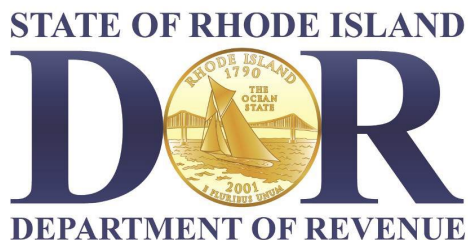


STATE OF RHODE ISLAND
GOVERNOR DANIEL J. MCKEE



Office of Revenue Analysis

State of Rhode Island Revenue Assessment Report
FY 2024 Monthly and Year-to-Date as of October 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. Next month's report will update expected revenue based on the REC held on November 10, 2023.

Results for FY 2024 Revenues through October

ORA finds that FY 2024 adjusted total general revenues through October led the enacted FY 2024 expected total general revenues estimates through October by \$77.8 million, a variance of 5.1%.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$29.3 million more than expected a variance of 5.2%. Withholding and final payments were up \$28.2 million and \$21.9 million, respectively. Partially offsetting this was revenue from estimated payments, which were \$16.3 million less than expected year-to-date.
- Revenue from business corporation tax was above estimates by \$21.3 million or 31.9%.
- Sales and use tax revenue was over the estimate by \$11.6 million on a year-to-date basis, with a variance of 2.1%. Sales and use tax revenue includes Rebuild Rhode Island reimbursements of \$4.2 million.

- Insurance company gross premiums tax revenue exceeded estimates by \$13.1 million through October. 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 usage of historic structures tax credits. Insurance revenue was also boosted by returned refund(s) of \$1.8 million.

Results for Month of October

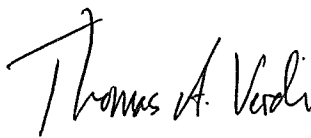
ORA finds that October 2023 adjusted total general revenues exceeded the expected total general revenues estimates for October by \$33.4 million, a variance of 9.4%.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$22.4 million more than expected, a variance of 17.9%. Withholding and final payments were up \$21.2 million and \$8.1 million, respectively, compared to the estimate. Partially offsetting this was refunds and adjustments, which were greater than the estimate by \$6.5 million for the month.
- Revenue from business corporation tax was \$8.2 million, or 96.8%, above estimate for October.
- Sales and use tax continued to be strong at \$3.7 million above estimate, a variance of 2.7%.

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
November 17, 2023

Year-to-Date Estimate to Actual

	YTD October Adjusted Revenues FY 2024			YTD October Estimate of Enacted FY 2024 Revenues †		Difference	Variance
Personal Income Tax	\$	590,342,684	a, b, c, d	\$	561,064,540	\$ 29,278,144	5.2%
General Business Taxes							
Business Corporation †		88,137,415	a, b, c, d		66,835,635	21,301,781	31.9%
Public Utilities Gross Earnings		25,466,443			23,798,346	1,668,098	7.0%
Financial Institutions		8,137,066	a		7,436,950	700,116	9.4%
Insurance Company Gross Premiums		48,218,148	d, e		35,148,656	13,069,492	37.2%
Bank Deposits		1,110,786			1,249,054	(138,268)	-11.1%
Health Care Provider Assessment		12,869,609			14,343,571	(1,473,962)	-10.3%
Excise Taxes							
Sales and Use		575,471,348	a		563,881,478	11,589,870	2.1%
Cigarettes		44,612,743	a		43,483,583	1,129,161	2.6%
Alcohol		7,565,010			7,720,428	(155,418)	-2.0%
Controlled Substances		-			-	-	n/a
Other Taxes							
Estate and Transfer		11,826,203	f		18,538,493	(6,712,290)	-36.2%
Racing and Athletics		219,850			175,240	44,611	25.5%
Realty Transfer		5,358,728	g		6,083,264	(724,535)	-11.9%
Total Taxes	\$	1,419,336,035		\$	1,349,759,236	\$ 69,576,799	5.2%
Departmental Receipts †	\$	77,609,314	h	\$	71,655,999	\$ 5,953,315	8.3%
Taxes and Departmentals	\$	1,496,945,349		\$	1,421,415,235	\$ 75,530,114	5.3%
Other General Revenue Sources							
Other Miscellaneous Revenues		1,049,020			1,049,020	-	0.0%
Lottery Transfer		107,243,042	i		105,004,921	2,238,121	2.1%
Unclaimed Property		-			-	-	n/a
Total Other Sources	\$	108,292,062		\$	106,053,941	\$ 2,238,121	2.1%
Total General Revenues	\$	1,605,237,411		\$	1,527,469,176	\$ 77,768,235	5.1%

PIT Component	YTD October Adj. Revenues			YTD October Enacted Estimates		Difference	Variance
Estimated payments	\$	67,483,321	c	\$	83,812,256	\$ (16,328,935)	-19.5%
Final payments †		82,191,597	b, d		60,324,813	21,866,784	36.2%
Withholding		496,808,650			468,565,323	28,243,327	6.0%
Refunds and Adjustments		(56,140,883)	a		(51,637,852)	(4,503,031)	8.7%
Total	\$	590,342,684		\$	561,064,540	\$ 29,278,144	5.2%

† 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
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 - \$4,374,449
 - business corporation tax - \$(5,364,449)
 - financial institutions tax - \$990,000
 - sales and use tax - \$139,200
 - cigarette and other tobacco products tax - \$(139,200)
- ^b Adds to personal income tax final payments \$33,071,504 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.
- ^c Subtracts from personal income tax \$1,694,541 in incorrect payments paid to personal income tax estimated payments for pass-through withholding instead of business corporation tax estimated payments. The offsetting amount was added to business corporation tax.
- ^d 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
- ^e Includes returned refund(s) of \$1,807,210 and historic structures tax credits reimbursements of \$2.5 million.
- ^f Includes large, unusual estate tax payment(s) of \$4.6 million received in July 2023.
- ^g Subtracts \$952,221 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the October transfers that will occur in November.
- ^h Subtracts \$9,076,658 of FY 2023 hospital licensing fee payment(s) received in FY 2024 YTD and accrued back to FY 2023.
- ⁱ Subtracts \$5,236,556 of revenues that were transferred in October 2023 but accrued back to FY 2023.

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

	October 2023 Adjusted Revenues FY 2024		October 2023 Estimate of FY 2024 Enacted Revenues †		Difference	Variance
Personal Income Tax	\$ 147,555,507	a, b	\$ 125,181,313		\$ 22,374,194	17.9%
General Business Taxes						
Business Corporation †	16,685,195	a, b	8,479,587		8,205,608	96.8%
Public Utilities Gross Earnings	289,068		187,499		101,569	54.2%
Financial Institutions	733,986	a	573,883		160,102	27.9%
Insurance Company Gross Premiums	799,899	c	1,050,371		(250,472)	-23.8%
Bank Deposits	(39,594)		191,024		(230,618)	-120.7%
Health Care Provider Assessment	3,205,443		3,510,396		(304,953)	-8.7%
Excise Taxes						
Sales and Use	141,821,056	a	138,128,041		3,693,014	2.7%
Cigarettes	12,152,675	a	9,850,318		2,302,357	23.4%
Alcohol	1,113,995		1,798,717		(684,722)	-38.1%
Controlled Substances	-		-	+	-	n/a
Other Taxes						
Estate and Transfer	1,282,535		4,379,755		(3,097,220)	-70.7%
Racing and Athletics	66,406		44,871		21,535	48.0%
Realty Transfer	1,706,588	c	1,567,932		138,656	8.8%
Total Taxes	\$ 327,372,758		\$ 294,943,706		\$ 32,429,052	11.0%
Departmental Receipts †	\$ 24,770,689	d	\$ 23,922,889		\$ 847,800	3.5%
Taxes and Departmentals	\$ 352,143,447		\$ 318,866,595		\$ 33,276,852	10.4%
Other General Revenue Sources						
Other Miscellaneous Revenues	382,101		382,101	+	-	0.0%
Lottery Transfer	34,983,876	c	34,886,165		97,711	0.3%
Unclaimed Property	-		-	+	-	n/a
Total Other Sources	\$ 35,365,977		\$ 35,268,266		\$ 97,711	0.3%
Total General Revenues	\$ 387,509,424		\$ 354,134,862		\$ 33,374,562	9.4%

PIT Component	October 2023 Adj. Revenues		October 2023 Enacted Estimates		Difference	Variance
Estimated payments	\$ 9,866,709		\$ 10,272,088		\$ (405,379)	-3.9%
Final payments †	26,518,174	b	18,383,974		8,134,200	44.2%
Withholding	140,008,344		118,855,082		21,153,262	17.8%
Refunds and Adjustments	(28,837,721)	a	(22,329,831)		(6,507,889)	29.1%
Total	\$ 147,555,507		\$ 125,181,313		\$ 22,374,194	17.9%

† 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.

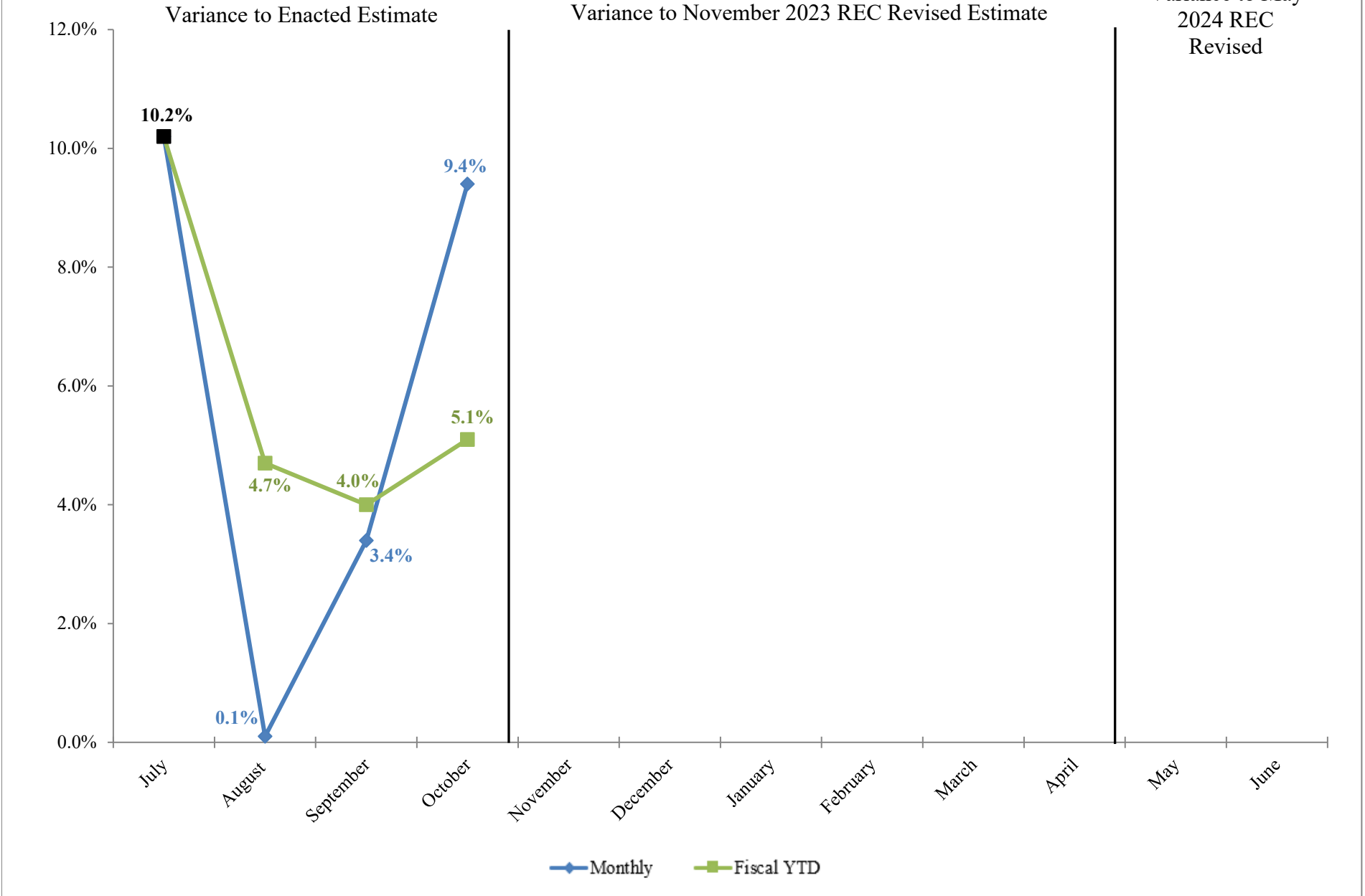
+ Set equal to actual amounts received.

Detailed notes on the following page

FY 2024 STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT
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 - \$3,715,000
 - business corporation tax - \$(3,715,000)
 - sales and use tax - \$139,200
 - cigarette and other tobacco products tax - \$(139,200)
 - departmental receipts - \$(234,706)
- ^b Adds to personal income tax final payments \$2,748,378 in net revenues from pass-through entities made on behalf of shareholders received in October 2023 and recorded as business corporation tax payments. The offsetting amount was subtracted from business corporation tax.
- ^c Subtracts \$129,274 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the September transfers that occurred in October and the October transfers that will occur in November.
- ^d Subtracts \$948,027 of FY 2023 hospital licensing fee payment(s) received in October 2023 and accrued back to FY 2023.
- ^e Subtracts \$5,236,556 of revenues that were transferred in October 2023 but 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 October. 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>	
	Oct.	YTD		Oct.	YTD
Personal Income Taxes			Sales and Use Taxes	8.6%	35.1%
Estimated Payments	3.6%	29.6%	Cigarettes Taxes	8.0%	35.5%
Final Payments	5.0%	10.8%	Alcohol Excise Taxes	8.0%	34.3%
Withholding Payments	7.7%	30.5%	Estate and Transfer	8.2%	34.7%
Refunds/Adjustments	5.1%	11.7%	Racing and Athletics	9.0%	35.0%
Business Corporation Taxes	3.1%	24.2%	Realty Transfer	10.2%	39.8%
Utilities Gross Earnings Taxes	0.3%	36.5%	Departmental Receipts	7.8%	23.4%
Financial Institutions Taxes	1.7%	21.6%	Lottery Transfer	8.0%	24.1%
Insurance Co. Gross Premiums	0.7%	22.2%	Other Misc. Revenues	n/a	n/a
Bank Deposits	4.2%	27.2%	Unclaimed Property	0.0%	0.0%
Health Care Provider Assessment	8.5%	34.8%			

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:

Table B. FY 2024 Enacted Revenue Estimates by Major Revenue Item			
Revenue Item	Enacted FY 2024 Estimate	Revenue Item	Enacted FY 2024 Estimate
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		
		Total General Revenues *	\$5,283,074,535
* 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.			