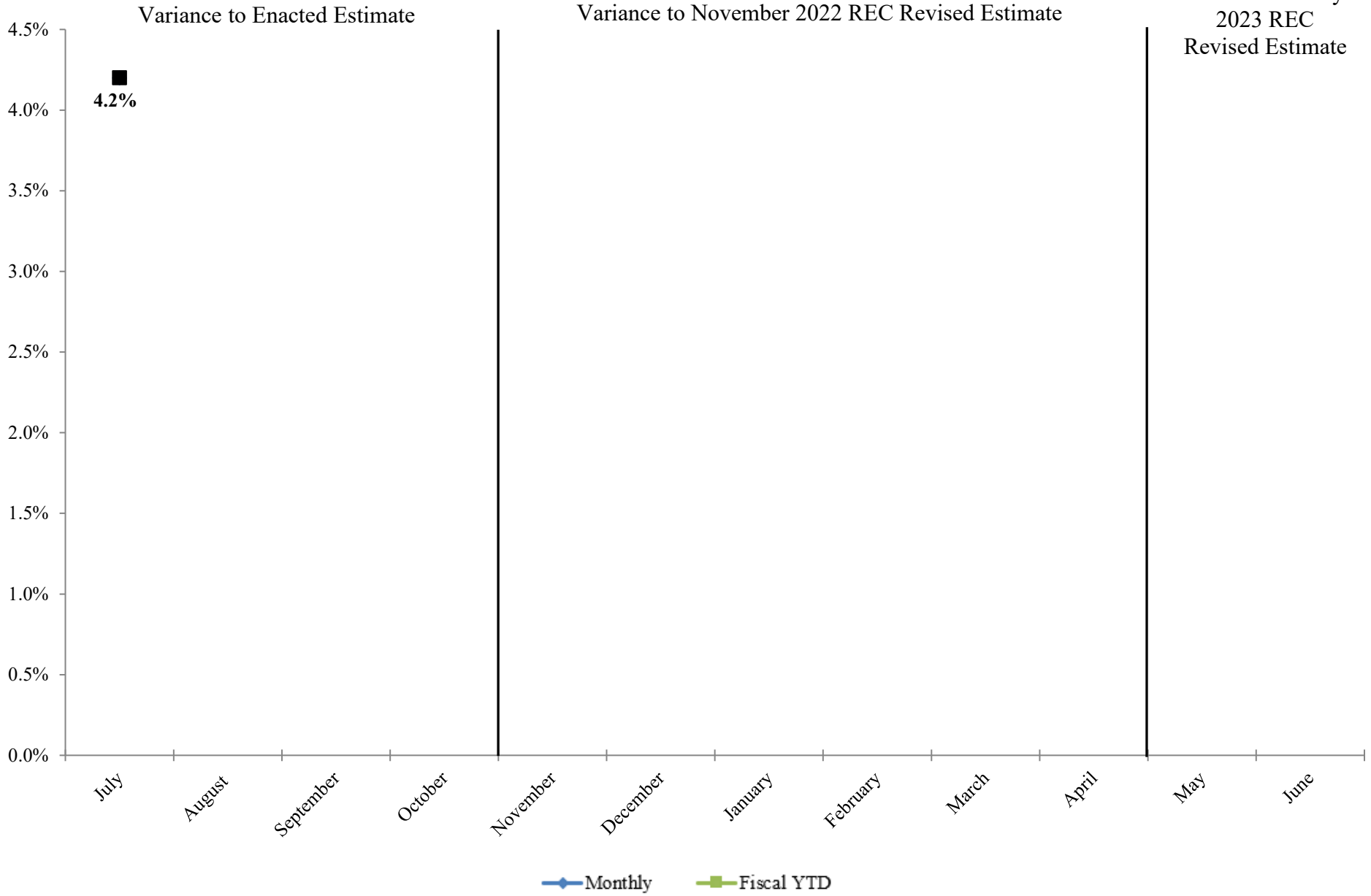
* The lottery transfer does not commence until August of a given fiscal year.

Detailed notes on the following page

FY 2022 STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT
Monthly and Year-to-Date Estimate to Actual

- ^a Included in the revenue items below are the amounts for net transfer(s) between that account and all other accounts. No adjustments were made for these transfers.
 - personal income tax refunds and adjustments - \$(914,166)
 - business corporation tax - \$914,166
 - sales and use tax - \$139,200
 - cigarette and other tobacco products tax - \$(139,200)
- ^b Adds to personal income tax final payments \$1,679,568 in net revenues from pass-through entities made on behalf of shareholders received in July 2022 and recorded as business corporation tax payments. The offsetting amount was subtracted from business corporation tax.
- ^c Rebuild RI reimbursements of \$342,780 in personal income tax and \$6,783,208 in insurance company gross premiums tax are included in adjusted revenues.
- ^d Subtracts \$680,961 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the July 2022 transfers that will occur in August 2022.
- ^e Subtracts \$164,285,430 of FY 2022 hospital licensing fee payment(s) received in July 2022 and accrued back to FY 2022.

FY 2023 Variance of Adjusted Revenues to Estimate



Appendix

How to Interpret this Report

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.

The complete methodology for determining the monthly revenue flows and law changes that impact general revenues can be found on DOR's website at <https://dor.ri.gov/revenue-analysis/fiscal-year-2023>.

Expected Monthly Breakdown of Revenue

Table A provides the average percentages used to determine expected monthly and fiscal year-to-date revenues for July. Monthly and fiscal year-to-date average percentages were determined as noted above.

Revenue Item	Percent Received		Revenue Item	Percent Received	
	July	YTD		July	YTD
Personal Income Taxes			Sales and Use Taxes	8.8%	8.8%
Estimated Payments	2.1%	2.1%	Motor Vehicles Fees	13.3%	13.3%
Final Payments	2.0%	2.0%	Cigarettes Taxes	9.2%	9.2%
Withholding Payments	7.4%	7.4%	Alcohol Excise Taxes	9.6%	9.6%
Refunds/Adjustments	2.4%	2.4%	Estate and Transfer	9.2%	9.2%
Business Corporation Taxes	5.3%	5.3%	Racing and Athletics	7.2%	7.2%
Utilities Gross Earnings Taxes	0.1%	0.1%	Realty Transfer	8.5%	8.5%
Financial Institutions Taxes	1.2%	1.2%	Departmental Receipts	5.0%	5.0%
Insurance Co. Gross Premiums	0.3%	0.3%	Lottery Transfer	0.0%	0.0%
Bank Deposits	0.8%	0.8%	Other Misc. Revenues	n/a	n/a
Health Care Provider Assessment	8.8%	8.8%	Unclaimed Property	0.0%	0.0%

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.

Other nuances in monthly revenue flows related to recent law changes are described in methodology and law change document at <https://dor.ri.gov/revenue-analysis/fiscal-year-2023>.

FY 2023 Enacted Revenue Estimates

The FY 2023 estimates by revenue item as enacted by the General Assembly and signed into law by Governor McKee are as follows:

Table B. FY 2023 Enacted Revenue Estimates by Major Revenue Item			
Revenue Item	Enacted FY 2023 Estimate	Revenue Item	Enacted FY 2023 Estimate
Personal Income Taxes		Sales and Use Taxes	\$1,508,565,666
Estimated Payments	\$ 286,000,000	Motor Vehicles Fees	1,000,000
Final Payments	429,360,809	Cigarettes Taxes	129,000,000
Withholding Payments	1,519,500,000	Alcohol Excise Taxes	24,400,000
Refunds/Adjustments	(473,494,591)	Estate and Transfer	42,300,000
Business Corporation Taxes	214,900,000	Racing and Athletics	800,000
Public Utilities Gross Earnings	90,900,000	Realty Transfer	23,800,000
Financial Institutions Taxes	31,100,000	Departmental Receipts	434,034,620
Insurance Co. Gross Premiums	157,983,465	Lottery	387,788,985
Bank Deposits	4,200,000	Other Misc. Revenues	24,479,637
Health Care Provider Assessment	38,133,314	Unclaimed Property	13,100,000
		Total General Revenues *	\$4,901,451,905
* Total general revenues estimate includes a personal income tax net accrual of \$13,600,000.			