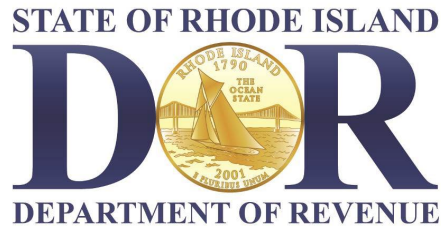


STATE OF RHODE ISLAND
GOVERNOR DANIEL J. MCKEE

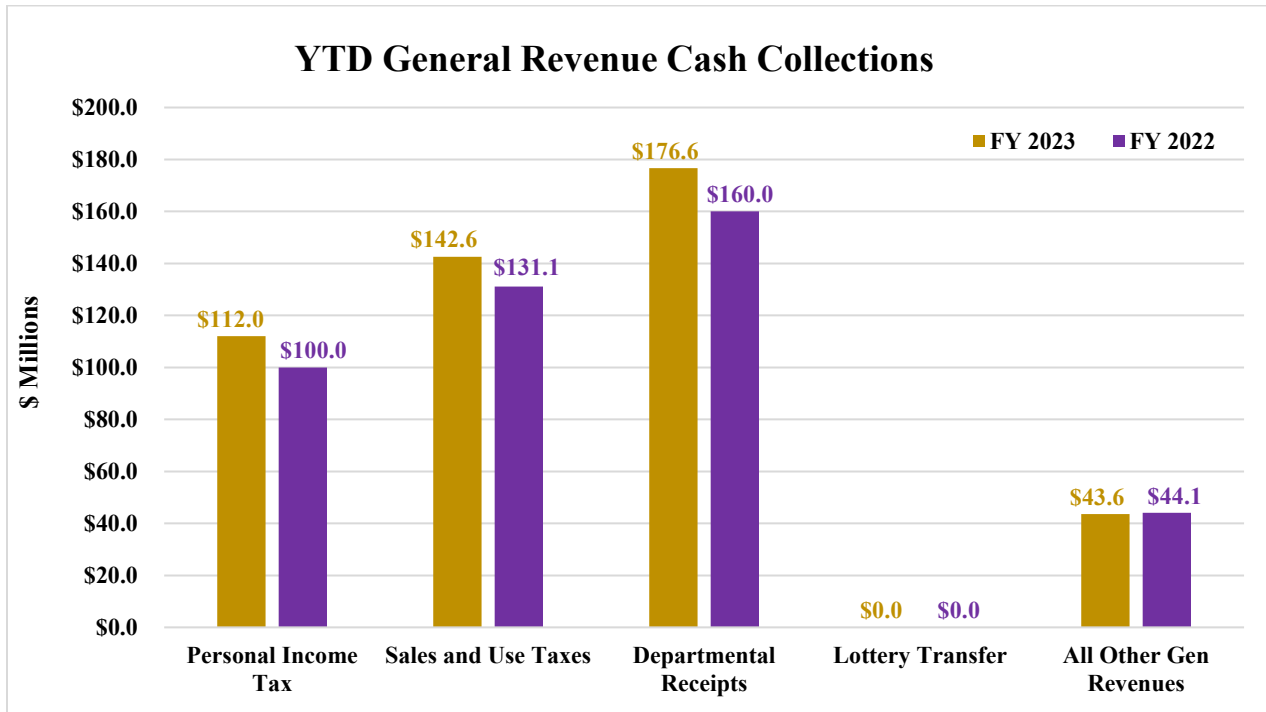


Office of Revenue Analysis

FY 2023 Cash Collections Report as of July 2022 Summary

Fiscal Year-to-Date through July:

FY 2023 total general revenue cash collections through July were \$474.8 million, up \$39.7 million, or 9.1%, over the \$435.2 million collected in the same period in FY 2022. The breakdown by major general revenue components is as follows:



- Personal income tax cash collections grew 12.0%, mostly due to strong growth in income tax withholding of 12.7%.
- Insurance company gross premiums tax growth is primarily due to Rebuild RI reimbursement(s) of \$6.8 million.
- Sales and use tax collections continued the strong performance seen in FY 2022, with 8.8% growth year-to-date.

- The increase in departmental receipts is largely due to the increase in the hospital licensing fee, which is generally paid in July of the following fiscal year.
- The lottery transfer commences in August of a given fiscal year.

Month of July:

Given that July is the first month of the fiscal year there are no differences between fiscal year-to-date and monthly cash collections.

Motor Fuel Tax:

- The per-penny yield of the state's gas tax was down 7.1% year-to-date through July. The gas tax, unlike the other revenue items discussed in this report, is not a general revenue.

How to Read this Report

The tables on the following pages present a year-to-date and monthly look at cash collections compared to last year. The rest of the report looks at each major revenue category and presents component data as available, along with any commentary about nuances in cash flows. An appendix at the end of the report presents data about specific events that have caused differences in cash flows between fiscal years.

Jane E. Cole, Acting Director
Rhode Island Department of Revenue
October 7, 2022

FY 2023 STATE OF RHODE ISLAND CASH COLLECTIONS

	FY 2023	FY 2022	Nominal	%
	Month of and YTD	Month of and YTD	Difference	Change
	July	July		
<u>Personal Income Tax</u>	\$ 112,003,919	\$ 100,018,387	\$ 11,985,532	12.0%
<u>General Business Taxes</u>				
Business Corporation	12,420,704	17,032,837	(4,612,133)	-27.1%
Public Utilities Gross Earnings	117,244	76,833	40,411	52.6%
Financial Institutions	893	212,133	(211,240)	-99.6%
Insurance Companies	7,505,771	409,299	7,096,472	1,733.8%
Bank Deposits	139,655	66,387	73,268	110.4%
Health Care Provider Assessment	3,426,387	2,819,267	607,119	21.5%
<u>Excise Taxes</u>				
Sales and Use Δ	142,624,686	131,071,256	11,553,430	8.8%
Motor Vehicle License and Reg Fees	177,300	171,365	5,935	3.5%
Motor Carrier Fuel Use	-	-	-	-
Cigarettes	10,807,006	14,828,962	(4,021,956)	-27.1%
Alcohol	2,470,867	2,064,838	406,030	19.7%
Controlled Substances	1,000	-	1,000	-
<u>Other Taxes</u>				
Estate and Transfer	4,101,283	4,076,153	25,130	0.6%
Racing and Athletics	44,454	48,172	(3,718)	-7.7%
Realty Transfer	2,363,457	2,239,163	124,294	5.6%
Total Taxes	\$ 298,204,625	\$ 275,135,053	\$ 23,069,572	8.4%
<u>Departmental Receipts</u>				
Licenses and Fees	\$ 173,988,574	\$ 157,528,106	\$ 16,460,467	10.4%
Fines and Penalties	1,106,019	975,540	130,479	13.4%
Sales and Services	825,084	862,583	(37,499)	-4.3%
Miscellaneous	709,183	659,546	49,637	7.5%
Total Departmental Receipts	\$ 176,628,860	\$ 160,025,775	\$ 16,603,084	10.4%
Taxes and Departmentals	\$ 474,833,485	\$ 435,160,828	\$ 39,672,657	9.1%
<u>Other General Revenue Sources</u>				
Other Miscellaneous Revenues	\$ 4,960	\$ 12,984	\$ (8,024)	-61.8%
Lottery Transfer Δ	-	-	-	-
Unclaimed Property	-	-	-	-
Total Other Sources	\$ 4,960	\$ 12,984	\$ (8,024)	-61.8%
Total General Revenues	\$ 474,838,445	\$ 435,173,812	\$ 39,664,633	9.1%

Δ Sales and use tax reflects June activity and the lottery transfer begins in August.

Table of Contents

Personal Income Tax Cash Collections by Component.....	5
Sales and Use Tax Cash Collections by Component.....	7
Excise Taxes Other than the Sales and Use Tax.....	8
Business Corporation Tax Cash Collections by Component.....	9
General Business Taxes Other than Business Corporation Tax	10
Other Taxes.....	11
Departmental Receipts	12
Other General Revenue Sources Other than Lottery Transfer.....	14
Lottery Transfer Cash Collections by Component	15
Motor Fuel Tax, Per Penny Yield.....	16
Appendix: Cash Flow Differences.....	17

Personal Income Tax Cash Collections by Component

Fiscal Year-to-Date through July:

Component	FY 2023	FY 2022	Difference	% Change
Estimated Payments	\$ 8,235,001	\$ 7,306,621	\$ 928,380	12.7%
Final Payments	6,467,851	5,590,651	877,200	15.7%
Refunds/Adjustments	(10,648,625)	(8,647,665)	(2,000,960)	23.1%
Withholding Tax Payments	107,949,693	95,768,780	12,180,912	12.7%

Notes about Fiscal Year-to-Date through July:

- Final payments in FY 2023 year-to-date do not include \$1,679,568 in pass-through entity payments that were deposited as business corporation tax. FY 2022 year-to-date does not include \$832,772 in pass-through entity payments that were deposited as business corporation tax and transferred in the FY 2022 adjustment period.
- Final payments include historic structures tax credit reimbursements of \$75,000 in FY 2023 YTD and \$145,635 in FY 2022 YTD.
- Final payments also include Rebuild RI reimbursements of \$342,780 in FY 2023 YTD.

Refund Activity:

Refund Activity	FY 2023 YTD	FY 2022 YTD
Number of Refunds	11,625	11,694
Average refund	\$811	\$798

Month of July:

Given that July is the first month of the fiscal year there are no differences between fiscal year-to-date and monthly cash collections.

Background Information about this Category:

The majority of personal income tax is received through withholding of taxes on employee paychecks. Taxpayers with income that is not subject to withholding are required to make four estimated payments throughout the course of the year, on the 15th of April, June, September, and January. Any taxpayers would still owe taxes when filing their final return must submit a final payment by April 15th. Taxpayers who have overpaid, or are able to claim various tax credits, receive a refund after they file. Taxpayers who file for an extension must file their tax return by October 15th but are still required to make their final payment by April 15th. Refunds are primarily issued in February through June.

Rhode Island also has a voluntary pass-through entity tax. The collections from this tax show up in corporate income tax but will be moved to personal income tax by the Controller at the end of the fiscal year. Pass-through entities are businesses where income is passed directly to the owners or investors of the business. These members pay tax on this income under the personal income tax.

Optionally, the entities themselves can pay the tax at the entity level. In this case, the members receive a tax credit to offset their personal income tax liability for that income (because the tax was already collected at the entity level and subjecting that same income to personal income tax would amount to double taxation). The largest month for these payments is December, followed by March (when final pass-through entity tax returns are due) along with the other typical estimated payment months.

Sales and Use Tax Cash Collections by Component

Rhode Island's tax system can present data for three components of the state's sales and use tax: sales tax on meals and beverages (typically from restaurants and other prepared food), sales tax on car sales paid at the Division of Motor Vehicles, and the sales tax portion of the state hotel tax. Hotel tax data lags by two months, and therefore is not presented here. The other two components are shown, along with a third bucket that includes all other sales and use tax collections.

Fiscal Year-to-Date through July:

Component	FY 2023	FY 2022	Difference	% Change
Meal and Beverage (M&B)	\$23,809,006	\$21,909,632	\$1,899,373	8.7%
Motor Vehicle	10,573,515	10,430,760	142,755	1.4%
Other Sales and Use Receipts	108,242,165	98,730,864	9,511,301	9.6%

Month of July:

Given that July is the first month of the fiscal year there are no differences between fiscal year-to-date and monthly cash collections.

Background Information about this Category:

Sales tax is imposed on the retail sale, rental, or lease of many goods and services at a rate of 7%. Individuals and businesses owe use tax if they do not pay sales tax at the time of purchase. Sales and use tax returns are due on the twentieth day of the month after the transaction. This means that sales tax data generally represents consumption for the prior month. The one exception is sales tax paid at the Division of Motor Vehicles, which is more contemporaneous with the actual sale.

Excise Taxes Other than the Sales and Use Tax

What it includes: motor vehicle license and registration fees, cigarette excise tax, other tobacco products tax (OTP), alcohol excise tax, and controlled substances tax.

July	FY 2023	FY 2022	Difference	% Change
Fiscal YTD	\$13,456,173	\$17,065,165	\$(3,608,992)	-21.1%
Month	\$13,456,173	\$17,065,165	\$(3,608,992)	-21.1%

Fiscal Year-to-Date through July:

Cigarette and OTP Components	FY 2023	FY 2022	Difference	% Change
Cigarettes	\$9,907,926	\$13,857,435	\$(3,949,509)	-28.5%
OTP	898,965	969,794	(70,829)	-7.3%
Cigarette Floor Stock	115	1,734	(1,619)	-93.4%

Month of July:

Given that July is the first month of the fiscal year there are no differences between fiscal year-to-date and monthly cash collections.

Background Information about this Category:

Except for adjustments, motor vehicle license and registration fees include only duplicate license and license update fees.

Rhode Island cigarettes tax receipts are comprised of excise taxes collected on the sale of cigarettes (wholesale cigarette stamps), sales of smokeless tobacco (which also includes cigars and pipe tobacco), and a one-time cigarette floor stock tax. The cigarette floor stock tax is imposed only when there is an increase in the excise tax rate on cigarettes but may include late payments for prior rate increases.

Business Corporation Tax Cash Collections by Component

Fiscal Year-to-Date through July:

Component	FY 2023	FY 2022	Difference	% Change
Estimated Payments	\$9,746,037	\$11,703,932	\$(1,957,895)	-16.7%
Final Payments	4,991,126	6,309,666	(1,318,539)	-20.9%
Refunds/Adjustments	(2,409,317)	(1,012,372)	(1,396,945)	138.0%

Pass-through Entity Payments:

The following amounts are the pass-through entity payments received from pass-through entities to cover the personal income taxes of shareholders. These figures are included in the estimated and final payments amounts in the table above.

Component	FY 2023	FY 2022
Estimated Payments	\$1,109,929	\$647,094
Final Payments	569,639	185,677

Month of July:

Given that July is the first month of the fiscal year there are no differences between fiscal year-to-date and monthly cash collections.

Background Information about this Category:

Businesses with Rhode Island tax liabilities make estimated payments equal to 25% of their expected tax year liabilities by the 15th day of the fourth, sixth, ninth, and twelfth months of their tax year. For calendar tax year corporations, this equates to April, June, September, and December.

General Business Taxes Other than Business Corporation Tax

What it includes: public utilities gross earnings tax, financial institutions tax, insurance tax on personal property and casualty insurance, insurance tax on health insurance, bank deposits tax, and health care provider assessment on nursing homes.

July	FY 2023	FY 2022	Difference	% Change
Fiscal YTD	\$11,189,949	\$3,583,919	\$7,606,030	212.2%
Month	\$11,189,949	\$3,583,919	\$7,606,030	212.2%

Fiscal Year-to-Date through July:

Insurance Component	FY 2023	FY 2022	Difference	% Change
Personal Property/Casualty	\$5,335,325	\$409,299	\$4,926,026	1,203.5%
Health Insurance (HMO)	2,170,446	0	2,170,446	-

Notes about Fiscal Year-to-Date through July:

- FY 2023 YTD cash collections for insurance gross premiums tax include Rebuild RI reimbursements of \$6.8 million.

Month of July:

Given that July is the first month of the fiscal year there are no differences between fiscal year-to-date and monthly cash collections.

Background Information about this Category:

Businesses with Rhode Island tax liabilities make estimated payments equal to 25% of their expected tax year liabilities by the 15th day of the fourth, sixth, ninth, and twelfth months of their tax year. For calendar tax year corporations, this equates to April, June, September, and December. There is one exception to this payment pattern, the health care provider assessment, payments of which are made monthly. As a result, health care provider assessments flow more evenly into the general fund over the course of a fiscal year.

Other Taxes

What it includes: estate and transfer taxes, racing and athletics (simulcast), and realty transfer tax.

July	FY 2023	FY 2022	Difference	% Change
Fiscal YTD	\$6,509,194	\$6,363,488	\$145,707	2.3%
Month	\$6,509,194	\$6,363,488	\$145,707	2.3%

Background Information about this Category:

The realty transfer tax includes transfers to the Housing Resources Commission (HRC) and the Housing Production Fund (HPF) completed on a one-month lag from when the tax is collected. In addition to the HRC and HPF transfers, collections from controlling interest tax payments include a transfer to municipalities also on a one-month lag.

Departmental Receipts

What it includes: licenses and fees and fines and penalties assessed by state agencies, charges for sales and services provided by state agencies, and miscellaneous agency collections.

July	FY 2023	FY 2022	Difference	% Change
Fiscal YTD	\$176,628,860	\$160,025,775	\$16,603,084	10.4%
Month	\$176,628,860	\$160,025,775	\$16,603,084	10.4%

The fiscal year-to-date and monthly tables below are based on data provided by the Controller and break down departmental receipts cash collections by component. Each table includes the three accounts with the largest nominal increases or decreases greater than \$100,000 in the given departmental receipts category. If there are less than three accounts that meet this qualification, only the accounts with nominal increases or decreases greater than \$100,000 are listed.

Fiscal Year-to-Date through July:

Licenses and Fees	Nominal Increase / Decrease
Hospital licensing fee	\$15,765,110
Registration fees for securities	240,450
Fees for filing corporate documents	204,075
<hr style="border-top: 1px dashed black;"/>	
Beverage container and litter participation fees	(154,453)
Beach parking fees	(104,310)

Fines and Penalties	Nominal Increase / Decrease
Penalties on annual and biennial reports	\$130,693
<hr style="border-top: 1px dashed black;"/>	
None	n/a

Sales and Services	Nominal Increase / Decrease
None	n/a
<hr style="border-top: 1px dashed black;"/>	
None	n/a

Miscellaneous Departmental Receipts	Nominal Increase / Decrease
Cost recovery account – EOHHS	\$326,244
Banking examination fees	159,123
<hr style="border-top: 1px dashed black;"/>	
Insurance examination fees	(271,225)
Income tax refund checks written off	(192,691)
Miscellaneous refunds – Treasury	(105,410)

Notes about Fiscal Year-to-Date through July:

- The prior fiscal year hospital licensing fee is largely received in July of the current year. The FY 2022 hospital licensing fee received in July 2021 was assessed at 5.656% on hospital fiscal year 2020 net patient revenues. FY 2021 hospital license fee received in July 2021 was assessed at the rate of 5% on hospital fiscal year 2019 net patient revenues.

Month of July:

Given that July is the first month of the fiscal year there are no differences between fiscal year-to-date and monthly cash collections.

Other General Revenue Sources Other than Lottery Transfer

What it includes: other miscellaneous revenues and unclaimed property revenues.

July	FY 2023	FY 2022	Difference	% Change
Fiscal YTD	\$4,960	\$12,984	\$(8,024)	-61.8%
Month	\$4,960	\$12,984	\$(8,024)	-61.8%

Background Information about this Category:

Transfers from the Rhode Island Highway Maintenance Account (RIHMA) are transferred each month and are included in other miscellaneous revenue (previously the transfers were completed on a quarterly basis). The unclaimed property transfer occurs in June of each fiscal year.

Lottery Transfer Cash Collections by Component

The lottery transfer to the general fund does not commence until August of each fiscal year when July lottery receipts are transferred.

Background Information about this Category:

- The lottery transfer, which is comprised of lottery and gaming activity from the prior month, begins in August of each fiscal year. The June transfer includes lottery and gaming activity from May and June of the given fiscal year.
- Neither Twin River Casino Hotel nor Tiverton Casino Hotel video lottery terminal (VLT) cash collections reflect unclaimed prizes, distressed communities relief program receipts, or the State's payment to either Tiverton Casino Hotel's or Twin River Casino Hotel's marketing program.
- Traditional games include the transfer of net income from such items as scratch tickets, Daily Numbers, Powerball, etc. Keno includes the transfer of net income from monitor games (Keno and bingo).
- VLTs include the transfer of net terminal income from video lottery terminals (slot machines).
- On-site and remote sports betting include the transfer of gross profits from sports wagering done at the two Rhode Island casinos and online.
- Traditional table and poker games include the transfer of operating income from these on-site games.

Motor Fuel Tax, Per Penny Yield

July	FY 2023	FY 2022	Difference	% Change
Fiscal YTD	\$352,499	\$379,255	\$(26,756)	-7.1%
Month	\$352,499	\$379,255	\$(26,756)	-7.1%

Background Information about this Category:

In year-to-date FY 2023 and year-to-date FY 2022, the State's motor fuel tax consisted of a \$0.34 per gallon excise tax on the distribution of motor fuel in the State and an additional \$0.01 per gallon surcharge for motor fuel that is delivered to an underground storage tank fund. No portion of the motor fuel tax is designated as general revenues. The data provided in this section of the report is for informational purposes only.

Appendix: Cash Flow Differences

It should be noted that differences may exist between the figures reported by the Division of Taxation and those reported by the Controller due to timing differences in the posting of receipts.

Fiscal Year-To-Date through July:

The following table displays the differences in cash flows for FY 2023 through July and FY 2022 through July:

Revenue Source	Cash Flow Differences	YTD FY 2023	YTD FY 2022
Personal Income Tax	FY 2023 adj for prior period payment(s) transferred to/from other accounts	\$(914,167)	\$0
Personal Income Tax	FY 2022 adj for prior period payment(s) transferred to/from other accounts	\$0	\$682,500
Business Corp Tax	FY 2023 adj for prior period payment(s) transferred to/from other accounts	\$914,167	\$0
Business Corp Tax	FY 2022 adj for prior period payment(s) transferred to/from other accounts	\$0	\$(782,500)
Financial Inst Tax	FY 2022 adj for prior period payment(s) transferred to/from other accounts	\$0	\$100,000
Sales and Use Tax	FY 2023 adj for prior period payment(s) transferred to/from other accounts	\$139,200	\$0
MV License & Reg Fees	State's share of prior year receivable	\$89,600	\$112,640
Cigarettes and OTP	FY 2023 adj for prior period payment(s) transferred to/from other accounts	\$(139,200)	\$0
Departmental Receipts	Hospital licensing fee	\$164,285,430	\$148,520,320

Month of July:

Given that July is the first month of the fiscal year there are no differences between fiscal year-to-date and monthly cash collections.