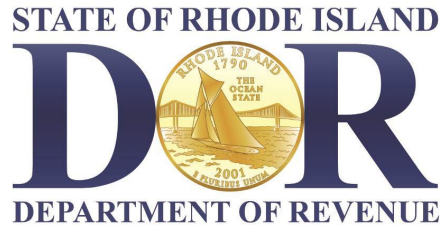


STATE OF RHODE ISLAND
GOVERNOR DANIEL J. MCKEE

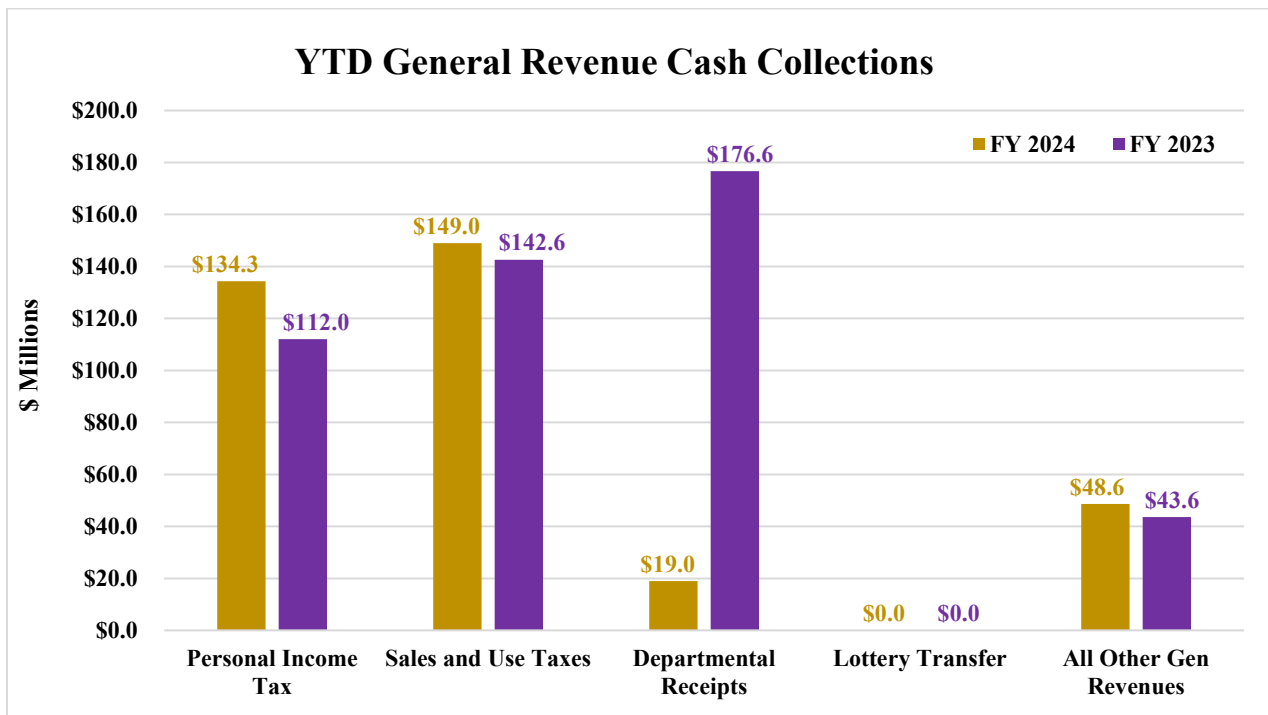


Office of Revenue Analysis

FY 2024 Cash Collections Report as of July 2023 Summary

Fiscal Year-to-Date through July:

FY 2024 total general revenue cash collections through July were \$350.8 million, down \$124.0 million, or 26.1%, from the \$474.8 million collected in the same period in FY 2023. The breakdown by major general revenue components is as follows:



- Personal income tax cash collections rose 19.9%, with withholding payments up 22.4% compared to last fiscal year (there were five withholding due dates in July 2023 and only four in July 2022).
- Sales and use tax collections showed 4.5% growth year-to-date.

- The decrease in departmental receipts is largely due to the decrease in the hospital licensing fee due to a shift in the timing of hospital licensing fee deposits. Without the hospital licensing fee, the percent change in total general revenue would have been 11.0%.
- 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 up 4.9% in 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.

FY 2023 STATE OF RHODE ISLAND CASH COLLECTIONS

| | FY 2024 YTD and Month of July | FY 2023 YTD and Month of July | Nominal Difference | Change |
|--------------------------------------|-------------------------------------|-------------------------------------|-------------------------|---------------|
| Personal Income Tax | \$ 134,256,460 | \$ 112,003,919 | \$ 22,252,541 | 19.9% |
| General Business Taxes | | | | |
| Business Corporation | 13,973,975 | 12,420,704 | 1,553,271 | 12.5% |
| Public Utilities Gross Earnings | 252,570 | 117,244 | 135,326 | 115.4% |
| Financial Institutions | 51,254 | 893 | 50,362 | 5,642.4% |
| Insurance Companies | 7,192,380 | 7,505,771 | (313,391) | -4.2% |
| Bank Deposits | (14,869) | 139,655 | (154,524) | -110.6% |
| Health Care Provider Assessment | 3,104,375 | 3,426,387 | (322,012) | -9.4% |
| Excise Taxes | | | | |
| Sales and Use Δ | 148,987,263 | 142,624,686 | 6,362,578 | 4.5% |
| Motor Vehicle License and Reg Fees | - | 177,300 | (177,300) | - |
| Motor Carrier Fuel Use | - | - | - | - |
| Cigarettes | 11,307,917 | 10,807,006 | 500,911 | 4.6% |
| Alcohol | 2,385,015 | 2,470,867 | (85,853) | -3.5% |
| Other Taxes | | | | |
| Estate and Transfer | 7,963,919 | 4,101,283 | 3,862,636 | 94.2% |
| Racing and Athletics | 38,986 | 44,454 | (5,469) | -12.3% |
| Realty Transfer | 2,284,797 | 2,363,457 | (78,660) | -3.3% |
| Total Taxes | \$ 331,784,041 | \$ 298,204,625 | \$ 33,579,416 | 11.3% |
| Departmental Receipts | | | | |
| Licenses and Fees | \$ 15,165,277 | \$ 173,988,574 | \$ (158,823,297) | -91.3% |
| Fines and Penalties | 1,105,052 | 1,106,019 | (967) | -0.1% |
| Sales and Services | 827,170 | 825,084 | 2,086 | 0.3% |
| Miscellaneous | 1,878,429 | 709,183 | 1,169,245 | 164.9% |
| Total Departmental Receipts | \$ 18,975,927 | \$ 176,628,860 | \$ (157,652,932) | -89.3% |
| Taxes and Departmentals | \$ 350,759,968 | \$ 474,833,485 | \$ (124,073,517) | -26.1% |
| Other General Revenue Sources | | | | |
| Other Miscellaneous Revenues | \$ 44,491 | \$ 4,960 | \$ 39,531 | 797.0% |
| Lottery Transfer Δ | - | - | - | - |
| Unclaimed Property | - | - | - | - |
| Total Other Sources | \$ 44,491 | \$ 4,960 | \$ 39,531 | 797.0% |
| Total General Revenues | \$ 350,804,459 | \$ 474,838,445 | \$ (124,033,986) | -26.1% |

Δ Sales and use tax primarily reflects June activity and the lottery transfer commences in August of a given fiscal year.

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Personal Income Tax Cash Collections by Component

Fiscal Year-to-Date through July:

| Component | FY 2024 | FY 2023 | Difference | % Change |
|--------------------------|----------------|----------------|-------------------|-----------------|
| Estimated Payments | \$5,431,552 | \$8,235,001 | \$(2,803,449) | -34.0% |
| Final Payments | 8,534,067 | 6,467,851 | 2,066,216 | 31.9% |
| Refunds/Adjustments | (11,868,782) | (10,648,625) | (1,220,156) | 11.5% |
| Withholding Tax Payments | 132,160,409 | 107,949,693 | 24,210,716 | 22.4% |

Notes about Fiscal Year-to-Date through July:

- Final payments in FY 2024 year-to-date do not include \$1,465,598 in pass-through entity payments that were deposited as business corporation tax. FY 2023 year-to-date does not include \$1,679,568 in pass-through entity payments that were deposited as business corporation tax and transferred in the FY 2023 adjustment period.
- Final payments include HSTC reimbursements of \$50,417 in FY 2024 YTD and \$75,000 in FY 2023 YTD.
- Final payments include the reimbursement to general revenues in FY 2024 YTD for credits related to Rebuild RI projects of \$1,410,632 that were paid out in January 2023 - June 2023. The comparable figure for FY 2023 YTD is \$342,780.

Year-to-Date Refund Activity:

| Refund Activity | FY 2024 YTD | FY 2023 YTD |
|--|------------------------|------------------------|
| Number of Refunds | 9,844 | 11,625 |
| Average Refund | \$1,177 | \$811 |
| Number of Issuance Dates* | 4 | 4 |
| * Due to system updates, not all weeks include refund issuances. | | |

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 2024 | FY 2023 | Difference | % Change |
|------------------------------|----------------|----------------|-------------------|-----------------|
| Meal and Beverage (M&B) | \$25,266,168 | \$23,809,006 | \$1,457,163 | 6.1% |
| Motor Vehicle | 12,004,041 | 10,573,515 | 1,430,525 | 13.5% |
| Other Sales and Use Receipts | 111,720,838 | 108,242,165 | 3,478,673 | 3.2% |

Notes about Fiscal Year-to-Date through July:

- Other sales and use tax receipts include the reimbursement to general revenues in FY 2024 YTD for refunds related to Rebuild RI projects of \$4,190,805 that were paid out in January 2023 - June 2023. The comparable figure for FY 2023 YTD is \$750,000.

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 a levy 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: cigarette excise tax, other tobacco products tax (OTP), alcohol excise tax, controlled substances tax.

| July | FY 2024 | FY 2023 | Difference | % Change |
|-------------|----------------|----------------|-------------------|-----------------|
| Fiscal YTD | \$13,692,931 | \$13,456,173 | \$236,758 | 1.8% |
| Month | \$13,692,931 | \$13,456,173 | \$236,758 | 1.8% |

Fiscal Year-to-Date through July:

| Cigarette and OTP Components | FY 2024 | FY 2023 | Difference | % Change |
|-------------------------------------|----------------|----------------|-------------------|-----------------|
| Cigarettes | \$10,412,853 | \$9,907,926 | \$504,928 | 5.1% |
| OTP | 895,063 | 898,965 | (3,902) | -0.4% |
| Cigarette Floor Stock | 0 | 115 | (115) | -100.0% |

Month of June:

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:

Starting in FY 2024, motor vehicle license and registration fees are no longer general revenues and have been fully transferred to the Highway Maintenance Account. FY 2023 cash collections do include two license fees (duplicate license and license update fees) that had been retained as general revenues.

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 2024 | FY 2023 | Difference | % Change |
|---------------------|----------------|----------------|-------------------|-----------------|
| Estimated Payments | \$7,160,115 | \$9,746,037 | \$(2,585,922) | -26.5% |
| Final Payments | 5,402,659 | 4,991,126 | 411,533 | 8.2% |
| Refunds/Adjustments | 1,262,957 | (2,409,317) | 3,672,275 | -152.4% |

Year-to-Date 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 2024 | FY 2023 |
|--------------------|----------------|----------------|
| Estimated Payments | \$815,936 | \$1,109,929 |
| Final Payments | 649,663 | 569,639 |

Notes about Fiscal Year-to-Date through July:

- Cash collections for business corporation tax include the reimbursement to general revenues in FY 2024 YTD for credits related to Rebuild RI projects of \$100,427 that were paid out in January 2023 - June 2023.

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 2024 | FY 2023 | Difference | % Change |
|-------------|----------------|----------------|-------------------|-----------------|
| Fiscal YTD | \$10,585,710 | \$11,189,949 | \$(604,239) | -5.4% |
| Month | \$10,585,710 | \$11,189,949 | \$(604,239) | -5.4% |

Fiscal Year-to-Date through July:

| Insurance Component | FY 2023 | FY 2022 | Difference | % Change |
|----------------------------|----------------|----------------|-------------------|-----------------|
| Personal Property/Casualty | \$5,072,904 | \$5,335,325 | \$(262,421) | -4.9% |
| Health Insurance (HMO) | 2,119,476 | 2,170,446 | (50,970) | -2.3% |

Notes about Fiscal Year-to-Date through July:

- Cash collections for insurance gross premiums tax include the reimbursement to general revenues in FY 2024 YTD for credits related to Rebuild RI projects of \$7,036,709 that were paid out in January 2023 - June 2023. The comparable figure for FY 2023 YTD is \$6,783,208.

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, namely 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, racing and athletics, and realty transfer.

| July | FY 2024 | FY 2023 | Difference | % Change |
|-------------|----------------|----------------|-------------------|-----------------|
| Fiscal YTD | \$10,287,701 | \$6,509,194 | \$3,778,507 | 58.0% |
| Month | \$10,287,701 | \$6,509,194 | \$3,778,507 | 58.0% |

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 for state agencies, charges for sales and services provided by state agencies, and miscellaneous agency collections.

| July | FY 2024 | FY 2023 | Difference | % Change |
|-------------|----------------|----------------|-------------------|-----------------|
| Fiscal YTD | \$18,975,927 | \$176,628,860 | \$(157,652,932) | -89.3% |
| Month | \$18,975,927 | \$176,628,860 | \$(157,652,932) | -89.3% |

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 |
|--|------------------------------------|
| Registration fees for securities | \$498,050 |
| Insurance claims adjuster license fees | 208,380 |
| License fees for securities | 125,720 |
| <hr/> | |
| Hospital licensing fee | \$(158,052,852) |
| Beach parking fees | (480,917) |
| Beverage container and litter participation fees | (360,007) |

| Fines and Penalties | Nominal Increase / Decrease |
|----------------------------|------------------------------------|
| None | n/a |
| <hr/> | |
| None | n/a |

| Sales and Services | Nominal Increase / Decrease |
|---------------------------|------------------------------------|
| None | n/a |
| <hr/> | |
| None | n/a |

| Miscellaneous Departmental Receipts | Nominal Increase / Decrease |
|--|------------------------------------|
| Income on investments | \$1,009,504 |
| Drinking water protection fund | 200,896 |
| Income tax refund checks written off | 161,740 |
| Cost recovery - EOHHS | \$(326,244) |
| Bank examination fees | (135,989) |

Notes about Fiscal Year-to-Date through July:

- FY 2023 collections contain the majority of the FY 2022 hospital licensing fee (HLF), which was received in July 2022 and accrued back to FY 2022 (with the exception of the HLF from Eleanor Slater that was paid in June of FY 2022). The FY 2023 enacted budget shifted this due date up one month from July to June. This meant that most of the FY 2023 HLF was paid in June 2023 leaving a much smaller portion of the FY 2023 HLF to be paid in FY 2024, which accounts for the large year-over-year decline. It is expected that FY 2024 HLF will primarily be paid in June 2024. The FY 2023 HLF was assessed at 5.42% on hospital fiscal year 2021 net patient revenues. The HLF was restructured for FY 2024 to have three tiers with differing fees based on inpatient and outpatient net patient-services revenue.

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 2024 | FY 2023 | Difference | % Change |
|-------------|----------------|----------------|-------------------|-----------------|
| Fiscal YTD | \$44,491 | \$4,960 | \$39,531 | 797.0% |
| Month | \$44,491 | \$4,960 | \$39,531 | 797.0% |

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 the adjustment period after the end 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.
- iGaming, which is effective March 1, 2024, will allow eligible players located in the State to play online slot and table games.

Motor Fuel Tax, Per Penny Yield

| July | FY 2024 | FY 2023 | Difference | % Change |
|-------------|----------------|----------------|-------------------|-----------------|
| Fiscal YTD | \$369,757 | \$352,499 | \$17,258 | 4.9% |
| Month | \$369,757 | \$352,499 | \$17,258 | 4.9% |

Background Information about this Category:

In FY 2023, 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. On July 1, 2023, the motor fuel tax increased from \$0.34 to \$0.37 per gallon, which will be reflected in cash collections starting in August 2023. 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 2024 through July and FY 2023 through July:

| Revenue Source | Cash Flow Differences | YTD FY 2024 | YTD FY 2023 |
|-------------------------|--|------------------------|------------------------|
| Personal Income Tax | FY 2024 adj for prior period payment(s) transferred to/from other accounts | \$(197,007) | \$0 |
| Personal Income Tax | FY 2023 adj for prior period payment(s) transferred to/from other accounts | \$0 | \$(914,167) |
| Business Corp Tax | FY 2024 adj for prior period payment(s) transferred to/from other accounts | \$197,007 | \$0 |
| Business Corp Tax | FY 2023 adj for prior period payment(s) transferred to/from other accounts | \$0 | \$914,167 |
| Sales and Use Tax | FY 2024 adj for prior period payment(s) transferred to/from other accounts | \$139,200 | \$0 |
| Sales and Use Tax | FY 2023 adj for prior period payment(s) transferred to/from other accounts | \$0 | \$139,200 |
| MV License & Reg Fees | State's share of prior year receivable | \$0 | \$89,600 |
| Cigarettes and OTP | FY 2024 adj for prior period payment(s) transferred to/from other accounts | \$(139,200) | \$0 |
| Cigarettes and OTP | FY 2023 adj for prior period payment(s) transferred to/from other accounts | \$0 | \$(139,200) |
| Estate and Transfer Tax | Large, unusual payment(s) | \$4,600,000 | \$0 |
| Departmental Receipts | Hospital licensing fee | \$6,232,578 | \$164,285,430 |
| Departmental Receipts | Beach parking fees late July deposit completed in August | \$(257,016) | \$0 |

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.