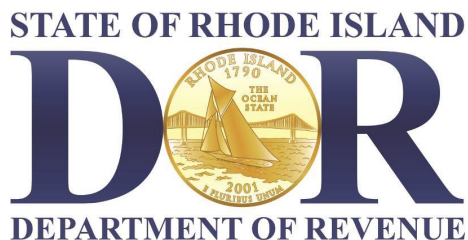


*STATE OF RHODE ISLAND*  
GOVERNOR DANIEL J. MCKEE



Office of Revenue Analysis

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

ORA finds that FY 2024 adjusted total general revenues through March led the revised FY 2024 expected total general revenue estimates through March by \$13.3 million, a variance of 0.4%.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$59.0 million less than expected, a variance of -4.4%. All personal income tax components were down greater than \$1 million, with refunds and adjustments being the largest difference at \$(19.4 million).
- Revenue from business corporation tax was above the estimate by \$54.5 million or 30.2%.
- Cigarettes and other tobacco tax revenues continued to be below estimates, with a negative difference of \$5.8 million or 6.2%.
- Revenues from departmental receipts were above estimates by \$9.6 million, largely driven by strength in interest payments on the state's general fund balance.

## Results for Month of March

ORA finds that March adjusted total general revenues led the revised monthly expected total general revenues estimate for March by \$19.5 million, a variance of 5.2%.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$17.2 million less than expected, a variance of -12.4%. This variance is primarily driven by final and withholding payments being below the estimate by \$9.8 million and \$7.7 million, respectively.
- Revenue from business corporation tax continued to be strong coming in above estimates by \$31.3 million or 96.7%.
- Financial institutions tax revenue was above the estimate by \$15.1 million or 248.6%. This difference is largely due to large, unusual payment(s).
- Departmental receipts revenue trailed the estimate by \$5.9 million or -27.3%, which is largely due to a large negative adjustment in interest payments on the state's general fund balance.

## 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  
April 17, 2024

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

	YTD March Adjusted Revenues FY 2024		YTD March Estimate of Revised FY 2024 Revenues †	Difference	Variance
<b>Personal Income Tax</b>	\$ 1,271,913,038	a, b, c, d	\$ 1,330,956,224	\$ (59,043,186)	-4.4%
<b>General Business Taxes</b>					
Business Corporation †	234,918,565	a, b, c	180,390,105	54,528,460	30.2%
Public Utilities Gross Earnings	51,814,882		51,027,173	787,709	1.5%
Financial Institutions	35,345,579	a	19,328,061	16,017,518	82.9%
Insurance Company Gross Premiums	88,962,002	c, d	88,017,225	944,776	1.1%
Bank Deposits	2,676,926		2,487,852	189,074	7.6%
Health Care Provider Assessment	29,708,546		29,322,231	386,315	1.3%
<b>Excise Taxes</b>					
Sales and Use	1,220,564,492	a, c	1,218,609,219	1,955,273	0.2%
Cigarettes	88,686,036	a	94,500,897	(5,814,861)	-6.2%
Alcohol	15,636,000		16,521,436	(885,436)	-5.4%
Controlled Substances	4,800		4,800	-	0.0%
<b>Other Taxes</b>					
Estate and Transfer	31,178,264	c	35,048,111	(3,869,847)	-11.0%
Racing and Athletics	480,297		456,021	24,276	5.3%
Realty Transfer	12,649,043	f, g	12,556,731	92,313	0.7%
<b>Total Taxes</b>	\$ 3,084,538,469		\$ 3,079,226,085	\$ 5,312,383	0.2%
<b>Departmental Receipts †</b>	\$ 218,430,981	h	\$ 208,806,243	\$ 9,624,738	4.6%
<b>Taxes and Departmentals</b>	\$ 3,302,969,450		\$ 3,288,032,328	\$ 14,937,121	0.5%
<b>Other General Revenue Sources</b>					
Other Miscellaneous Revenues	3,306,558		3,306,558	-	0.0%
Lottery Transfer	279,381,963	i	280,989,785	(1,607,822)	-0.6%
Unclaimed Property	-		-	-	n/a
<b>Total Other Sources</b>	\$ 282,688,521		\$ 284,296,343	\$ (1,607,822)	-0.6%
<b>Total General Revenues</b>	\$ 3,585,657,971		\$ 3,572,328,672	\$ 13,329,299	0.4%

PIT Component	YTD March Adj. Revenues		YTD March Revised Estimates	Difference	Variance
Estimated payments	\$ 149,618,255		\$ 157,103,520	\$ (7,485,266)	-4.8%
Final payments †	235,948,684	b, d, c	251,600,275	(15,651,591)	-6.2%
Withholding	1,178,465,244		1,194,998,342	(16,533,099)	-1.4%
Refunds and Adjustments	(292,119,144)	a	(272,745,914)	(19,373,231)	7.1%
<b>Total</b>	\$ 1,271,913,038		\$ 1,330,956,224	\$ (59,043,186)	-4.4%

† 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**  
**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 \$131,207,633 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 company gross premiums 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 \$656,518 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the March transfers that will occur in April.
- <sup>g</sup> Includes \$1.6 million in large, unusual controlling interest realty transfer tax payment(s). A portion of this will be transferred in April to the Housing Resources Commission, the Housing Production Fund, and the municipalit(ies) in which the transaction(s) occurred.
- <sup>h</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>i</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**

	March 2024 Adjusted Revenues FY 2024		March 2024 Estimate of FY 2024 Revised Revenues †		Difference	Variance
<b>Personal Income Tax</b>	\$ 121,503,044	b	\$ 138,699,796		\$ (17,196,752)	-12.4%
<b>General Business Taxes</b>						
Business Corporation †	63,724,596	a, b	32,392,409		31,332,187	96.7%
Public Utilities Gross Earnings	1,142,431		863,396		279,035	32.3%
Financial Institutions	21,235,973		6,091,535		15,144,438	248.6%
Insurance Company Gross Premiums	4,783,199	a	7,894,506		(3,111,307)	-39.4%
Bank Deposits	212,234		179,747		32,487	18.1%
Health Care Provider Assessment	3,248,137		3,211,778		36,358	1.1%
<b>Excise Taxes</b>						
Sales and Use	116,268,726		114,233,809		2,034,916	1.8%
Cigarettes	6,935,657		9,709,635		(2,773,978)	-28.6%
Alcohol	1,485,453		1,418,066		67,387	4.8%
Controlled Substances	-		-	+	-	n/a
<b>Other Taxes</b>						
Estate and Transfer	2,717,914		4,647,509		(1,929,594)	-41.5%
Racing and Athletics	56,520		49,893		6,627	13.3%
Realty Transfer	2,395,740	c, d	1,036,866		1,358,874	131.1%
<b>Total Taxes</b>	\$ 345,709,624		\$ 320,428,946		\$ 25,280,678	7.9%
<b>Departmental Receipts †</b>	\$ 15,803,862		\$ 21,738,553		\$ (5,934,691)	-27.3%
<b>Taxes and Departmentals</b>	\$ 361,513,486		\$ 342,167,499		\$ 19,345,987	5.7%
<b>Other General Revenue Sources</b>						
Other Miscellaneous Revenues	664,781		664,781	+	-	0.0%
Lottery Transfer	33,831,800		33,696,347		135,453	0.4%
Unclaimed Property	-		-	+	-	n/a
<b>Total Other Sources</b>	\$ 34,496,581		\$ 34,361,128		\$ 135,453	0.4%
<b>Total General Revenues</b>	\$ 396,010,067		\$ 376,528,627		\$ 19,481,440	5.2%

PIT Component	March 2024 Adj. Revenues		March 2024 Revised Estimates		Difference	Variance
Estimated payments	\$ 6,231,577		\$ 7,031,605		\$ (800,027)	-11.4%
Final payments †	57,269,640	b	67,087,494		(9,817,854)	-14.6%
Withholding	146,267,451		153,987,737		(7,720,286)	-5.0%
Refunds and Adjustments	(88,265,624)		(89,407,040)		1,141,416	-1.3%
<b>Total</b>	\$ 121,503,044		\$ 138,699,796		\$ (17,196,752)	-12.4%

† 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.

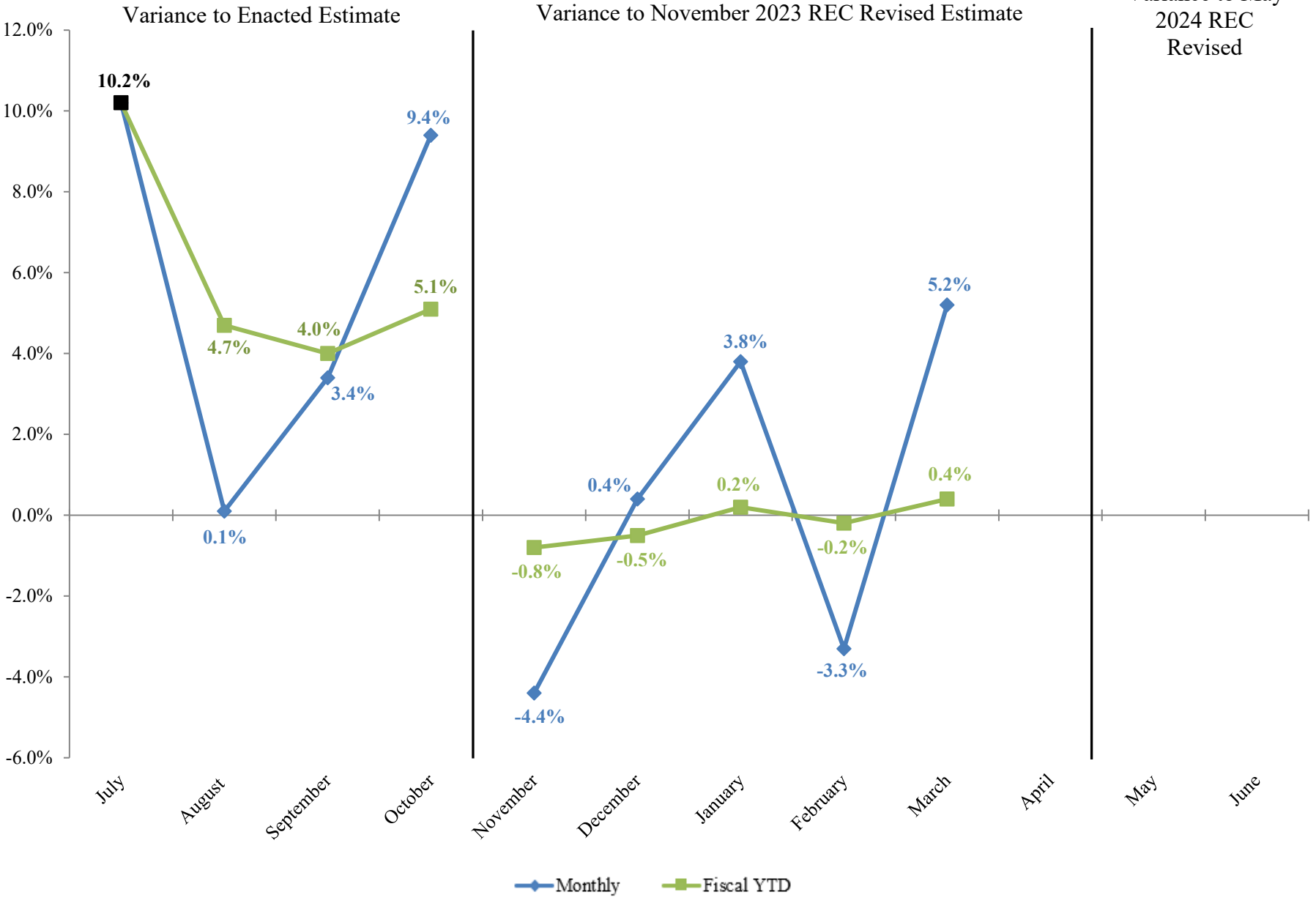
+ Set equal to actual amounts received.

*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.
  - business corporation tax - \$(238,046)
  - insurance company gross premiums tax - \$238,046
- <sup>b</sup> Adds to personal income tax final payments \$30,979,525 in net revenues from pass-through entities made on behalf of shareholders received in March 2024 and recorded as business corporation tax payments. The offsetting amount was subtracted from business corporation tax.
- <sup>c</sup> Subtracts \$194,621 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the difference between the February transfers that occurred in March and the March transfers that will occur in April.
- <sup>d</sup> Includes \$1.6 million in large, unusual controlling interest realty transfer tax payment(s). A portion of this will be transferred in April to the Housing Resources Commission, the Housing Production Fund, and the municipalit(ies) in which the transaction(s) occurred.

# 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 March. 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>	
	Mar.	YTD		Mar.	YTD
Personal Income Taxes			Sales and Use Taxes	7.0%	74.7%
Estimated Payments	3.0%	67.3%	Cigarettes Taxes	7.7%	75.4%
Final Payments	10.8%	29.1%	Alcohol Excise Taxes	6.2%	73.7%
Withholding Payments	9.9%	75.5%	Estate and Transfer	8.8%	78.4%
Refunds/Adjustments	19.7%	59.5%	Racing and Athletics	8.5%	75.4%
Business Corporation Taxes	11.0%	56.2%	Realty Transfer	6.5%	79.2%
Utilities Gross Earnings Taxes	0.8%	48.6%	Departmental Receipts	6.9%	65.2%
Financial Institutions Taxes	25.5%	68.3%	Lottery Transfer	7.7%	63.9%
Insurance Co. Gross Premiums	5.5%	49.1%	Other Misc. Revenues	n/a	n/a
Bank Deposits	3.8%	55.9%	Unclaimed Property	0.0%	0.0%
Health Care Provider Assessment	7.8%	74.9%			

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.			