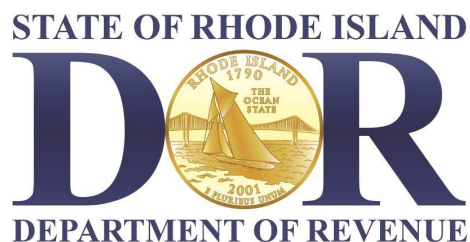


STATE OF RHODE ISLAND
GOVERNOR DANIEL J. MCKEE



Office of Revenue Analysis

State of Rhode Island Revenue Assessment Report
FY 2024 Monthly and Year-to-Date as of December 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 revised revenue estimates adopted at the November REC, held on November 10, 2023.

Results for FY 2024 Revenues through December

ORA finds that FY 2024 adjusted total general revenues through December trailed the revised FY 2024 expected total general revenue estimates through December by \$13.3 million, a variance of -0.5%.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$24.8 million less than expected, a variance of -2.7%. Withholding payments were down \$18.2 million compared to the estimate. Final and estimated payments were also down \$3.5 million and \$3.6 million, respectively.
- Revenue from business corporation tax was above the estimate by \$8.3 million or 6.2%.
- Revenues from insurance company gross premiums tax, sales and use tax, and departmental receipts were each above estimates by about \$4 million.
- Cigarettes and other tobacco tax revenues continued to be below estimates, with a negative difference of \$4.9 million or 7.3%.

Results for Month of December

ORA finds that December adjusted total general revenues led the revised monthly expected total general revenues estimate for December by \$2.2 million, a variance of 0.4%. December was the second quarterly estimated payment due date of the fiscal year for most of the general business taxes. December also includes sales and use tax payments for November activity.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$13.3 million less than expected, a variance of -6.7%. All personal income tax components were below estimates by more than \$1 million, with final payments having the largest negative difference at \$6.0 million. On a cash basis, withholding payments grew by 4.7% in December 2023 compared to December 2022.
- Revenue from business corporation tax was above estimates by \$13.8 million or 31.9%.
- Sales and use tax revenue was generally in line with estimates, with a positive variance of 1.4%.
- Insurance company gross premiums tax revenue was \$4.5 million, or 14.8%, above estimates.

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
January 18, 2024

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

	YTD December Adjusted Revenues FY 2024		YTD December Estimate of Revised FY 2024 Revenues †	Difference	Variance
Personal Income Tax	\$ 895,512,639	a, b, c, d	\$ 920,267,454	\$ (24,754,815)	-2.7%
General Business Taxes					
Business Corporation †	140,848,693	a, b, c, d	132,583,179	8,265,514	6.2%
Public Utilities Gross Earnings	49,979,069		49,750,984	228,085	0.5%
Financial Institutions	13,472,383	a	12,583,661	888,722	7.1%
Insurance Company Gross Premiums	83,193,974	c, d	79,028,408	4,165,566	5.3%
Bank Deposits	2,309,091		2,259,208	49,883	2.2%
Health Care Provider Assessment	19,551,764		19,361,376	190,388	1.0%
Excise Taxes					
Sales and Use	840,825,987	a	836,823,199	4,002,788	0.5%
Cigarettes	62,099,022	a	66,985,670	(4,886,648)	-7.3%
Alcohol	10,954,778		11,512,905	(558,127)	-4.8%
Controlled Substances	-		-	-	n/a
Other Taxes					
Estate and Transfer	23,508,919	c	24,482,624	(973,705)	-4.0%
Racing and Athletics	319,916		309,726	10,191	3.3%
Realty Transfer	8,153,704	f	8,898,345	(744,641)	-8.4%
Total Taxes	\$ 2,150,729,939		\$ 2,164,846,738	\$ (14,116,799)	-0.7%
Departmental Receipts †	\$ 122,127,416	g, h	\$ 118,127,223	\$ 4,000,193	3.4%
Taxes and Departmentals	\$ 2,272,857,355		\$ 2,282,973,961	\$ (10,116,605)	-0.4%
Other General Revenue Sources					
Other Miscellaneous Revenues	1,970,957		1,970,957	-	0.0%
Lottery Transfer	175,233,008	i	178,463,943	(3,230,935)	-1.8%
Unclaimed Property	-		-	-	n/a
Total Other Sources	\$ 177,203,965		\$ 180,434,900	\$ (3,230,935)	-1.8%
Total General Revenues	\$ 2,450,061,320		\$ 2,463,408,860	\$ (13,347,540)	-0.5%

PIT Component	YTD December Adj. Revenues		YTD December Revised Estimates	Difference	Variance
Estimated payments	\$ 86,313,811	c	\$ 89,873,619	\$ (3,559,808)	-4.0%
Final payments †	139,122,260	b, d	142,592,037	(3,469,777)	-2.4%
Withholding	754,892,850		773,052,089	(18,159,239)	-2.3%
Refunds and Adjustments	(84,816,282)	a	(85,250,291)	434,009	-0.5%
Total	\$ 895,512,639		\$ 920,267,454	\$ (24,754,815)	-2.7%

† FY 2024 expected revenues are based on the estimates adopted at the November 2023 Revenue Estimating Conference. 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 - \$3,668,345
 - business corporation tax - \$(4,908,345)
 - financial institutions tax - \$1,240,000
 - sales and use tax - \$139,200
 - cigarette and other tobacco products tax - \$(139,200)
- ^b Adds to personal income tax final payments \$78,214,552 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 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
- ^d Includes returned refund(s) of \$1,807,210 and historic structures tax credits reimbursements of \$2.5 million.
- ^e Includes large, unusual estate tax payment(s) of \$4.6 million received in July 2023.
- ^f Subtracts \$765,298 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the December transfers that will occur in January.
- ^g Subtracts \$10,972,711 of FY 2023 hospital licensing fee payment(s) received in FY 2024 YTD and accrued back to FY 2023.
- ^h Subtracts \$15.6 million for early payment(s) posted to securities license fees that were expected to have been posted in January 2024.
- 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

	December 2023 Adjusted Revenues FY 2024			December 2023 Estimate of FY 2024 Revised Revenues †		Difference	Variance
Personal Income Tax	\$	186,455,897	a, b	\$	199,780,356	\$ (13,324,459)	-6.7%
General Business Taxes							
Business Corporation †		57,222,498	a, b		43,397,429	13,825,069	31.9%
Public Utilities Gross Earnings		24,203,904			23,023,580	1,180,324	5.1%
Financial Institutions		5,247,508			4,461,404	786,104	17.6%
Insurance Company Gross Premiums		34,502,674	c		30,048,448	4,454,226	14.8%
Bank Deposits		1,060,163			1,099,340	(39,177)	-3.6%
Health Care Provider Assessment		3,344,919			3,163,097	181,822	5.7%
Excise Taxes							
Sales and Use		128,621,931	a		126,871,499	1,750,432	1.4%
Cigarettes		9,771,535	a		11,050,853	(1,279,318)	-11.6%
Alcohol		1,611,131			1,908,510	(297,379)	-15.6%
Controlled Substances		-			-	-	n/a
Other Taxes							
Estate and Transfer		3,581,293	a		6,110,242	(2,528,949)	-41.4%
Racing and Athletics		44,777			39,886	4,890	12.3%
Realty Transfer		1,312,608	c		1,365,275	(52,667)	-3.9%
Total Taxes	\$	456,980,838		\$	452,319,918	\$ 4,660,920	1.0%
Departmental Receipts †	\$	19,093,565	a, d, c	\$	19,068,797	\$ 24,768	0.1%
Taxes and Departmentals	\$	476,074,403		\$	471,388,715	\$ 4,685,688	1.0%
Other General Revenue Sources							
Other Miscellaneous Revenues		400,901			400,901	+	-
Lottery Transfer		32,285,569			34,815,779	(2,530,210)	-7.3%
Unclaimed Property		-			-	+	-
Total Other Sources	\$	32,686,470		\$	35,216,680	\$ (2,530,210)	-7.2%
Total General Revenues	\$	508,760,873		\$	506,605,395	\$ 2,155,478	0.4%

PIT Component	December 2023 Adj. Revenues			December 2023 Revised Estimates		Difference	Variance
Estimated payments	\$	13,008,324		\$	16,114,733	\$ (3,106,409)	-19.3%
Final payments †		47,021,066	b		52,990,944	(5,969,877)	-11.3%
Withholding		141,549,506			144,556,657	(3,007,151)	-2.1%
Refunds and Adjustments		(15,122,999)	a		(13,881,977)	(1,241,022)	8.9%
Total	\$	186,455,897		\$	199,780,356	\$ (13,324,459)	-6.7%

† FY 2024 expected revenues are based on the estimates adopted at the November 2023 Revenue Estimating Conference. 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.

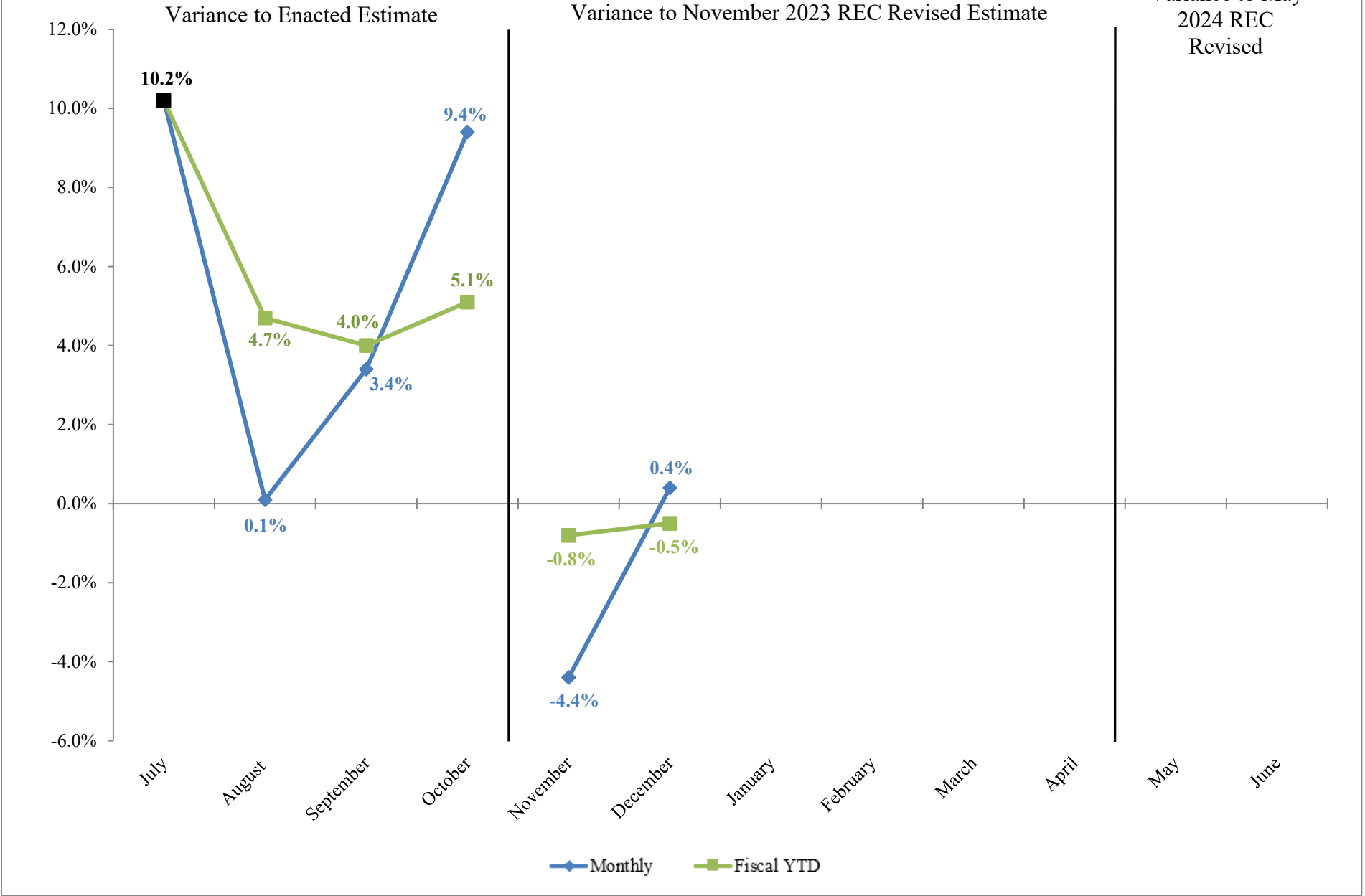
+ Set equal to actual amounts received.

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 - \$(663,318)
 - business corporation tax - \$413,318
 - financial institutions tax - \$250,000
- ^b Adds to personal income tax final payments \$41,890,528 in net revenues from pass-through entities made on behalf of shareholders received in December 2023 and recorded as business corporation tax payments. The offsetting amount was subtracted from business corporation tax.
- ^c Subtracts \$19,810 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the difference between the November transfers that occurred in December and the December transfers that will occur in January.
- ^d Subtracts \$948,027 of FY 2023 hospital licensing fee payment(s) received in December 2023 and accrued back to FY 2023.
- ^e Subtracts \$15.6 million for early payment(s) posted to securities license fees that were expected to have been posted in January 2024.

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 December. 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>	
	Dec.	YTD		Dec.	YTD
Personal Income Taxes			Sales and Use Taxes	7.8%	51.2%
Estimated Payments	6.9%	38.5%	Cigarettes Taxes	8.8%	53.3%
Final Payments	1.7%	14.2%	Alcohol Excise Taxes	8.4%	51.7%
Withholding Payments	9.3%	48.3%	Estate and Transfer	11.5%	58.5%
Refunds/Adjustments	3.0%	18.1%	Racing and Athletics	6.8%	50.4%
Business Corporation Taxes	14.8%	39.9%	Realty Transfer	8.6%	56.1%
Utilities Gross Earnings Taxes	34.4%	72.3%	Departmental Receipts	6.0%	36.6%
Financial Institutions Taxes	18.7%	40.1%	Lottery Transfer	8.0%	40.4%
Insurance Co. Gross Premiums	20.2%	43.0%	Other Misc. Revenues	n/a	n/a
Bank Deposits	23.0%	51.1%	Unclaimed Property	0.0%	0.0%
Health Care Provider Assessment	7.7%	50.6%			

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 Revised Revenue Estimates

The FY 2024 estimates by revenue item as revised at the November 2023 REC are as follows:

Table B. FY 2024 Revised Revenue Estimates by Major Revenue Item			
Revenue Item	Revised FY 2024 Estimate	Revenue Item	Revised FY 2024 Estimate
Personal Income Taxes		Sales and Use Taxes	\$1,628,600,000
Estimated Payments	\$231,800,000	Cigarettes Taxes	125,600,000
Final Payments	510,800,000	Alcohol Excise Taxes	22,500,000
Withholding Payments	1,574,600,000	Estate and Transfer	42,400,000
Refunds/Adjustments	(459,200,000)	Racing and Athletics	600,000
Business Corporation Taxes	310,900,000	Realty Transfer	14,900,000
Public Utilities Gross Earnings	67,800,000	Departmental Receipts	531,100,000
Financial Institutions Taxes	26,900,000	Lottery	436,800,000
Insurance Co. Gross Premiums	163,300,000	Other Misc. Revenues	30,200,000
Bank Deposits	4,600,000	Unclaimed Property	18,700,000
Health Care Provider Assessment	39,600,000		
		Total General Revenues *	\$5,318,400,000
* The total general revenues estimate includes a personal income tax net accrual of \$(4,100,000). Estimates include any general revenue changes enacted after the passage of the FY 2024 budget and included in the revised estimates adopted at the November 2023 REC. Most notably, the total estimate includes \$4.9 million of revenue from iGaming, which was passed after the budget and updated at the REC.			