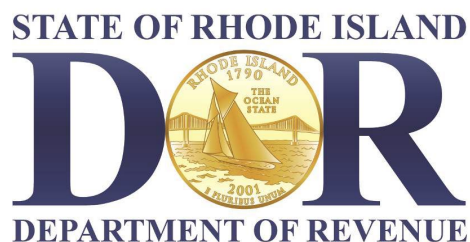


STATE OF RHODE ISLAND
GOVERNOR DANIEL J. MCKEE



Office of Revenue Analysis

State of Rhode Island Revenue Assessment Report
FY 2023 Monthly and Year-to-Date as of May 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 May 2023 REC. This is the last Revenue Assessment Report of the fiscal year. There will be a Special Report on Preliminary FY 2023 Revenues published in September 2023.

Results for FY 2023 Revenues through May

ORA finds that FY 2023 adjusted total general revenues through May led the revised FY 2023 expected total general revenues estimates through May by \$23.0 million, a variance of 0.5%.

Some notable variances to expected revenues are as follows:

- Departmental receipts were up \$10.6 million compared to the estimate, a variance of 4.2%.
- Personal income tax revenue was \$9.9 million more than expected, a variance of 0.6%.
 - Withholding payments were up \$22.7 million compared to the estimate. There were five withholding due dates in May 2023; most months have four due dates (although there were also five in May 2022).
 - Refunds and adjustments were up 2.1%, a nominal difference of \$(9.5 million).
- Sales and use tax was close to the estimate, with a variance of -0.1%.
- Estate and transfer tax revenue exceeded estimates by \$4.7 million, or 7.4%, through May.

Results for Month of May

The table, *Monthly Estimate to Actual*, gives the results for May 2023. Given that May is the first month of the fiscal year after the adoption of the revised revenue estimates at the May 2023 REC, the nominal differences between the monthly adjusted revenues and expected revenues are the same as the above year-to-date nominal differences. The monthly percentage changes, however, are larger than the fiscal year-to-date percentage changes due to the smaller nominal base that comprises monthly revenues.

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
June 16, 2023

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

	YTD May Adjusted Revenues FY 2023		YTD May Estimate of Revised FY 2023 Revenues †	Difference	Variance
Personal Income Tax	\$ 1,638,086,678	a, b, c, d	\$ 1,628,148,614	\$ 9,938,064	0.6%
General Business Taxes					
Business Corporation †	218,104,726	a, b, c	220,171,438	(2,066,712)	-0.9%
Public Utilities Gross Earnings	74,549,342		74,659,790	(110,448)	-0.1%
Financial Institutions	22,078,823		19,435,605	2,643,218	13.6%
Insurance Company Gross Premiums	123,003,818	c	123,314,502	(310,684)	-0.3%
Bank Deposits	3,630,076		3,644,231	(14,155)	-0.4%
Health Care Provider Assessment	36,206,113		36,273,395	(67,282)	-0.2%
Excise Taxes					
Sales and Use	1,429,146,171	a	1,430,463,114	(1,316,943)	-0.1%
Motor Vehicle License and Reg Fees	1,023,625		999,026	24,599	2.5%
Cigarettes	120,470,010	a	121,164,657	(694,647)	-0.6%
Alcohol	20,292,680		20,492,552	(199,872)	-1.0%
Controlled Substances	5,000		5,000	+	0.0%
Other Taxes					
Estate and Transfer	69,136,263	f	64,402,160	4,734,102	7.4%
Racing and Athletics	528,299		486,394	41,905	8.6%
Realty Transfer	14,980,427	g	16,271,337	(1,290,910)	-7.9%
Total Taxes	\$ 3,771,242,053		\$ 3,759,931,817	\$ 11,310,236	0.3%
Departmental Receipts †	\$ 261,101,478	h	\$ 250,467,327	\$ 10,634,151	4.2%
Taxes and Departmentals	\$ 4,032,343,531		\$ 4,010,399,144	\$ 21,944,387	0.5%
Other General Revenue Sources					
Other Miscellaneous Revenues	5,194,103		5,194,103	+	0.0%
Lottery Transfer	363,210,749	i	362,157,300	1,053,449	0.3%
Unclaimed Property	-		-	+	n/a
Total Other Sources	\$ 368,404,852		\$ 367,351,404	\$ 1,053,449	0.3%
Total General Revenues	\$ 4,400,748,384		\$ 4,377,750,548	\$ 22,997,836	0.5%

PIT Component	YTD May Adj. Revenues		YTD May Revised Estimates	Difference	Variance
Estimated payments	\$ 224,795,952		\$ 225,491,850	\$ (695,899)	-0.3%
Final payments †	474,461,172	b, c	477,087,952	(2,626,780)	-0.6%
Withholding	1,392,180,586		1,369,456,801	22,723,785	1.7%
Refunds and Adjustments	(453,351,031)	a, d	(443,887,989)	(9,463,042)	2.1%
Total	\$ 1,638,086,678		\$ 1,628,148,614	\$ 9,938,064	0.6%

† FY 2023 expected revenues are based on the estimates adopted at the May 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

- ^a 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 - \$4,276,548
 - business corporation tax - \$(5,990,271)
 - financial institutions tax - \$1,713,723
 - sales and use tax - \$139,200
 - cigarette and other tobacco products tax - \$(139,200)
- ^b Adds to personal income tax final payments \$156,963,478 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.
- ^c 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.
- ^d Includes \$(43,188,000) in child tax rebates posted in FY 2023 YTD.
- ^e Includes large pass-through entity payment refund(s) of \$5.0 million
- ^f Includes large, unusual payment(s) of \$22.9 million received year-to-date.
- ^g Subtracts \$1,287,067 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the May transfers that will occur in June.
- ^h Subtracts \$171,036,562 of FY 2022 hospital licensing fee payment(s) received in FY 2023 YTD and accrued back to FY 2022.
- ⁱ 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

	May 2023 Adjusted Revenues FY 2023		May 2023 Estimate of FY 2023 Revised Revenues †		Difference	Variance
Personal Income Tax	\$ 128,028,147	a, b	\$ 118,090,083		\$ 9,938,064	8.4%
General Business Taxes						
Business Corporation †	7,299,160	a, b	9,365,873		(2,066,712)	-22.1%
Public Utilities Gross Earnings	95,776		206,224		(110,448)	-53.6%
Financial Institutions	1,819,882	a	(823,337)		2,643,218	-321.0%
Insurance Company Gross Premiums	1,253,545		1,564,228		(310,684)	-19.9%
Bank Deposits	-		14,155		(14,155)	n/a
Health Care Provider Assessment	3,291,511		3,358,793		(67,282)	-2.0%
Excise Taxes						
Sales and Use	131,156,124		132,473,067		(1,316,943)	-1.0%
Motor Vehicle License and Reg Fees	77,375		52,776		24,599	46.6%
Cigarettes	10,490,273		11,184,920		(694,647)	-6.2%
Alcohol	1,775,227		1,975,100		(199,872)	-10.1%
Controlled Substances	500		500	+	-	0.0%
Other Taxes						
Estate and Transfer	7,815,567		3,081,465		4,734,102	153.6%
Racing and Athletics	60,294		18,389		41,905	227.9%
Realty Transfer	176,642	c	1,467,552		(1,290,910)	-88.0%
Total Taxes	\$ 293,340,023		\$ 282,029,788		\$ 11,310,236	4.0%
Departmental Receipts †	\$ 25,229,033		\$ 14,594,882		\$ 10,634,151	72.9%
Taxes and Departmentals	\$ 318,569,057		\$ 296,624,669		\$ 21,944,387	7.4%
Other General Revenue Sources						
Other Miscellaneous Revenues	1,194,334		1,194,334	+	-	0.0%
Lottery Transfer	36,084,420		35,030,971		1,053,449	3.0%
Unclaimed Property	-		-	+	-	n/a
Total Other Sources	\$ 37,278,754		\$ 36,225,306		\$ 1,053,449	2.9%
Total General Revenues	\$ 355,847,811		\$ 332,849,975		\$ 22,997,836	6.9%

PIT Component	May 2023 Adj. Revenues		May 2023 Revised Estimates		Difference	Variance
Estimated payments	\$ 6,553,973		\$ 7,249,872		\$ (695,899)	-9.6%
Final payments †	13,047,952	b	15,674,733		(2,626,780)	-16.8%
Withholding	143,413,399		120,689,614		22,723,785	18.8%
Refunds and Adjustments	(34,987,178)	a	(25,524,136)		(9,463,042)	37.1%
Total	\$ 128,028,147		\$ 118,090,083		\$ 9,938,064	8.4%

† FY 2023 expected revenues are based on the estimates adopted at the May 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.

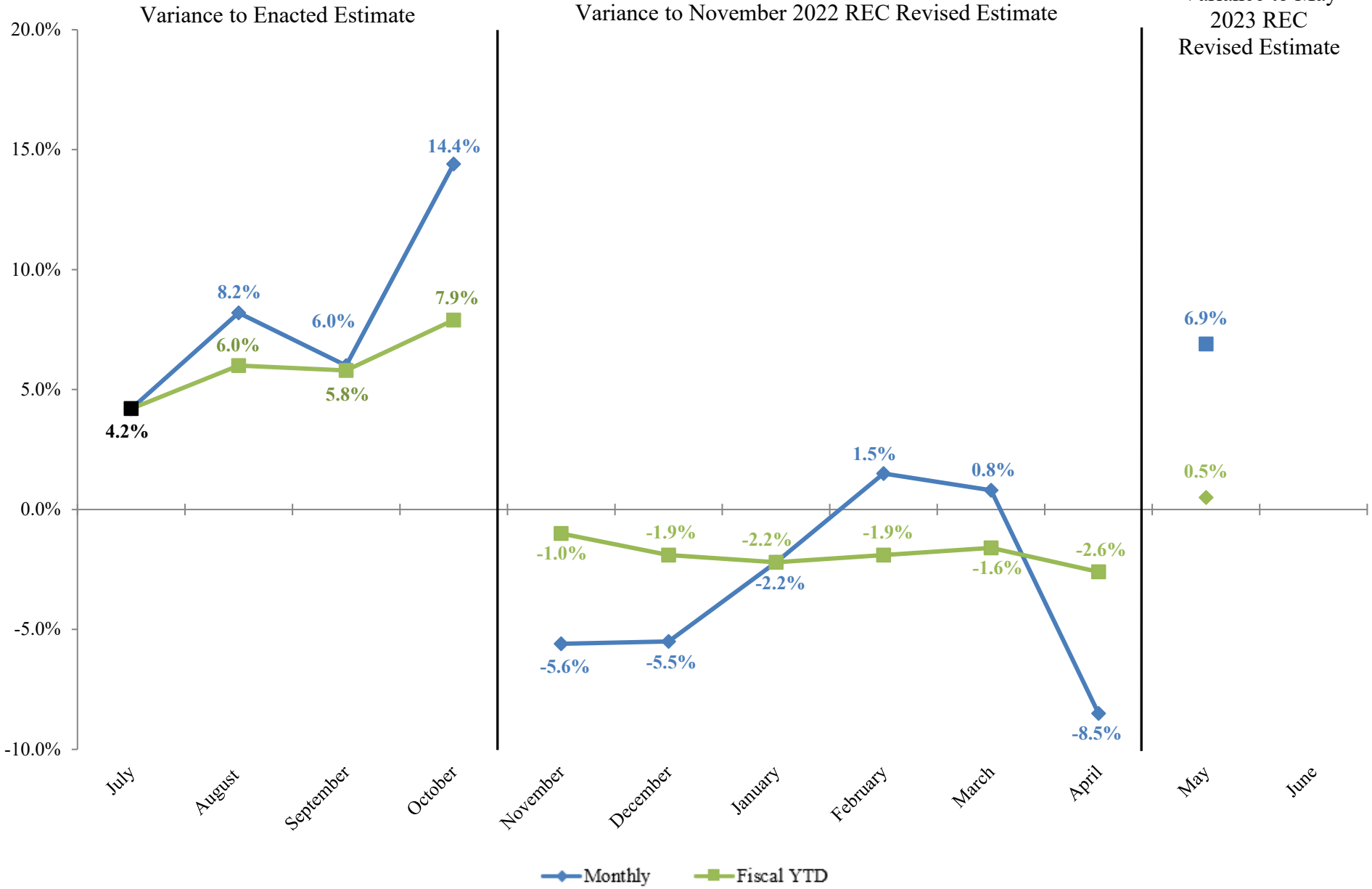
+ Set equal to actual amounts received.

Detailed notes on the following page

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

- ^a 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 - \$(1,012,738)
 - business corporation tax - \$(569,985)
 - financial institutions tax - \$1,582,723
- ^b Adds to personal income tax final payments \$1,495,654 in net revenues from pass-through entities made on behalf of shareholders received in May 2023 and recorded as business corporation tax payments. The offsetting amount was subtracted from business corporation tax.
- ^c Subtracts \$1,287,067 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the May transfers that will occur in June.

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 May. 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>	
	May	YTD		May	YTD
Personal Income Taxes			Sales and Use Taxes	8.0%	91.0%
Estimated Payments	2.6%	82.2%	Motor Vehicles Fees	7.7%	99.9%
Final Payments	2.7%	94.5%	Cigarettes Taxes	8.3%	90.7%
Withholding Payments	8.1%	91.5%	Alcohol Excise Taxes	8.8%	91.1%
Refunds/Adjustments	7.8%	93.1%	Estate and Transfer	7.6%	92.4%
Business Corporation Taxes	3.5%	84.4%	Racing and Athletics	10.3%	92.4%
Utilities Gross Earnings Taxes	0.2%	74.7%	Realty Transfer	8.1%	94.0%
Financial Institutions Taxes	-1.4%	75.1%	Departmental Receipts	6.6%	84.3%
Insurance Co. Gross Premiums	1.0%	77.5%	Lottery Transfer	7.6%	84.3%
Bank Deposits	0.4%	73.5%	Other Misc. Revenues	n/a	n/a
Health Care Provider Assessment	8.6%	91.8%	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 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 May 2023 REC are as follows:

Table B. FY 2023 Revised Revenue Estimates by Major Revenue Item			
Revenue Item	Revised FY 2023 Estimate	Revenue Item	Revised FY 2023 Estimate
Personal Income Taxes		Sales and Use Taxes	\$1,579,000,000
Estimated Payments	\$275,000,000	Motor Vehicles Fees	1,000,000
Final Payments	502,000,000	Cigarettes Taxes	133,600,000
Withholding Payments	1,496,000,000	Alcohol Excise Taxes	22,500,000
Refunds/Adjustments	(466,300,000)	Estate and Transfer	77,600,000
Business Corporation Taxes	262,600,000	Racing and Athletics	500,000
Public Utilities Gross Earnings	99,200,000	Realty Transfer	17,000,000
Financial Institutions Taxes	34,400,000	Departmental Receipts	478,000,000
Insurance Co. Gross Premiums	157,100,000	Lottery	434,200,000
Bank Deposits	4,700,000	Other Misc. Revenues	29,900,000
Health Care Provider Assessment	39,500,000	Unclaimed Property	14,700,000
		Total General Revenues *	\$5,199,200,000
* Total general revenues estimate includes a personal income tax net accrual of \$(7,000,000).			