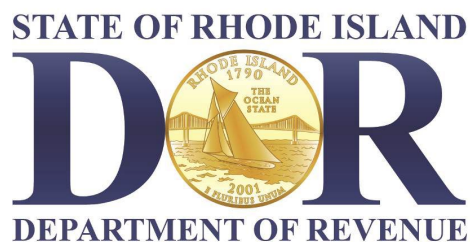


*STATE OF RHODE ISLAND*  
GOVERNOR DANIEL J. MCKEE



Office of Revenue Analysis

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

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 adopted at the November 2022 REC.

**Results for FY 2023 Revenues through March**

ORA finds that FY 2023 adjusted total general revenues through March trailed the revised FY 2023 expected total general revenues estimates through March by \$55.8 million, a variance of -1.6%.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue in FY 2023 YTD was \$76.3 million less than expected, a variance of -5.6%. All components of income tax trailed the estimates.
- Business corporation tax revenue exceeded estimates by \$8.0 million, or 5.5%, through March.
- Departmental receipts were up \$10.6 million compared to the estimate, a variance of 5.6%.
- Lottery transfer revenue surpassed the estimates by \$5.2 million. Video lottery terminals, combined gaming (e.g., traditional lottery tickets and Keno), and remote sports betting were all above the year-to-date estimates by \$1 million each.

## Results for Month of March

ORA finds that March adjusted total general revenues led the revised FY 2023 expected total general revenues estimates for the month by \$2.9 million, a variance of 0.8%.

Some notable variances to expected revenues are as follows:

- Personal income tax revenues in March 2023 were \$9.4 million more than expected, a variance of 6.8%.
  - Final payments were up \$12.8 million. Final payments are concentrated in March and April.
  - Refunds and adjustments were 11.9% less than the monthly estimate. Most refund activity occurs in February, March, and April.
  - Withholding payments had a negative variance at 7.9%, down \$11.9 million compared to the estimate. March is the largest month for withholding payments.
- Sales and use tax collections were down compared to the estimate by \$2.4 million, a variance of -2.2%. After a decline on cash basis in February, March 2023 increased 4.9% compared to March 2022. March collections represent February sales activity. March is the smallest month for sales and use tax collections.
- The lottery transfer was \$2.2 million, or 6.2%, less than expected.

## 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  
April 26, 2023

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

	YTD March Adjusted Revenues FY 2023		YTD March Estimate of Revised FY 2023 Revenues †	Difference	Variance
<b>Personal Income Tax</b>	\$ 1,289,470,668	a, b, c, d	\$ 1,365,735,421	\$ (76,264,753)	-5.6%
<b>General Business Taxes</b>					
Business Corporation †	151,962,033	a, b, c	143,992,447	7,969,586	5.5%
Public Utilities Gross Earnings	47,760,238		49,903,876	(2,143,638)	-4.3%
Financial Institutions	18,526,039		16,378,108	2,147,930	13.1%
Insurance Company Gross Premiums	84,918,036	c	85,642,185	(724,148)	-0.8%
Bank Deposits	2,665,676		2,415,263	250,413	10.4%
Health Care Provider Assessment	29,481,160		29,362,304	118,856	0.4%
<b>Excise Taxes</b>					
Sales and Use	1,174,539,417	a	1,177,805,872	(3,266,456)	-0.3%
Motor Vehicle License and Reg Fees	872,850		858,769	14,081	1.6%
Cigarettes	99,609,637	a	100,067,401	(457,764)	-0.5%
Alcohol	16,335,292		17,152,570	(817,278)	-4.8%
Controlled Substances	4,000		4,000	+	0.0%
<b>Other Taxes</b>					
Estate and Transfer	50,215,808	f	44,963,467	5,252,342	11.7%
Racing and Athletics	426,407		382,041	44,367	11.6%
Realty Transfer	13,391,849	g	17,177,205	(3,785,355)	-22.0%
<b>Total Taxes</b>	\$ 2,980,179,110		\$ 3,051,840,928	\$ (71,661,818)	-2.3%
<b>Departmental Receipts †</b>	\$ 200,714,418	h	\$ 190,074,206	\$ 10,640,212	5.6%
<b>Taxes and Departmentals</b>	\$ 3,180,893,528		\$ 3,241,915,134	\$ (61,021,606)	-1.9%
<b>Other General Revenue Sources</b>					
Other Miscellaneous Revenues	3,629,790		3,629,790	+	0.0%
Lottery Transfer	288,491,177	i	283,271,976	5,219,201	1.8%
Unclaimed Property	-		-	+	n/a
<b>Total Other Sources</b>	\$ 292,120,967		\$ 286,901,766	\$ 5,219,201	1.8%
<b>Total General Revenues</b>	\$ 3,473,014,495		\$ 3,528,816,900	\$ (55,802,404)	-1.6%

PIT Component	YTD March Adj. Revenues		YTD March Revised Estimates	Difference	Variance
Estimated payments	\$ 191,585,462		\$ 207,730,282	\$ (16,144,820)	-7.8%
Final payments †	262,437,491	b, c	278,978,495	(16,541,004)	-5.9%
Withholding	1,138,546,845		1,174,227,507	(35,680,662)	-3.0%
Refunds and Adjustments	(303,099,131)	a, d	(295,200,864)	(7,898,267)	2.7%
<b>Total</b>	\$ 1,289,470,668		\$ 1,365,735,421	\$ (76,264,753)	-5.6%

† FY 2023 expected revenues are based on the estimates adopted at the November 2022 Revenue Estimating Conference. 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.

Detailed notes on the following page

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

- <sup>a</sup> Included in the revenue items below are the amounts for net transfers between that account and all other accounts. No adjustments were made for these transfers.
  - personal income tax refunds and adjustments - \$5,224,286
  - business corporation tax - \$(5,224,286)
  - sales and use tax - \$139,200
  - cigarette and other tobacco products tax - \$(139,200)
- <sup>b</sup> Adds to personal income tax final payments \$140,953,088 in net revenues from pass-through entities made on behalf of shareholders received in FY 2023 YTD and recorded as business corporation tax payments. The offsetting amount was subtracted from business corporation tax.
- <sup>c</sup> Rebuild RI reimbursements of \$1,017,628 in personal income tax and \$6,783,208 in insurance company gross premiums tax are included in adjusted revenues.
- <sup>d</sup> Includes \$(43,184,500) in child tax rebates posted in FY 2023 YTD.
- <sup>e</sup> Includes large pass-through entity payment refund(s) of \$5.0 million
- <sup>f</sup> Includes large, unusual payment(s) of \$13.4 million received year-to-date.
- <sup>g</sup> Subtracts \$405,292 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the March transfers that will occur in April.
- <sup>h</sup> Subtracts \$171,036,562 of FY 2022 hospital licensing fee payment(s) received in FY 2023 YTD and accrued back to FY 2022.
- <sup>i</sup> Subtracts \$3,307,843 of revenues that were transferred in October 2022 but accrued back to FY 2022.

**FY 2023 STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT**  
**Monthly Estimate to Actual**

	March 2023 Adjusted Revenues FY 2023		March 2023 Estimate of FY 2023 Revised Revenues †		Difference	Variance
<b>Personal Income Tax</b>	\$ 147,245,864	a, b	\$ 137,809,908		\$ 9,435,955	6.8%
<b>General Business Taxes</b>						
Business Corporation †	32,217,585	a, b	30,863,869		1,353,716	4.4%
Public Utilities Gross Earnings	758,585		1,879,585		(1,121,000)	-59.6%
Financial Institutions	7,669,891	a	9,016,078		(1,346,187)	-14.9%
Insurance Company Gross Premiums	6,004,837		9,892,627		(3,887,790)	-39.3%
Bank Deposits	181,478		168,513		12,966	7.7%
Health Care Provider Assessment	3,235,989		3,177,627		58,362	1.8%
<b>Excise Taxes</b>						
Sales and Use	108,326,923		110,733,964		(2,407,041)	-2.2%
Motor Vehicle License and Reg Fees	87,025		96,520		(9,495)	-9.8%
Cigarettes	10,157,280		10,057,774		99,506	1.0%
Alcohol	1,437,456		1,438,183		(727)	-0.1%
Controlled Substances	1,000		1,000	+	-	0.0%
<b>Other Taxes</b>						
Estate and Transfer	6,223,497		3,700,221		2,523,277	68.2%
Racing and Athletics	45,650		39,640		6,010	15.2%
Realty Transfer	954,026	c	1,587,062		(633,037)	-39.9%
<b>Total Taxes</b>	\$ 324,547,086		\$ 320,462,570		\$ 4,084,516	1.3%
<b>Departmental Receipts †</b>	\$ 21,672,711		\$ 20,622,475		\$ 1,050,236	5.1%
<b>Taxes and Departmentals</b>	\$ 346,219,797		\$ 341,085,045		\$ 5,134,752	1.5%
<b>Other General Revenue Sources</b>						
Other Miscellaneous Revenues	691,438		691,438	+	-	0.0%
Lottery Transfer	33,896,430		36,132,282		(2,235,852)	-6.2%
Unclaimed Property	-		-	+	-	n/a
<b>Total Other Sources</b>	\$ 34,587,868		\$ 36,823,721		\$ (2,235,852)	-6.1%
<b>Total General Revenues</b>	\$ 380,807,665		\$ 377,908,766		\$ 2,898,900	0.8%

PIT Component	March 2023 Adj. Revenues		March 2023 Revised Estimates		Difference	Variance
Estimated payments	\$ 6,867,295		\$ 8,963,796		\$ (2,096,501)	-23.4%
Final payments †	80,283,077	b	67,527,942		12,755,134	18.9%
Withholding	139,525,153		151,453,084		(11,927,931)	-7.9%
Refunds and Adjustments	(79,429,661)	a	(90,134,914)		10,705,253	-11.9%
<b>Total</b>	\$ 147,245,864		\$ 137,809,908		\$ 9,435,955	6.8%

† FY 2023 expected revenues are based on the estimates adopted at the November 2022 Revenue Estimating Conference. 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.

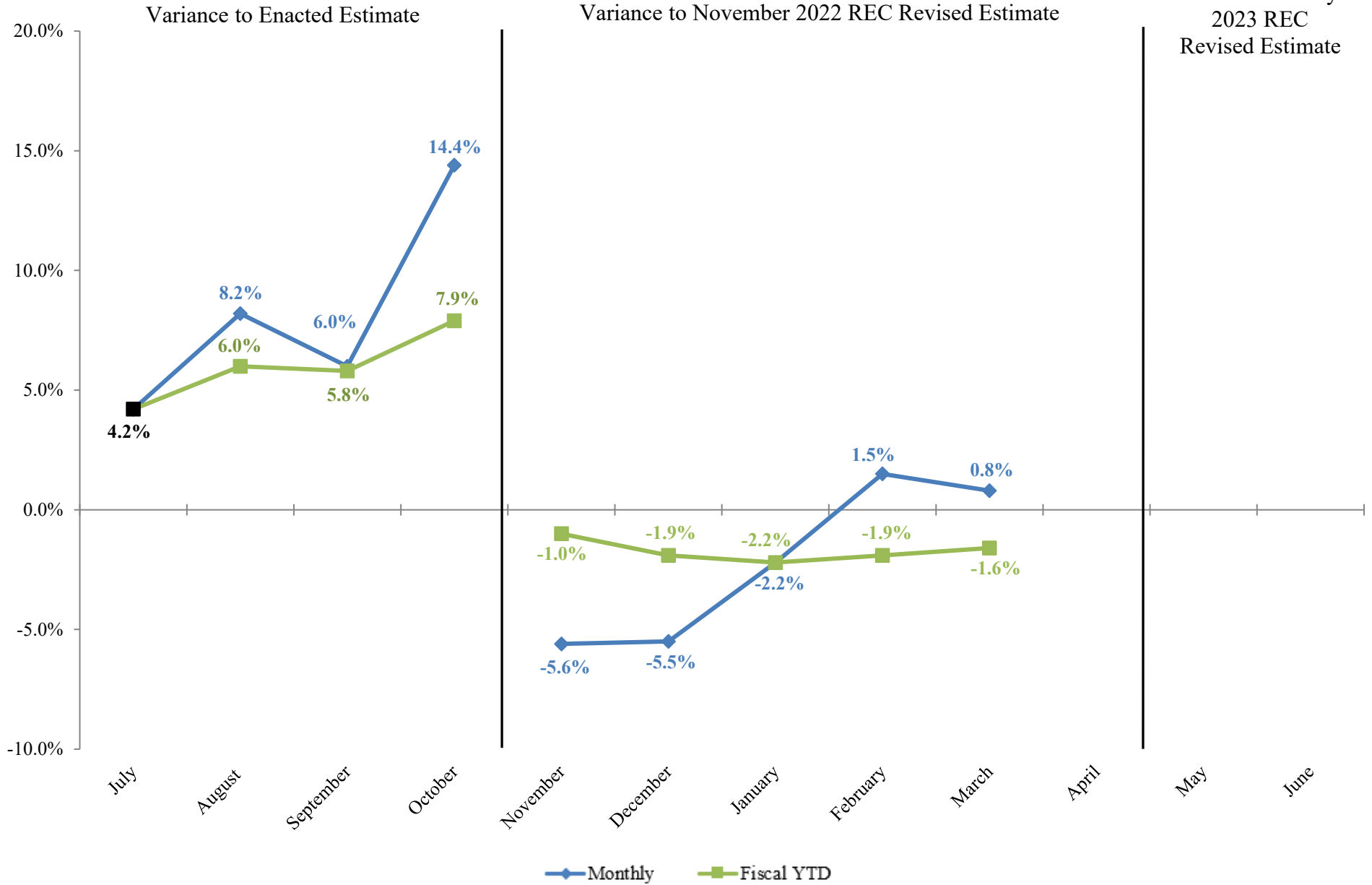
+ Set equal to actual amounts received.

Detailed notes on the following page

**FY 2023 STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT**  
**Monthly Estimate to Actual**

- <sup>a</sup> Included in the revenue items below are the amounts for net transfers between that account and all other accounts. No adjustments were made for these transfers.
  - personal income tax refunds and adjustments - \$(132,583)
  - business corporation tax - \$272,583
  - financial institutions tax - \$(140,000)
- <sup>b</sup> Adds to personal income tax final payments \$40,871,298 in net revenues from pass-through entities made on behalf of shareholders received in March 2023 and recorded as business corporation tax payments. The offsetting amount was subtracted from business corporation tax.
- <sup>c</sup> Adds \$138,089 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the difference between the February transfers that occurred in March and the March transfers that will occur in April.

# 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 March. Details on how these monthly and fiscal year-to-date average percentages were calculated are included in the methodology document as noted above.

Revenue Item	<u>Percent Received</u>		Revenue Item	<u>Percent Received</u>	
	Mar.	YTD		Mar.	YTD
Personal Income Taxes			Sales and Use Taxes	7.1%	74.7%
Estimated Payments	3.0%	66.8%	Motor Vehicles Fees	10.8%	84.3%
Final Payments	13.6%	49.8%	Cigarettes Taxes	7.5%	74.8%
Withholding Payments	9.9%	75.5%	Alcohol Excise Taxes	6.2%	73.6%
Refunds/Adjustments	19.6%	65.2%	Estate and Transfer	8.7%	78.5%
Business Corporation Taxes	12.0%	57.9%	Racing and Athletics	8.5%	74.7%
Utilities Gross Earnings Taxes	1.8%	50.8%	Realty Transfer	7.4%	78.1%
Financial Institutions Taxes	15.6%	61.1%	Departmental Receipts	7.0%	67.7%
Insurance Co. Gross Premiums	6.3%	48.7%	Lottery Transfer	8.6%	67.7%
Bank Deposits	4.0%	50.7%	Other Misc. Revenues	n/a	n/a
Health Care Provider Assessment	7.9%	74.9%	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 the methodology and law change document at <https://dor.ri.gov/revenue-analysis/fiscal-year-2023>.

### ***FY 2023 Revised Revenue Estimates***

The revised FY 2023 estimates by revenue item as adopted at the November 2022 REC are as follows:

<b>Table B. FY 2023 Revised Revenue Estimates by Major Revenue Item</b>			
<b>Revenue Item</b>	<b>Revised FY 2023 Estimate</b>	<b>Revenue Item</b>	<b>Revised FY 2023 Estimate</b>
Personal Income Taxes		Sales and Use Taxes	\$1,575,000,000
Estimated Payments	\$306,300,000	Motor Vehicles Fees	1,000,000
Final Payments	520,900,000	Cigarettes Taxes	133,900,000
Withholding Payments	1,548,000,000	Alcohol Excise Taxes	23,300,000
Refunds/Adjustments	(455,000,000)	Estate and Transfer	58,800,000
Business Corporation Taxes	252,000,000	Racing and Athletics	500,000
Public Utilities Gross Earnings	101,000,000	Realty Transfer	21,000,000
Financial Institutions Taxes	38,900,000	Departmental Receipts	464,000,000
Insurance Co. Gross Premiums	166,700,000	Lottery	418,700,000
Bank Deposits	4,500,000	Other Misc. Revenues	37,300,000
Health Care Provider Assessment	39,500,000	Unclaimed Property	14,000,000
		<b>Total General Revenues *</b>	<b>\$5,260,400,000</b>
* Total general revenues estimate includes a personal income tax net accrual of \$(9,900,000).			