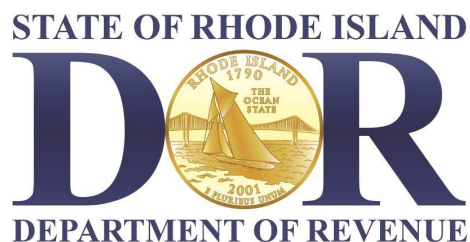


*STATE OF RHODE ISLAND*  
GOVERNOR DANIEL J. MCKEE



Office of Revenue Analysis

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

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 February**

ORA finds that FY 2024 adjusted total general revenues through February trailed the revised FY 2024 expected total general revenue estimates through February by \$6.2 million, a variance of -0.2%.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$41.8 million less than expected, a variance of -3.5%. All personal income tax components were down greater than \$1 million, with refunds and adjustments being the largest difference at \$(20.5 million).
- Revenue from business corporation tax was above the estimate by \$23.2 million or 15.7%.
- Insurance company gross premiums tax was \$4.1 million above the estimate, a variance of 5.1%
- Cigarettes and other tobacco tax revenues continued to be below estimates, with a negative difference of \$3.0 million or 3.6%.

- Revenues from departmental receipts were above estimates by \$15.6 million, largely driven by strength in interest payments on the state's general fund balance.

### **Results for Month of February**

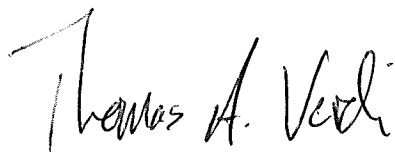
ORA finds that February adjusted total general revenues trailed the revised monthly expected total general revenues estimate for February by \$8.6 million, a variance of -3.3%.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$20.2 million less than expected, a variance of -31.4%. Refunds and adjustments revenue was above estimate by \$18.1 million or 23.4%. Withholding payments were below estimate by \$3.6 million. Above the estimate was final payments revenue, up \$2.3 million or 25.5%
- Revenue from business corporation tax continued to be strong coming in above estimates by \$4.9 million or 92.7%.
- Departmental receipts, cigarettes and other tobacco products tax, sales and use tax, and estate and transfer tax were all above estimates by more than \$1.0 million.

### **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  
March 20, 2024

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

	YTD February Adjusted Revenues FY 2024		YTD February Estimate of Revised FY 2024 Revenues †	Difference	Variance
<b>Personal Income Tax</b>	\$ 1,150,409,994	a, b, c, d	\$ 1,192,256,428	\$ (41,846,434)	-3.5%
<b>General Business Taxes</b>					
Business Corporation †	171,193,969	a, b, c	147,997,696	23,196,273	15.7%
Public Utilities Gross Earnings	50,672,451		50,163,777	508,674	1.0%
Financial Institutions	14,109,606	a	13,236,525	873,081	6.6%
Insurance Company Gross Premiums	84,178,803	c, d	80,122,719	4,056,083	5.1%
Bank Deposits	2,464,692		2,308,105	156,587	6.8%
Health Care Provider Assessment	26,460,409		26,110,452	349,957	1.3%
<b>Excise Taxes</b>					
Sales and Use	1,104,295,766	a, c	1,104,375,410	(79,643)	0.0%
Cigarettes	81,750,380	a	84,791,262	(3,040,883)	-3.6%
Alcohol	14,150,547		15,103,369	(952,823)	-6.3%
Controlled Substances	4,800		4,800 +	-	0.0%
<b>Other Taxes</b>					
Estate and Transfer	28,460,349	c	30,400,603	(1,940,253)	-6.4%
Racing and Athletics	423,776		406,128	17,649	4.3%
Realty Transfer	10,253,303	f	11,519,864	(1,266,561)	-11.0%
<b>Total Taxes</b>	\$ 2,738,828,845		\$ 2,758,797,139	\$ (19,968,294)	-0.7%
<b>Departmental Receipts †</b>	\$ 202,627,119	g	\$ 187,067,690	\$ 15,559,429	8.3%
<b>Taxes and Departmentals</b>	\$ 2,941,455,964		\$ 2,945,864,829	\$ (4,408,865)	-0.1%
<b>Other General Revenue Sources</b>					
Other Miscellaneous Revenues	2,641,777		2,641,777 +	-	0.0%
Lottery Transfer	245,550,163	h	247,293,438	(1,743,275)	-0.7%
Unclaimed Property	-		- +	-	n/a
<b>Total Other Sources</b>	\$ 248,191,940		\$ 249,935,215	\$ (1,743,275)	-0.7%
<b>Total General Revenues</b>	\$ 3,189,647,904		\$ 3,195,800,044	\$ (6,152,140)	-0.2%

PIT Component	YTD February Adj. Revenues		YTD February Revised Estimates	Difference	Variance
Estimated payments	\$ 143,386,677		\$ 150,071,916	\$ (6,685,238)	-4.5%
Final payments †	178,679,043	b, d, c	184,512,781	(5,833,737)	-3.2%
Withholding	1,032,197,793		1,041,010,605	(8,812,812)	-0.8%
Refunds and Adjustments	(203,853,520)	a	(183,338,874)	(20,514,646)	11.2%
<b>Total</b>	\$ 1,150,409,994		\$ 1,192,256,428	\$ (41,846,434)	-3.5%

† 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**

- <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 - \$1,985,642
  - business corporation tax - \$(3,225,642)
  - financial institutions tax - \$1,240,000
  - sales and use tax - \$139,200
  - cigarette and other tobacco products tax - \$(139,200)
  - departmental receipts - \$(263,994)
- <sup>b</sup> Adds to personal income tax final payments \$100,228,108 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 - \$1,720,108
  - business corporation tax - \$126,103
  - insurance premiums gross earnings tax - \$7,036,709
  - sales and use tax refunds - \$4,613,455
- <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 \$461,897 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the February transfers that will occur in March.
- <sup>g</sup> Subtracts \$11,920,738 of FY 2023 hospital licensing fee payment(s) received in FY 2024 YTD and accrued back to FY 2023.
- <sup>h</sup> 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**

	February 2024 Adjusted Revenues FY 2024		February 2024 Estimate of FY 2024 Revised Revenues †		Difference	Variance
<b>Personal Income Tax</b>	\$ 44,197,819	a, b	\$ 64,416,820		\$ (20,219,001)	-31.4%
<b>General Business Taxes</b>						
Business Corporation †	10,254,571	a, b	5,322,220		4,932,351	92.7%
Public Utilities Gross Earnings	442,127		66,396		375,731	565.9%
Financial Institutions	586,196		712,931		(126,735)	-17.8%
Insurance Company Gross Premiums	525,383		641,875		(116,492)	-18.1%
Bank Deposits	49,032		26,526		22,506	84.8%
Health Care Provider Assessment	3,546,997		3,416,604		130,394	3.8%
<b>Excise Taxes</b>						
Sales and Use	117,902,243	a	116,361,385		1,540,859	1.3%
Cigarettes	9,728,156	a	8,142,009		1,586,147	19.5%
Alcohol	1,580,141		1,298,798		281,343	21.7%
Controlled Substances	-		-	+	-	n/a
<b>Other Taxes</b>						
Estate and Transfer	4,624,968	a	3,610,198		1,014,770	28.1%
Racing and Athletics	50,908		48,937		1,972	4.0%
Realty Transfer	940,470	c	1,094,868		(154,398)	-14.1%
<b>Total Taxes</b>	\$ 194,429,012		\$ 205,159,566		\$ (10,730,555)	-5.2%
<b>Departmental Receipts †</b>	\$ 25,676,215	a, d	\$ 22,651,934		\$ 3,024,281	13.4%
<b>Taxes and Departmentals</b>	\$ 220,105,227		\$ 227,811,500		\$ (7,706,273)	-3.4%
<b>Other General Revenue Sources</b>						
Other Miscellaneous Revenues	391,483		391,483	+	-	0.0%
Lottery Transfer	33,356,145		34,225,832		(869,687)	-2.5%
Unclaimed Property	-		-	+	-	n/a
<b>Total Other Sources</b>	\$ 33,747,628		\$ 34,617,315		\$ (869,687)	-2.5%
<b>Total General Revenues</b>	\$ 253,852,854		\$ 262,428,815		\$ (8,575,960)	-3.3%

<b>PIT Component</b>	February 2024 Adj. Revenues		February 2024 Revised Estimates		Difference	Variance
Estimated payments	\$ 3,601,000		\$ 4,436,566		\$ (835,566)	-18.8%
Final payments †	11,518,530	b	9,179,748		2,338,782	25.5%
Withholding	124,658,475		128,244,973		(3,586,498)	-2.8%
Refunds and Adjustments	(95,580,187)	a	(77,444,467)		(18,135,720)	23.4%
<b>Total</b>	\$ 44,197,819		\$ 64,416,820		\$ (20,219,001)	-31.4%

† 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.

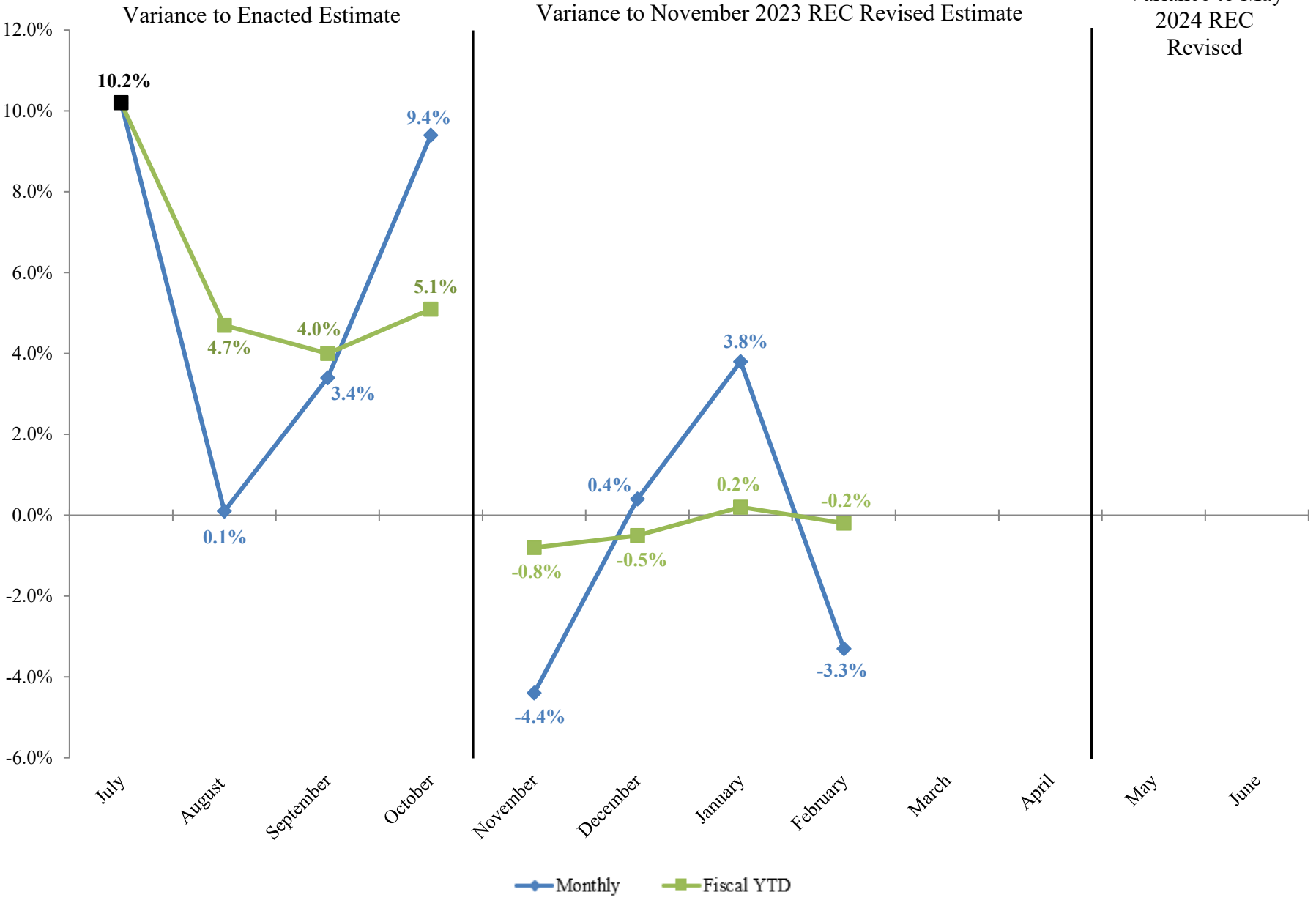
+ Set equal to actual amounts received.

*Detailed notes on the following page*

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

- <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 - \$(2,044,772)
  - business corporation tax - \$2,044,772
  - sales and use tax - \$139,200
  - cigarette and other tobacco products tax - \$(139,200)
  - departmental receipts - \$(263,994)
- <sup>b</sup> Adds to personal income tax final payments \$2,061,583 in net revenues from pass-through entities made on behalf of shareholders received in February 2024 and recorded as business corporation tax payments. The offsetting amount was subtracted from business corporation tax.
- <sup>c</sup> Adds \$138,930 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the difference between the January transfers that occurred in February and the February transfers that will occur in March.
- <sup>d</sup> Subtracts \$948,027 of FY 2023 hospital licensing fee payment(s) received in February 2024 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 February. 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>	
	Feb.	YTD		Feb.	YTD
Personal Income Taxes			Sales and Use Taxes	7.2%	67.7%
Estimated Payments	1.9%	64.3%	Cigarettes Taxes	6.5%	67.6%
Final Payments	2.1%	18.2%	Alcohol Excise Taxes	5.7%	67.5%
Withholding Payments	8.3%	65.6%	Estate and Transfer	6.9%	72.6%
Refunds/Adjustments	17.1%	39.8%	Racing and Athletics	8.4%	66.9%
Business Corporation Taxes	1.8%	45.2%	Realty Transfer	6.9%	72.6%
Utilities Gross Earnings Taxes	0.1%	47.8%	Departmental Receipts	7.2%	58.3%
Financial Institutions Taxes	3.0%	42.8%	Lottery Transfer	7.8%	56.2%
Insurance Co. Gross Premiums	0.8%	42.3%	Other Misc. Revenues	n/a	n/a
Bank Deposits	0.6%	52.2%	Unclaimed Property	0.0%	0.0%
Health Care Provider Assessment	8.3%	67.1%			

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:

<b>Table B. FY 2024 Revised Revenue Estimates by Major Revenue Item</b>			
<b>Revenue Item</b>	<b>Revised FY 2024 Estimate</b>	<b>Revenue Item</b>	<b>Revised FY 2024 Estimate</b>
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		
		<b>Total General Revenues *</b>	<b>\$5,318,400,000</b>
* 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.			