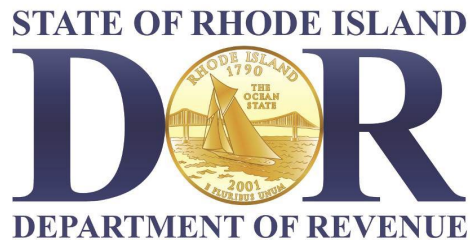


*STATE OF RHODE ISLAND*  
GOVERNOR DANIEL J. MCKEE



Office of Revenue Analysis

State of Rhode Island Revenue Assessment Report  
FY 2024 Monthly and Year-to-Date as of September 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 September**

ORA finds that FY 2024 adjusted total general revenues through September led the enacted FY 2024 expected total general revenues estimates through September by \$46.5 million, a variance of 4.0%.

Some notable variances to expected revenues are as follows:

- Revenue from business corporation tax was above estimates by \$11.8 million or 20.4%. September was the first quarterly estimated payment due date in the fiscal year.
- Personal income tax revenue was \$8.4 million more than expected a variance of 1.9%. Final and withholding payments were up \$13.6 million and \$7.1 million, respectively. Partially offsetting this was revenue from estimated payments, down \$14.3 million compared to the estimate. September was the first quarterly estimated payment due date in the fiscal year.

- Sales and use tax revenue was over the estimate by \$7.9 million on a year-to-date basis, with a variance of 1.9%. Sales and use tax revenue includes Rebuild Rhode Island reimbursements of \$4.2 million.
- Insurance company gross premiums tax revenue exceeded estimates by \$13.3 million through September. This item includes \$7.0 million in reimbursements from Rebuild Rhode Island tax credit fund (a semi-annual transfer to backfill past credit usage) and \$2.5 million in reimbursements from historic structures tax credits. Insurance revenue was also boosted by returned refund(s) of \$1.8 million.

### Results for Month of September

ORA finds that September 2023 adjusted total general revenues exceeded the expected total general revenues estimates for September by \$17.1 million, a variance of 3.4%. September was the first quarterly estimated payment due date of the fiscal year for personal income tax and most of the general business taxes.

Some notable variances to expected revenues are as follows:

- Revenue from business corporation tax was \$12.1 million, or 28.6%, above estimate for September.
- Departmental receipts were above estimate by \$5.9 million, or 35.0%
- Insurance company gross premiums tax revenue exceeded estimates by \$1.8 million in September. This item includes reimbursements from historic structures tax credits of \$2.5 million.
- Personal income tax revenue was \$2.3 million less than expected, a variance of -1.2%. Estimated payments were down \$12.4 million compared to the estimate, a variance of -20.7%. Partially offsetting this negative variance was final payments, which were above estimate by \$9.6 million for the month.

### 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  
October 18, 2023

Year-to-Date Estimate to Actual

	YTD September Adjusted Revenues FY 2024		YTD September Estimate of Enacted FY 2024 Revenues †	Difference	Variance
<b>Personal Income Tax</b>	\$ 444,481,719	a, b, c, d	\$ 436,088,320	\$ 8,393,399	1.9%
<b>General Business Taxes</b>					
Business Corporation †	69,757,679	a, b, c	57,946,580	11,811,099	20.4%
Public Utilities Gross Earnings	25,177,375		23,610,847	1,566,528	6.6%
Financial Institutions	7,403,080	a	6,863,067	540,014	7.9%
Insurance Company Gross Premiums	47,418,249	c, d	34,098,285	13,319,963	39.1%
Bank Deposits	1,150,380		1,058,030	92,350	8.7%
Health Care Provider Assessment	9,664,166		10,833,175	(1,169,009)	-10.8%
<b>Excise Taxes</b>					
Sales and Use	433,650,293	a	425,753,437	7,896,856	1.9%
Cigarettes	32,460,068	a	33,633,265	(1,173,196)	-3.5%
Alcohol	6,451,015		5,921,711	529,304	8.9%
Controlled Substances	-		-	-	n/a
<b>Other Taxes</b>					
Estate and Transfer	10,543,667	e	14,158,738	(3,615,070)	-25.5%
Racing and Athletics	153,445		130,369	23,076	17.7%
Realty Transfer	3,652,141	f	4,515,332	(863,191)	-19.1%
<b>Total Taxes</b>	\$ 1,091,963,277		\$ 1,054,611,154	\$ 37,352,122	3.5%
<b>Departmental Receipts †</b>	\$ 54,734,679	g	\$ 47,733,110	\$ 7,001,569	14.7%
<b>Taxes and Departmentals</b>	\$ 1,146,697,956		\$ 1,102,344,265	\$ 44,353,691	4.0%
<b>Other General Revenue Sources</b>					
Other Miscellaneous Revenues	666,919		666,919	-	0.0%
Lottery Transfer	72,259,166		70,118,756	2,140,410	3.1%
Unclaimed Property	-		-	-	n/a
<b>Total Other Sources</b>	\$ 72,926,085		\$ 70,785,674	\$ 2,140,410	3.0%
<b>Total General Revenues</b>	\$ 1,219,624,040		\$ 1,173,129,939	\$ 46,494,101	4.0%

PIT Component	YTD September Adj. Revenues		YTD September Enacted Estimates	Difference	Variance
Estimated payments	\$ 59,311,153		\$ 73,610,279	\$ (14,299,126)	-19.4%
Final payments †	55,673,423	b, c	42,075,821	13,597,601	32.3%
Withholding	356,800,306		349,710,241	7,090,065	2.0%
Refunds and Adjustments	(27,303,163)	a, d	(29,308,021)	2,004,858	-6.8%
<b>Total</b>	\$ 444,481,719		\$ 436,088,320	\$ 8,393,399	1.9%

† 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 - \$859,449
  - business corporation tax - \$(1,849,449)
  - financial institutions tax - \$990,000
  - sales and use tax - \$139,200
  - cigarette and other tobacco products tax - \$(139,200)
- <sup>b</sup> Adds to personal income tax final payments \$30,323,126 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 returned refund(s) of \$1,807,210 and historic structures tax credits reimbursements of \$2.5 million.
- <sup>e</sup> Includes large, unusual estate tax payment(s) of \$4.6 million received in July 2023.
- <sup>f</sup> Subtracts \$822,947 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the September transfers that will occur in October.
- <sup>g</sup> Subtracts \$8,128,631 of FY 2023 hospital licensing fee payment(s) received in FY 2024 YTD and accrued back to FY 2023.

**FY 2024 STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT**  
**Monthly Estimate to Actual**

	September 2023 Adjusted Revenues FY 2024		September 2023 Estimate of FY 2024 Enacted Revenues †		Difference	Variance
<b>Personal Income Tax</b>	\$ 189,335,931	a, b	\$ 191,624,196		\$ (2,288,265)	-1.2%
<b>General Business Taxes</b>						
Business Corporation †	54,235,605	a, b	42,158,163		12,077,442	28.6%
Public Utilities Gross Earnings	24,786,127		23,362,505		1,423,621	6.1%
Financial Institutions	7,246,604	a	6,622,031		624,573	9.4%
Insurance Company Gross Premiums	35,014,939	c	33,250,933		1,764,006	5.3%
Bank Deposits	1,145,788		983,465		162,323	16.5%
Health Care Provider Assessment	3,188,221		3,584,861		(396,640)	-11.1%
<b>Excise Taxes</b>						
Sales and Use	138,559,493	a	138,524,828		34,664	0.0%
Cigarettes	10,519,332	a	10,839,540		(320,207)	-3.0%
Alcohol	2,221,965		1,964,872		257,093	13.1%
Controlled Substances	-		-	+	-	n/a
<b>Other Taxes</b>						
Estate and Transfer	1,297,500		4,595,899		(3,298,399)	-71.8%
Racing and Athletics	50,651		43,722		6,930	15.8%
Realty Transfer	1,312,127	d	1,457,213		(145,085)	-10.0%
<b>Total Taxes</b>	\$ 468,914,284		\$ 459,012,228		\$ 9,902,056	2.2%
<b>Departmental Receipts †</b>	\$ 22,953,730	c	\$ 17,007,091		\$ 5,946,639	35.0%
<b>Taxes and Departmentals</b>	\$ 491,868,013		\$ 476,019,319		\$ 15,848,695	3.3%
<b>Other General Revenue Sources</b>						
Other Miscellaneous Revenues	217,502		217,502	+	-	0.0%
Lottery Transfer	35,368,005		34,069,614		1,298,391	3.8%
Unclaimed Property	-		-	+	-	n/a
<b>Total Other Sources</b>	\$ 35,585,507		\$ 34,287,117		\$ 1,298,391	3.8%
<b>Total General Revenues</b>	\$ 527,453,521		\$ 510,306,435		\$ 17,147,085	3.4%

PIT Component	September 2023 Adj. Revenues		September 2023 Enacted Estimates		Difference	Variance
Estimated payments	\$ 47,447,927		\$ 59,846,944		\$ (12,399,017)	-20.7%
Final payments †	35,506,154	b	25,952,794		9,553,360	36.8%
Withholding	111,999,328		114,358,902		(2,359,573)	-2.1%
Refunds and Adjustments	(5,617,479)	a	(8,534,444)		2,916,965	-34.2%
<b>Total</b>	\$ 189,335,931		\$ 191,624,196		\$ (2,288,265)	-1.2%

† 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.

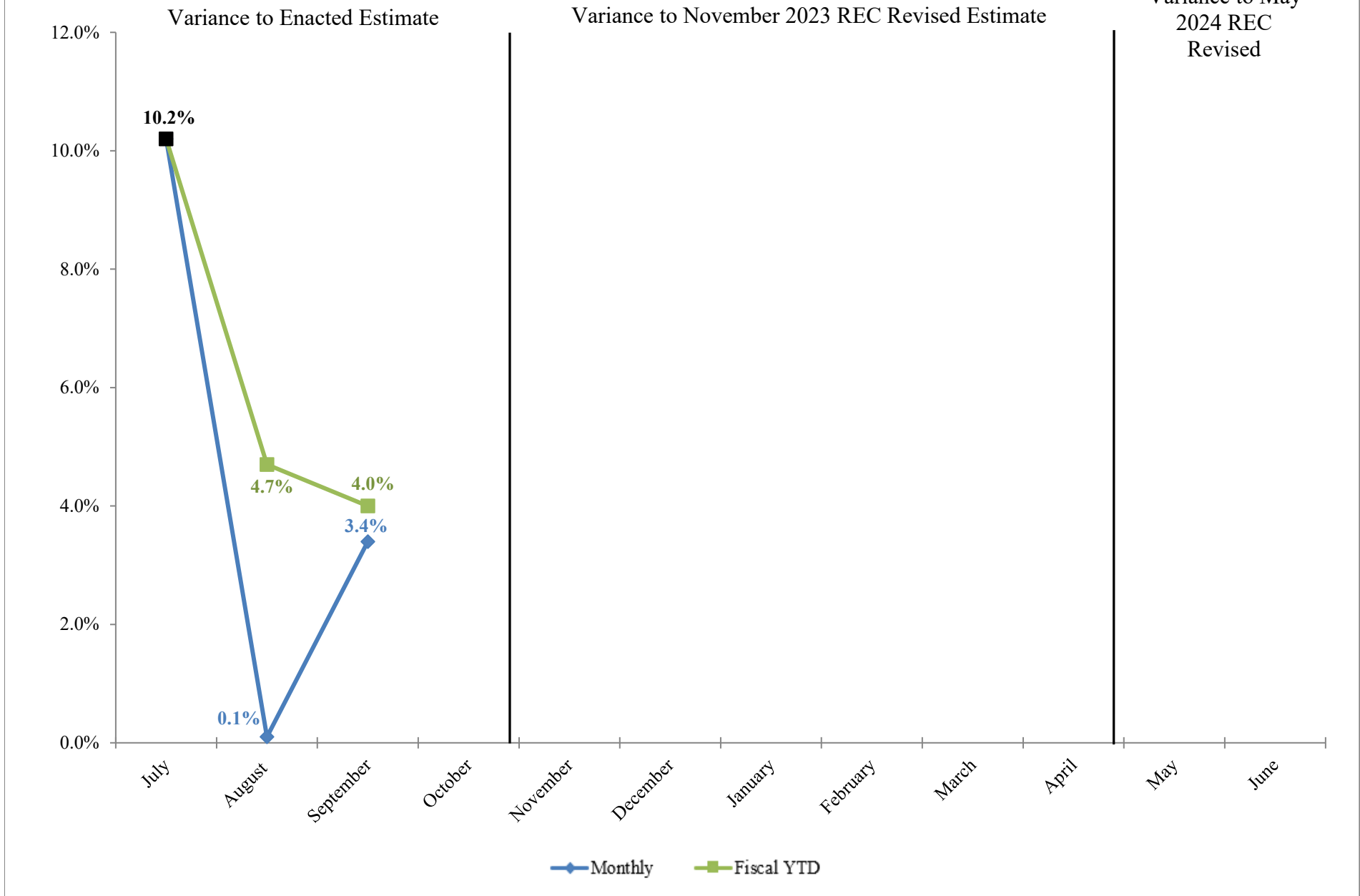
+ Set equal to actual amounts received.

*Detailed notes on the following page*

**FY 2024 STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT**  
**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 - \$1,275,600
  - business corporation tax - \$(2,265,600)
  - financial institutions tax - \$990,000
  - sales and use tax - \$139,200
  - cigarette and other tobacco products tax - \$(139,200)
- <sup>b</sup> Adds to personal income tax final payments \$25,991,461 in net revenues from pass-through entities made on behalf of shareholders received in September 2023 and recorded as business corporation tax payments. The offsetting amount was subtracted from business corporation tax.
- <sup>c</sup> Includes historic structures tax credits reimbursements of \$2.5 million.
- <sup>d</sup> Adds \$77,038 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the August transfers that occurred in September and the September transfers that will occur in October.
- <sup>e</sup> Subtracts \$948,027 of FY 2023 hospital licensing fee payment(s) received in September 2023 and accrued back to FY 2023.

# FY 2024 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-2024>.

### *Expected Monthly Breakdown of Revenue*

Table A provides the average percentages used to determine expected monthly and fiscal year-to-date revenues for September. 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>	
	Sept.	YTD		Sept.	YTD
Personal Income Taxes			Sales and Use Taxes	8.6%	26.5%
Estimated Payments	21.2%	26.0%	Cigarettes Taxes	8.9%	27.5%
Final Payments	2.5%	5.8%	Alcohol Excise Taxes	8.7%	26.3%
Withholding Payments	7.5%	22.8%	Estate and Transfer	8.6%	26.5%
Refunds/Adjustments	1.9%	6.7%	Racing and Athletics	8.7%	26.1%
Business Corporation Taxes	15.3%	21.0%	Realty Transfer	9.5%	29.5%
Utilities Gross Earnings Taxes	35.8%	36.2%	Departmental Receipts	5.6%	15.6%
Financial Institutions Taxes	19.2%	19.9%	Lottery Transfer	7.8%	16.1%
Insurance Co. Gross Premiums	21.0%	21.6%	Other Misc. Revenues	n/a	n/a
Bank Deposits	21.4%	23.0%	Unclaimed Property	0.0%	0.0%
Health Care Provider Assessment	8.7%	26.3%			

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.			