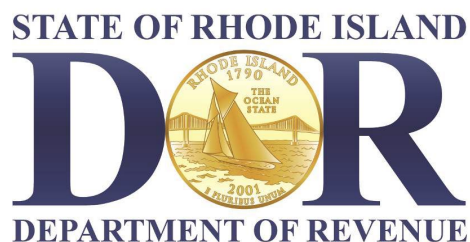


*STATE OF RHODE ISLAND*  
GOVERNOR DANIEL J. MCKEE



Office of Revenue Analysis

State of Rhode Island Revenue Assessment Report  
FY 2024 Monthly and Year-to-Date as of July 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 enacted in the FY 2024 budget, which was signed into law on June 16, 2023, as well as all bills enacted after this date that impact FY 2024 general revenues.

**Results for FY 2024 Revenues through July**

ORA finds that FY 2024 adjusted total general revenues through July led the enacted FY 2024 expected total general revenues estimates through July by \$31.8 million, a variance of 10.2%.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$16.0 million more than expected, a variance of 13.3%. This variance is primarily due to withholding payments being up \$18.7 million compared to the estimate. There were five withholding due dates in July 2023; most months have four due dates.
- Insurance company gross premiums tax revenue exceeded estimates by \$6.8 million through July. This item includes \$7.0 million in reimbursements from Rebuild Rhode Island tax credit fund (a semi-annual transfer to backfill past credit usage).
- Sales and use tax revenue was over the estimate by \$5.9 million on a year-to-date basis, with a variance of 4.1%. Sales and use tax revenue includes Rebuild Rhode Island reimbursements of \$4.2 million.

## Results for Month of July

Given that July is the first month of the fiscal year, the differences between the monthly adjusted revenues and expected revenues are the same as the above year-to-date differences.

## 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.



Thomas A. Verdi  
Director  
Department of Revenue  
September 28, 2023

**FY 2024 STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT**  
**Year-to-Date Estimate to Actual**

	YTD July Adjusted Revenues FY 2024		YTD July Estimate of Enacted FY 2024 Revenues †		Difference	Variance
<b>Personal Income Tax</b>	\$ 135,722,845	a, b, c, d	\$ 119,747,289		\$ 15,975,556	13.3%
<b>General Business Taxes</b>						
Business Corporation †	12,508,377	a, b, c, e	10,911,998		1,596,379	14.6%
Public Utilities Gross Earnings	252,570		122,220		130,351	106.7%
Financial Institutions	51,254		107,880		(56,626)	-52.5%
Insurance Company Gross Premiums	7,192,380	c	437,177		6,755,203	1,545.2%
Bank Deposits	(14,869)		133,327		(148,196)	-111.2%
Health Care Provider Assessment	3,104,375		3,599,718		(495,344)	-13.8%
<b>Excise Taxes</b>						
Sales and Use	148,987,263	a, c	143,121,536		5,865,728	4.1%
Cigarettes	11,307,917	a	11,451,447		(143,531)	-1.3%
Alcohol	2,385,015		2,185,967		199,048	9.1%
Controlled Substances	-		-	+	-	n/a
<b>Other Taxes</b>						
Estate and Transfer	7,963,919	d	5,042,852		2,921,067	57.9%
Racing and Athletics	38,986		36,292		2,693	7.4%
Realty Transfer	1,337,341	e	1,443,884		(106,543)	-7.4%
<b>Total Taxes</b>	\$ 330,837,372		\$ 298,341,588		\$ 32,495,784	10.9%
<b>Departmental Receipts †</b>	\$ 13,000,365	f, g	\$ 13,696,235		\$ (695,870)	-5.1%
<b>Taxes and Departmentals</b>	\$ 343,837,737		\$ 312,037,823		\$ 31,799,914	10.2%
<b>Other General Revenue Sources</b>						
Other Miscellaneous Revenues	44,491		44,491	+	-	0.0%
Lottery Transfer	-		-		-	n/a
Unclaimed Property	-		-	+	-	n/a
<b>Total Other Sources</b>	\$ 44,491		\$ 44,491		\$ -	0.0%
<b>Total General Revenues</b>	\$ 343,882,228		\$ 312,082,314		\$ 31,799,914	10.2%

PIT Component	YTD July Adj. Revenues		YTD July Enacted Estimates		Difference	Variance
Estimated payments	\$ 5,431,552		\$ 6,887,597		\$ (1,456,045)	-21.1%
Final payments †	9,999,666	b, c	9,488,005		511,661	5.4%
Withholding	132,160,409		113,420,766		18,739,643	16.5%
Refunds and Adjustments	(11,868,782)	a, d	(10,049,079)		(1,819,703)	18.1%
<b>Total</b>	\$ 135,722,845		\$ 119,747,289		\$ 15,975,556	13.3%

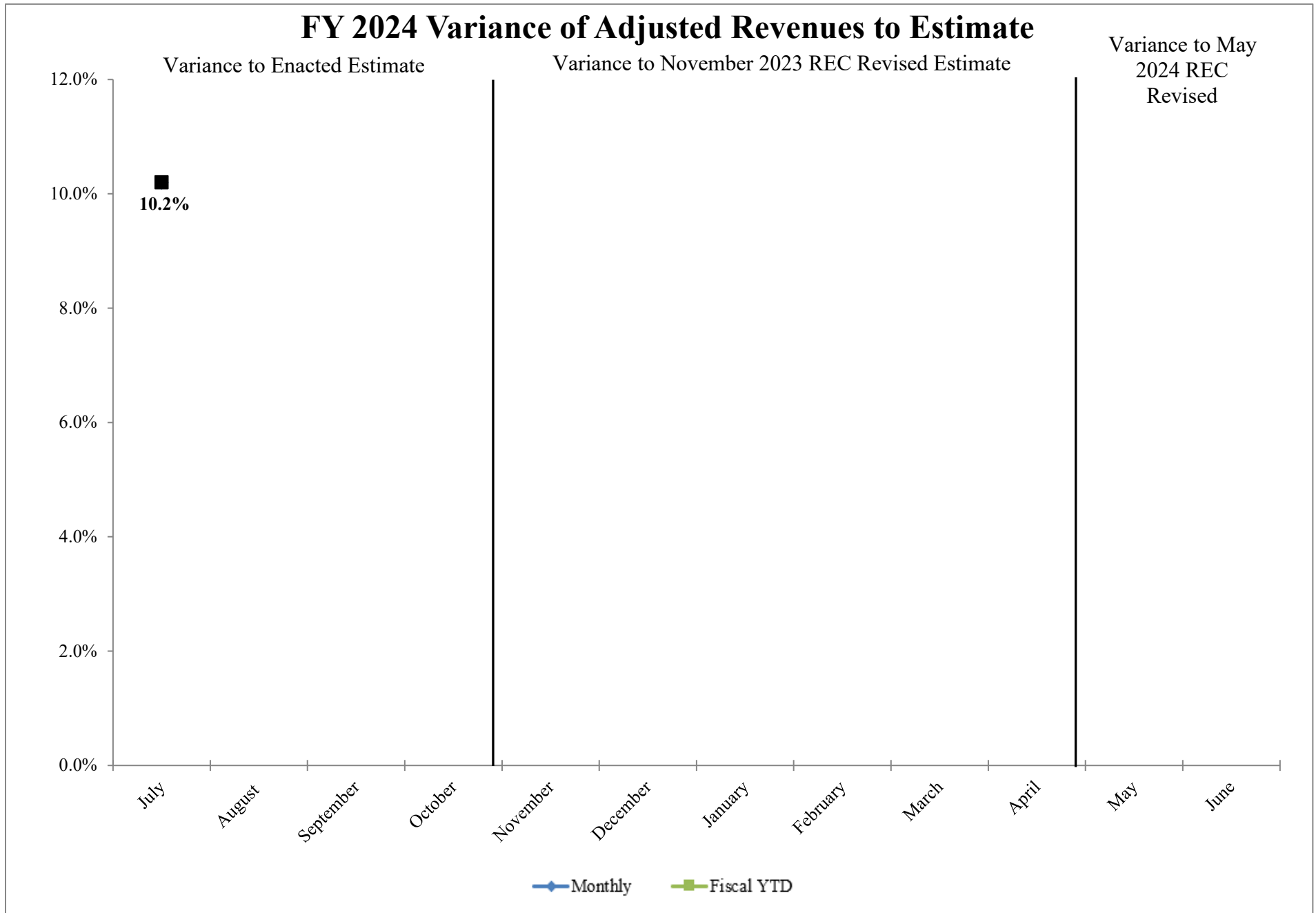
† FY 2024 expected revenues are based on the estimates enacted in the FY 2024 Budget. The estimate for public utilities gross earnings tax, insurance company gross premiums tax, departmental receipts, and the lottery transfer were calculated using modified revenue flows to align expected revenues with the actual realization of revenues.

+ Set equal to actual amounts received.

*Detailed notes on the following page*

**FY 2024 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 - \$(197,007)
  - business corporation tax - \$197,007
  - sales and use tax - \$139,200
  - cigarette and other tobacco products tax - \$(139,200)
- <sup>b</sup> Adds to personal income tax final payments \$1,465,598 in net revenues from pass-through entities made on behalf of shareholders received in FY 2024 YTD and recorded as business corporation tax payments. The offsetting amount was subtracted from business corporation tax.
- <sup>c</sup> Rebuild Rhode Island reimbursements included in year-to-date adjusted revenues are as follows:
  - personal income tax final payments - \$1,410,632
  - business corporation - \$100,427
  - insurance premiums gross earnings tax - \$7,036,709
  - sales and use tax refunds - \$4,190,805
- <sup>d</sup> Includes large, unusual estate tax payment(s) of \$4.6 million received in July 2023.
- <sup>e</sup> Subtracts \$947,456 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the July transfers that will occur in August.
- <sup>f</sup> Subtracts \$6,232,578 of FY 2023 hospital licensing fee payment(s) received in FY 2024 YTD and accrued back to FY 2023.
- <sup>g</sup> Adds \$257,016 for a late deposit of beach parking fees.



## 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-2024>.

### *Expected Monthly Breakdown of Revenue*

Table A provides the average percentages used to determine expected monthly and fiscal year-to-date revenues for July. 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>	
	July	YTD		July	YTD
Personal Income Taxes			Sales and Use Taxes	8.9%	8.9%
Estimated Payments	2.4%	2.4%	Cigarettes Taxes	9.4%	9.4%
Final Payments	1.7%	1.7%	Alcohol Excise Taxes	9.7%	9.7%
Withholding Payments	7.4%	7.4%	Estate and Transfer	9.4%	9.4%
Refunds/Adjustments	2.3%	2.3%	Racing and Athletics	7.3%	7.3%
Business Corporation Taxes	4.0%	4.0%	Realty Transfer	9.4%	9.4%
Utilities Gross Earnings Taxes	0.2%	0.2%	Departmental Receipts	4.5%	4.5%
Financial Institutions Taxes	0.3%	0.3%	Lottery Transfer	0.0%	0.0%
Insurance Co. Gross Premiums	0.3%	0.3%	Other Misc. Revenues	n/a	n/a
Bank Deposits	2.9%	2.9%	Unclaimed Property	0.0%	0.0%
Health Care Provider Assessment	8.7%	8.7%			

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 in the adjustment period after the end 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-2024>.

### ***FY 2024 Enacted Revenue Estimates***

The FY 2024 estimates by revenue item as enacted in the FY 2024 budget are as follows:

<b>Table B. FY 2024 Enacted Revenue Estimates by Major Revenue Item</b>			
<b>Revenue Item</b>	<b>Enacted FY 2024 Estimate</b>	<b>Revenue Item</b>	<b>Enacted FY 2024 Estimate</b>
Personal Income Taxes		Sales and Use Taxes	\$1,607,000,000
Estimated Payments	\$282,800,000	Cigarettes Taxes	122,454,299
Final Payments	508,100,000	Alcohol Excise Taxes	22,500,000
Withholding Payments	1,535,000,000	Estate and Transfer	55,500,000
Refunds/Adjustments	(441,137,557)	Racing and Athletics	500,000
Business Corporation Taxes	276,000,000	Realty Transfer	15,300,000
Public Utilities Gross Earnings	65,260,523	Departmental Receipts	518,247,032
Financial Institutions Taxes	34,500,000	Lottery	435,566,233
Insurance Co. Gross Premiums	158,200,130	Other Misc. Revenues	24,083,875
Bank Deposits	4,600,000	Unclaimed Property	16,500,000
Health Care Provider Assessment	41,200,000		
		<b>Total General Revenues *</b>	<b>\$5,283,074,535</b>
* The total general revenues estimate includes a personal income tax net accrual of \$900,000. Estimates include any general revenue changes enacted after the passage of the FY 2024 budget. Most notably, the total estimate includes \$7.0 million of revenue from iGaming, which was passed after the budget.			