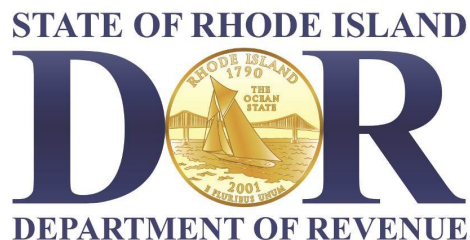


*STATE OF RHODE ISLAND*  
GOVERNOR DANIEL J. MCKEE



Office of Revenue Analysis

State of Rhode Island Revenue Assessment Report  
FY 2023 Monthly and Year-to-Date as of April 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. The next report will use revenue estimates from the recent May 2023 REC.

**Results for FY 2023 Revenues through April**

ORA finds that FY 2023 adjusted total general revenues through April trailed the revised FY 2023 expected total general revenues estimates through April by \$108.3 million, a variance of -2.6%.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue in FY 2023 YTD was \$125.4 million less than expected, a variance of -7.7%. All components of income tax trailed the estimates.
- Business corporation tax revenue exceeded estimates by \$7.4 million, or 3.7%, through April.
- Sales and use tax revenue was down \$9.8 million, a variance of -0.8%.
- Departmental receipts were up \$16.5 million compared to the estimate, a variance of 7.5%.
- Lottery transfer revenue surpassed the estimates by \$6.1 million. Video lottery terminals and remote sports betting were both above the year-to-date estimates by \$1 million.

## Results for Month of April

ORA finds that April adjusted total general revenues trailed the revised FY 2023 expected total general revenues estimates for the month by \$53.3 million, a variance of -8.5%.

Some notable variances to expected revenues are as follows:

- Personal income tax revenues in April 2023 were \$49.1 million less than expected, a variance of -18.2%.
  - Refunds and adjustments were 24.8% more than the monthly estimate. Most refund activity occurs in February, March, and April.
  - Estimated payments were down \$11.1 million, a variance of -29.4%
  - Withholding payments had a negative variance at 8.9%, down \$10.7 million compared to the estimate.
  - Final payments were down \$4.4 million. April is the biggest month for final payments.
- Revenue from financial institutions tax and insurance company gross premiums tax was down by \$7.0 million and \$7.1 million, respectively. April is one of the largest months for collections from both taxes.
- Sales and use tax collections were down compared to the estimate by \$6.6 million, a variance of -5.0%. This is the second month of decline in sales and use tax collections this fiscal year on a cash basis with a year-over-year decrease of 2.2%. However, April cash was depressed by the issuance of \$3.2 million in sales tax refunds related to the Rebuild RI program.
- Estate and transfer tax revenue is up compared to the estimate by \$8.5 million. Large payment(s) of \$9.5 million were received in April 2023.

## 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  
May 16, 2023

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

	YTD April Adjusted Revenues FY 2023			YTD April Estimate of Revised FY 2023 Revenues †		Difference	Variance
<b>Personal Income Tax</b>	\$	1,510,058,531	a, b, c, d	\$	1,635,449,776	\$ (125,391,245)	-7.7%
<b>General Business Taxes</b>							
Business Corporation †		210,805,566	a, b, c		203,375,748	7,429,818	3.7%
Public Utilities Gross Earnings		74,453,566			74,531,042	(77,476)	-0.1%
Financial Institutions		20,258,942			25,153,607	(4,894,665)	-19.5%
Insurance Company Gross Premiums		121,750,274	c		129,549,154	(7,798,881)	-6.0%
Bank Deposits		3,630,076			3,365,077	264,999	7.9%
Health Care Provider Assessment		32,914,602			32,714,165	200,437	0.6%
<b>Excise Taxes</b>							
Sales and Use		1,297,990,047	a		1,307,814,326	(9,824,279)	-0.8%
Motor Vehicle License and Reg Fees		946,250			929,598	16,652	1.8%
Cigarettes		109,979,737	a		110,341,827	(362,090)	-0.3%
Alcohol		18,517,453			19,195,385	(677,933)	-3.5%
Controlled Substances		4,500			4,500 +	-	0.0%
<b>Other Taxes</b>							
Estate and Transfer		61,320,696	f		47,611,705	13,708,991	28.8%
Racing and Athletics		468,005			416,068	51,937	12.5%
Realty Transfer		14,447,569	g		17,958,721	(3,511,152)	-19.6%
<b>Total Taxes</b>	\$	<b>3,477,545,815</b>		\$	<b>3,608,410,700</b>	\$ (130,864,885)	-3.6%
<b>Departmental Receipts †</b>	\$	235,872,445	h	\$	219,342,757	\$ 16,529,688	7.5%
<b>Taxes and Departmentals</b>	\$	<b>3,713,418,260</b>		\$	<b>3,827,753,457</b>	\$ (114,335,198)	-3.0%
<b>Other General Revenue Sources</b>							
Other Miscellaneous Revenues		3,999,769			3,999,769 +	-	0.0%
Lottery Transfer		327,126,329	i		321,064,435	6,061,894	1.9%
Unclaimed Property		-			- +	-	n/a
<b>Total Other Sources</b>	\$	<b>331,126,098</b>		\$	<b>325,064,204</b>	\$ 6,061,894	1.9%
<b>Total General Revenues</b>	\$	<b>4,044,544,358</b>		\$	<b>4,152,817,661</b>	\$ (108,273,304)	-2.6%

PIT Component	YTD April Adj. Revenues			YTD April Revised Estimates		Difference	Variance
Estimated payments	\$	218,241,978		\$	245,461,120	\$ (27,219,142)	-11.1%
Final payments †		461,413,219	b, c		482,362,164	(20,948,945)	-4.3%
Withholding		1,248,767,187			1,295,194,879	(46,427,692)	-3.6%
Refunds and Adjustments		(418,363,853)	a, d		(387,568,387)	(30,795,466)	7.9%
<b>Total</b>	\$	<b>1,510,058,531</b>		\$	<b>1,635,449,776</b>	\$ (125,391,245)	-7.7%

† 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 \$155,467,824 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 \$(43,188,000) 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 \$22.9 million received year-to-date.
- <sup>g</sup> Subtracts \$356,215 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the April transfers that will occur in May.
- <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**

	April 2023 Adjusted Revenues FY 2023		April 2023 Estimate of FY 2023 Revised Revenues †		Difference	Variance
<b>Personal Income Tax</b>	\$ 220,587,864	a, b	\$ 269,714,356		\$ (49,126,492)	-18.2%
<b>General Business Taxes</b>						
Business Corporation †	58,843,533	b	59,383,301		(539,769)	-0.9%
Public Utilities Gross Earnings	26,693,329		24,627,166		2,066,162	8.4%
Financial Institutions	1,732,903	a	8,775,499		(7,042,596)	-80.3%
Insurance Company Gross Premiums	36,832,237		43,906,970		(7,074,732)	-16.1%
Bank Deposits	964,400		949,814		14,586	1.5%
Health Care Provider Assessment	3,433,442		3,351,860		81,581	2.4%
<b>Excise Taxes</b>						
Sales and Use	123,450,631		130,008,454		(6,557,823)	-5.0%
Motor Vehicle License and Reg Fees	73,400		70,829		2,571	3.6%
Cigarettes	10,370,100		10,274,540		95,560	0.9%
Alcohol	2,182,161		2,042,815		139,346	6.8%
Controlled Substances	500		500	+	-	0.0%
<b>Other Taxes</b>						
Estate and Transfer	11,104,887	c	2,648,238		8,456,649	319.3%
Racing and Athletics	41,598		34,028		7,571	22.2%
Realty Transfer	1,144,732	d	1,682,897		(538,164)	-32.0%
<b>Total Taxes</b>	\$ 497,455,717		\$ 557,471,268		\$ (60,015,551)	-10.8%
<b>Departmental Receipts †</b>	\$ 35,158,027		\$ 29,268,552		\$ 5,889,476	20.1%
<b>Taxes and Departmentals</b>	\$ 532,613,744		\$ 586,739,819		\$ (54,126,075)	-9.2%
<b>Other General Revenue Sources</b>						
Other Miscellaneous Revenues	369,979		369,979	+	-	0.0%
Lottery Transfer	38,635,152		37,792,459		842,693	2.2%
Unclaimed Property	-		-	+	-	n/a
<b>Total Other Sources</b>	\$ 39,005,131		\$ 38,162,438		\$ 842,693	2.2%
<b>Total General Revenues</b>	\$ 571,618,875		\$ 624,902,257		\$ (53,283,382)	-8.5%

<b>PIT Component</b>	April 2023 Adj. Revenues		April 2023 Revised Estimates		Difference	Variance
Estimated payments	\$ 26,656,517		\$ 37,730,838		\$ (11,074,322)	-29.4%
Final payments †	198,975,728	a	203,383,669		(4,407,941)	-2.2%
Withholding	110,220,341		120,967,372		(10,747,031)	-8.9%
Refunds and Adjustments	(115,264,722)	b	(92,367,524)		(22,897,198)	24.8%
<b>Total</b>	\$ 220,587,864		\$ 269,714,356		\$ (49,126,492)	-18.2%

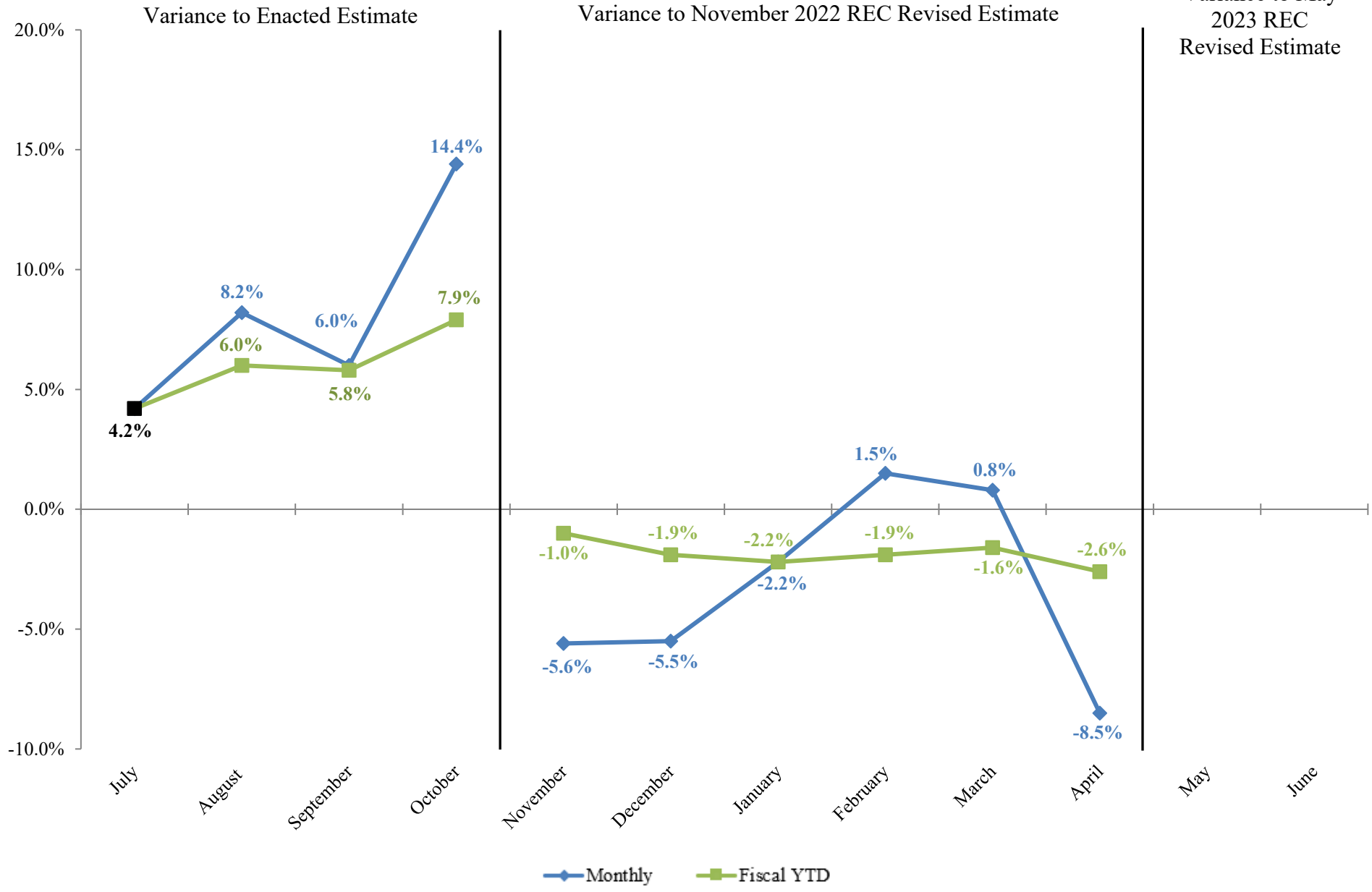
† FY 2023 expected revenues are based on the estimates adopted at the November 2022 Revenue Estimating Conference. The estimate for personal income tax final payments and refunds and adjustments, insurance company gross premiums tax, health care provider assessment, sales and use tax, and departmental 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

- <sup>a</sup> Adds to personal income tax final payments \$14,514,735 in net revenues from pass-through entities made on behalf of shareholders received in April 2023 and recorded as business corporation tax payments. The offsetting amount was subtracted from business corporation tax.
- <sup>b</sup> Includes \$(3,500) in child tax rebates posted in April 2023.
- <sup>c</sup> Includes large, unusual payment(s) of \$9.5 million received in April 2023.
- <sup>d</sup> Adds \$49,077 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the difference between the March transfers that occurred in April and the April transfers that will occur in May.

# 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 April. 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>	
	Apr.	YTD		Apr.	YTD
Personal Income Taxes			Sales and Use Taxes	8.3%	83.0%
Estimated Payments	12.7%	79.5%	Motor Vehicles Fees	7.9%	92.2%
Final Payments	41.5%	91.3%	Cigarettes Taxes	7.7%	82.4%
Withholding Payments	7.9%	83.4%	Alcohol Excise Taxes	8.8%	82.4%
Refunds/Adjustments	20.1%	85.3%	Estate and Transfer	6.2%	84.8%
Business Corporation Taxes	23.2%	81.0%	Racing and Athletics	7.3%	82.0%
Utilities Gross Earnings Taxes	23.7%	74.5%	Realty Transfer	7.8%	85.9%
Financial Institutions Taxes	15.2%	76.2%	Departmental Receipts	10.0%	77.6%
Insurance Co. Gross Premiums	27.8%	76.5%	Lottery Transfer	9.0%	76.7%
Bank Deposits	22.5%	73.1%	Other Misc. Revenues	n/a	n/a
Health Care Provider Assessment	8.3%	83.2%	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).			