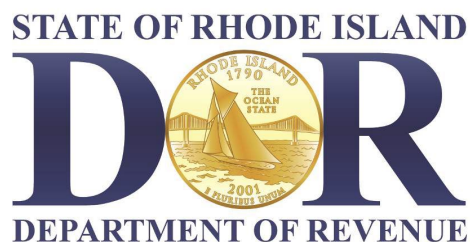


STATE OF RHODE ISLAND
GOVERNOR DANIEL J. MCKEE



Office of Revenue Analysis

State of Rhode Island Revenue Assessment Report
FY 2024 Monthly and Year-to-Date as of April 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. The next report will use revenue estimates from the recent May 2024 REC. The Division of Taxation extended the April and June filing and payment due dates for personal income tax and certain business taxes until July 15, 2024, which impacts the variances for these tax types to the extent that taxpayers made use of this option.¹

Results for FY 2024 Revenues through April

ORA finds that FY 2024 adjusted total general revenues through April led the revised FY 2024 expected total general revenue estimates through April by \$5.5 million, a variance of 0.1%.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$80.7 million less than expected, a variance of -5.1%. All personal income tax components, except withholding, were down greater than \$1 million, with refunds and adjustments being the largest difference at \$(47.4 million). Withholding payments were up \$14.6 million, or 1.1%, compared to the estimate. The

¹ Please see Taxation's Advisory 2024-16 for more information. https://tax.ri.gov/sites/g/files/xkgbur541/files/2024-04/ADV_2024_16_Extension.pdf

extension of the filing and payment due dates impacts estimated and final payments, as well as refunds and adjustments.

- Revenue from business corporation tax was above the estimate by \$52.5 million or 21.6%. The filing and payment due date extension impacts taxpayers who are single-member LLCs filing a RI-1065 or corporations filing the RI-1120C tax forms.
- Financial institutions tax revenue was greater than expected by \$21.0 million or 98.5%. The filing and payment due date extension impacts all taxpayers filing the T-74 form.
- Departmental receipts continued to be above estimates, with a positive difference of \$18.9 million or 7.8%, largely driven by strength in interest payments on the state's general fund balance and a large, unusual deposit from COVID-19 testing reimbursements of \$9.5 million in April.
- Revenue from cigarettes and other tobacco products taxes, estate and transfer tax, and the lottery transfer were below estimates by more than \$3 million.

Results for Month of April

ORA finds that April adjusted total general revenues trailed the revised monthly expected total general revenues estimate for April by \$7.8 million, a variance of 1.3%.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$21.6 million less than expected, a variance of -8.3%. This variance is primarily driven by refunds and adjustments leading the estimate by \$28.0 million and final payments trailing the estimate by \$22.8 million. Partially offsetting this negative variance are withholding payments, up \$31.1 million above estimate. April had five weekly withholding due dates instead of four, which impacts collections. The extension of the filing and payment due dates impacts estimated and final payments and refunds and adjustments.
- Financial institutions tax revenue continued to be strong at \$5.0 million above the estimate or 247.1%. This difference is largely due to large, unusual payment(s). The extension of the filing and payment due dates impacts all taxpayers filing the T-74 form.
- Departmental receipts revenue led the estimate by \$9.3 million or 27.6%. There was a large, unusual deposit from COVID-19 testing reimbursements of \$9.5 million in April.



Thomas A. Verdi
Director
Department of Revenue
May 16, 2024

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.

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

	YTD April Adjusted Revenues FY 2024		YTD April Estimate of Revised FY 2024 Revenues †	Difference	Variance
Personal Income Tax	\$ 1,510,146,363	a, b, c, d, e,	\$ 1,590,824,022	\$ (80,677,659)	-5.1%
General Business Taxes					
Business Corporation †	295,387,845	a, b, c, d	242,908,115	52,479,730	21.6%
Public Utilities Gross Earnings	78,251,572	d	78,411,436	(159,864)	-0.2%
Financial Institutions	42,396,257	a, d	21,359,140	21,037,117	98.5%
Insurance Company Gross Premiums	130,963,677	c, d, e	127,678,555	3,285,122	2.6%
Bank Deposits	3,837,209		3,459,676	377,533	10.9%
Health Care Provider Assessment	32,882,026		32,731,790	150,236	0.5%
Excise Taxes					
Sales and Use	1,355,769,297	a, c	1,352,466,523	3,302,774	0.2%
Cigarettes	100,155,498	a	104,111,150	(3,955,652)	-3.8%
Alcohol	17,383,577		18,571,425	(1,187,849)	-6.4%
Controlled Substances	4,800		4,800	-	0.0%
Other Taxes					
Estate and Transfer	34,765,858	g	38,336,558	(3,570,699)	-9.3%
Racing and Athletics	534,327		497,717	36,610	7.4%
Realty Transfer	13,065,036	h, i	13,682,481	(617,445)	-4.5%
Total Taxes	\$ 3,615,543,342		\$ 3,625,043,388	\$ (9,500,046)	-0.3%
Departmental Receipts †	\$ 261,341,066	j, k	\$ 242,437,790	\$ 18,903,276	7.8%
Taxes and Departmentals	\$ 3,876,884,409		\$ 3,867,481,178	\$ 9,403,231	0.2%
Other General Revenue Sources					
Other Miscellaneous Revenues	4,188,446		4,188,446	-	0.0%
Lottery Transfer	318,868,250	l	322,747,614	(3,879,364)	-1.2%
Unclaimed Property	-		-	-	n/a
Total Other Sources	\$ 323,056,696		\$ 326,936,061	\$ (3,879,364)	-1.2%
Total General Revenues	\$ 4,199,941,105		\$ 4,194,417,238	\$ 5,523,866	0.1%

PIT Component	YTD April Adj. Revenues		YTD April Revised Estimates	Difference	Variance
Estimated payments	\$ 176,477,526	d	\$ 185,944,991	\$ (9,467,465)	-5.1%
Final payments †	431,551,869	b, d, c	469,964,215	(38,412,346)	-8.2%
Withholding	1,330,852,087		1,316,236,859	14,615,229	1.1%
Refunds and Adjustments	(428,735,119)	a, d	(381,322,042)	(47,413,077)	12.4%
Total	\$ 1,510,146,363		\$ 1,590,824,022	\$ (80,677,659)	-5.1%

† 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

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- ^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 - \$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)
- ^b Adds to personal income tax final payments \$162,639,643 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 - \$1,720,108
 - business corporation tax - \$126,103
 - insurance company gross premiums tax - \$7,036,709
 - sales and use tax refunds - \$4,613,455
- ^d The Division of Taxation extended the filing and payment due dates for personal income tax and certain business taxes until July 15, 2024.
- ^e Includes returned refund(s) of \$1,807,210 and historic structures tax credits reimbursements of \$2.5 million.
- ^f Adds \$1,133,887 for April historic structures tax credit reimbursements that were not posted until May.
- ^g Includes large, unusual estate tax payment(s) of \$4.6 million received in July 2023.
- ^h Subtracts \$441,255 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the April transfers that will occur in May.
- ⁱ Includes \$497,539 in large, unusual controlling interest realty transfer tax payment(s).
- ^j Subtracts \$11,920,738 of FY 2023 hospital licensing fee payment(s) received in FY 2024 YTD and accrued back to FY 2023.
- ^k Includes a large, unusual deposit from COVID-19 testing reimbursements of \$9.5 million.
- ^l 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

	April 2024 Adjusted Revenues FY 2024		April 2024 Estimate of FY 2024 Revised Revenues †		Difference	Variance
Personal Income Tax	\$ 238,233,325	b, c, d	\$ 259,867,798		\$ (21,634,473)	-8.3%
General Business Taxes						
Business Corporation †	60,469,281	a, b, d	62,518,010		(2,048,729)	-3.3%
Public Utilities Gross Earnings	26,436,691	d	27,384,264		(947,573)	-3.5%
Financial Institutions	7,050,678	d	2,031,079		5,019,599	247.1%
Insurance Company Gross Premiums	42,001,676	a	39,661,330		2,340,346	5.9%
Bank Deposits	1,160,283		971,824		188,459	19.4%
Health Care Provider Assessment	3,173,480		3,409,559		(236,080)	-6.9%
Excise Taxes						
Sales and Use	135,204,805		133,857,304		1,347,501	1.0%
Cigarettes	11,469,462		9,610,253		1,859,208	19.3%
Alcohol	1,747,577		2,049,990		(302,413)	-14.8%
Controlled Substances	-		-	+	-	n/a
Other Taxes						
Estate and Transfer	3,587,595		3,288,446		299,148	9.1%
Racing and Athletics	54,030		41,696		12,335	29.6%
Realty Transfer	415,993	e, f	1,125,750		(709,757)	-63.0%
Total Taxes	\$ 531,004,873		\$ 545,817,303		\$ (14,812,429)	-2.7%
Departmental Receipts †	\$ 42,910,085		\$ 33,631,547		\$ 9,278,538	27.6%
Taxes and Departmentals	\$ 573,914,959	g	\$ 579,448,850		\$ (5,533,891)	-1.0%
Other General Revenue Sources						
Other Miscellaneous Revenues	881,888		881,888	+	-	0.0%
Lottery Transfer	39,486,287		41,757,829		(2,271,542)	-5.4%
Unclaimed Property	-		-	+	-	n/a
Total Other Sources	\$ 40,368,175		\$ 42,639,717		\$ (2,271,542)	-5.3%
Total General Revenues	\$ 614,283,134		\$ 622,088,567		\$ (7,805,433)	-1.3%

	April 2024 Adj. Revenues		April 2024 Revised Estimates		Difference	Variance
PIT Component						
Estimated payments	\$ 26,859,271	d	\$ 28,841,470		\$ (1,982,199)	-6.9%
Final payments †	195,603,185	b, d	218,363,940		(22,760,755)	-10.4%
Withholding	152,386,843		121,238,516		31,148,327	25.7%
Refunds and Adjustments	(136,615,975)	d	(108,576,129)		(28,039,846)	25.8%
Total	\$ 238,233,325		\$ 259,867,798		\$ (21,634,473)	-8.3%

† 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.

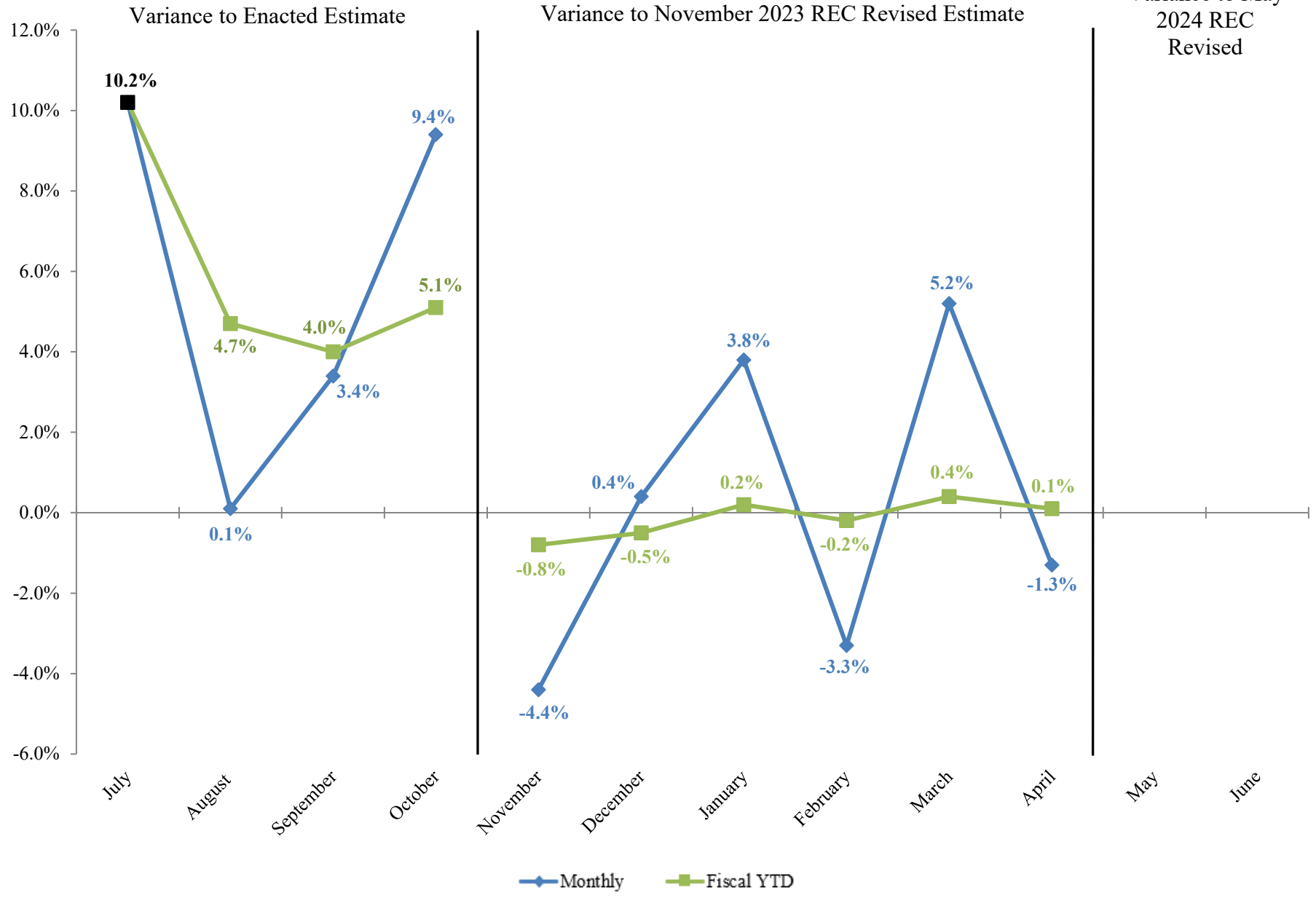
+ Set equal to actual amounts received.

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 - \$(1,736,987)
 - business corporation tax - \$1,736,987
 - departmental receipts - \$263,594
- ^b Adds to personal income tax final payments \$31,432,010 in net revenues from pass-through entities made on behalf of shareholders received in April 2024 and recorded as business corporation tax payments. The offsetting amount was subtracted from business corporation tax.
- ^c Adds \$1,133,887 for April historic structures tax credit reimbursements that were not posted until May.
- ^d The Division of Taxation extended the filing and payment due dates for personal income tax and certain business taxes until July 15, 2024.
- ^e Adds \$215,263 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the difference between the March transfers that occurred in April and the April transfers that will occur in May.
- ^f Includes transfer(s) of \$213,154 from large, unusual controlling interest realty transfer tax payment(s) that occurred in March. This figure is the portion transferred to the municipalit(ies). The transfers to HRC and HPF are accounted for in the figure above.
- ^g Includes a large, unusual deposit from COVID-19 testing reimbursements of \$9.5 million.

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 April. 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>	
	Apr.	YTD		Apr.	YTD
Personal Income Taxes			Sales and Use Taxes	8.3%	83.0%
Estimated Payments	12.4%	79.6%	Cigarettes Taxes	7.7%	83.1%
Final Payments	64.3%	93.3%	Alcohol Excise Taxes	9.0%	82.7%
Withholding Payments	7.8%	83.3%	Estate and Transfer	6.2%	84.6%
Refunds/Adjustments	23.9%	83.4%	Racing and Athletics	7.1%	82.5%
Business Corporation Taxes	21.3%	77.5%	Realty Transfer	7.1%	86.3%
Utilities Gross Earnings Taxes	26.8%	75.5%	Departmental Receipts	10.6%	75.9%
Financial Institutions Taxes	8.5%	76.8%	Lottery Transfer	9.3%	73.2%
Insurance Co. Gross Premiums	26.7%	75.8%	Other Misc. Revenues	n/a	n/a
Bank Deposits	20.3%	76.2%	Unclaimed Property	0.0%	0.0%
Health Care Provider Assessment	8.3%	83.3%			

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 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.			