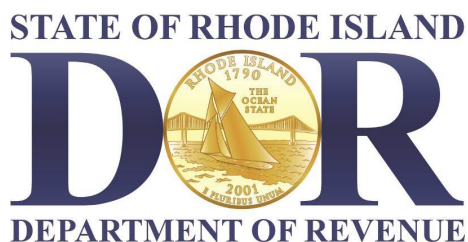


STATE OF RHODE ISLAND
GOVERNOR DANIEL J. MCKEE



Office of Revenue Analysis

State of Rhode Island Revenue Assessment Report
FY 2024 Monthly and Year-to-Date as of May 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 May 2024 REC, held on May 10, 2024. 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 May

ORA finds that FY 2024 adjusted total general revenues through May led the revised FY 2024 expected total general revenue estimates through May by \$7.4 million, a variance of 0.2%.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$5.1 million less than expected, a variance of -0.3%. Withholding payments were down \$13.6 million, or 0.9%, compared to the estimate and final payments were down \$2.8 million, or 0.6%. Refunds and adjustments had a positive variance of \$12.1 million, partially offsetting the deficit in the other personal income tax components. The extension of the filing and payment due dates impacts estimated and final payments, as well as refunds and adjustments.

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

- Sales and use tax slightly trailed the estimate, with a variance of \$(1.9 million) or -0.1%.
- Insurance company gross premiums tax was \$3.7 million above the estimate, a variance of 2.8%. The filing and payment due date extension impacts all taxpayers filing the T-71 form.
- Departmental receipts were above estimates, with a positive difference of \$11.9 million or 4.2%, largely driven by strength in interest payments on the state's general fund balance.

Results for Month of May

The table, *Monthly Estimate to Actual*, gives the results for May 2024. Given that May is the first month of the fiscal year after the adoption of the revised revenue estimates at the May 2024 REC, the nominal differences between the monthly adjusted revenues and expected revenues are the same as the above year-to-date nominal differences. The monthly percentage changes, however, are larger than the fiscal year-to-date percentage changes due to the smaller nominal base that comprises monthly revenues.

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
June 20, 2024

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

	YTD May Adjusted Revenues FY 2024		YTD May Estimate of Revised FY 2024 Revenues †		Difference	Variance
Personal Income Tax	\$ 1,616,450,310	a, b, c, d, e,	\$ 1,621,537,224		\$ (5,086,915)	-0.3%
General Business Taxes						
Business Corporation †	305,948,707	a, b, c, d	306,026,738		(78,031)	0.0%
Public Utilities Gross Earnings	78,264,684	d, e	78,365,926		(101,242)	-0.1%
Financial Institutions	42,327,717	a, d	42,453,192		(125,474)	-0.3%
Insurance Company Gross Premiums	136,325,827	c, d, f	132,593,721		3,732,105	2.8%
Bank Deposits	3,829,377		3,837,209		(7,832)	-0.2%
Health Care Provider Assessment	36,345,224		36,285,585		59,639	0.2%
Excise Taxes						
Sales and Use	1,489,074,663	a, c	1,490,931,772		(1,857,109)	-0.1%
Cigarettes	110,059,889	a	110,189,215		(129,327)	-0.1%
Alcohol	19,229,182		19,263,707		(34,525)	-0.2%
Controlled Substances	4,800		4,800	+	-	0.0%
Other Taxes						
Estate and Transfer	40,809,936	g	39,937,296		872,640	2.2%
Racing and Athletics	601,154		571,011		30,144	5.3%
Realty Transfer	13,877,742	h, i	14,535,791		(658,049)	-4.5%
Total Taxes	\$ 3,893,149,213		\$ 3,896,533,188		\$ (3,383,975)	-0.1%
Departmental Receipts †	\$ 296,537,750	j, k	\$ 284,610,540		\$ 11,927,209	4.2%
Taxes and Departmentals	\$ 4,189,686,962		\$ 4,181,143,728		\$ 8,543,234	0.2%
Other General Revenue Sources						
Other Miscellaneous Revenues	4,744,269		4,744,269	+	-	0.0%
Lottery Transfer	354,520,519	l	355,642,431		(1,121,912)	-0.3%
Unclaimed Property	-		-	+	-	n/a
Total Other Sources	\$ 359,264,788		\$ 360,386,700		\$ (1,121,912)	-0.3%
Total General Revenues	\$ 4,548,951,750		\$ 4,541,530,428		\$ 7,421,322	0.2%

PIT Component	YTD May Adj. Revenues		YTD May Revised Estimates		Difference	Variance
Estimated payments	\$ 181,526,900	d	\$ 182,255,253		\$ (728,352)	-0.4%
Final payments †	441,485,159	b, d, c	444,312,399		(2,827,241)	-0.6%
Withholding	1,449,800,083		1,463,426,809		(13,626,726)	-0.9%
Refunds and Adjustments	(456,361,833)	a, d	(468,457,236)		12,095,404	-2.6%
Total	\$ 1,616,450,310		\$ 1,621,537,224		\$ (5,086,915)	-0.3%

† FY 2024 expected revenues are based on the estimates adopted at the May 2024 Revenue Estimating Conference. The estimates for personal income tax final payments, 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 - \$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 \$164,265,096 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 Refunds issued for the gross receipts tax suspension for gas and electric total \$1,814,347 year-to-date.
- ^f Includes returned refund(s) of \$1,807,210 and historic structures tax credits reimbursements of \$2.5 million.
- ^g Includes large, unusual estate tax payment(s) of \$4.6 million received in July 2023.
- ^h Subtracts \$1,214,559 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the May transfers that will occur in June.
- 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

	May 2024 Adjusted Revenues FY 2024		May 2024 Estimate of FY 2024 Revised Revenues †		Difference	Variance
Personal Income Tax	\$ 106,303,947	b, c, d	\$ 111,390,862		\$ (5,086,915)	-4.6%
General Business Taxes						
Business Corporation †	10,560,862	a, b, d	10,638,893		(78,031)	-0.7%
Public Utilities Gross Earnings	13,112	d	114,354		(101,242)	-88.5%
Financial Institutions	(68,540)	d	56,935		(125,474)	-220.4%
Insurance Company Gross Premiums	5,362,149	a	1,630,044		3,732,105	229.0%
Bank Deposits	(7,832)		-		(7,832)	n/a
Health Care Provider Assessment	3,463,199		3,403,560		59,639	1.8%
Excise Taxes						
Sales and Use	133,305,366		135,162,475		(1,857,109)	-1.4%
Cigarettes	9,904,391		10,033,717		(129,327)	-1.3%
Alcohol	1,845,606		1,880,130		(34,525)	-1.8%
Controlled Substances	-		-	+	-	n/a
Other Taxes						
Estate and Transfer	6,044,078		5,171,437		872,640	16.9%
Racing and Athletics	66,827		36,683		30,144	82.2%
Realty Transfer	371,451	e	1,029,499		(658,049)	-63.9%
Total Taxes	\$ 277,164,615		\$ 280,548,590		\$ (3,383,975)	-1.2%
Departmental Receipts †	\$ 35,196,683		\$ 23,269,474		\$ 11,927,209	51.3%
Taxes and Departmentals	\$ 312,361,298	f	\$ 303,818,064		\$ 8,543,234	2.8%
Other General Revenue Sources						
Other Miscellaneous Revenues	555,822		555,822	+	-	0.0%
Lottery Transfer	35,652,269		36,774,181		(1,121,912)	-3.1%
Unclaimed Property	-		-	+	-	n/a
Total Other Sources	\$ 36,208,091		\$ 37,330,004		\$ (1,121,912)	-3.0%
Total General Revenues	\$ 348,569,390		\$ 341,148,068		\$ 7,421,322	2.2%

PIT Component	May 2024 Adj. Revenues		May 2024 Revised Estimates		Difference	Variance
Estimated payments	\$ 5,049,374	d	\$ 5,777,727		\$ (728,352)	-12.6%
Final payments †	9,933,290	b, d	12,760,530		(2,827,241)	-22.2%
Withholding	118,947,996		132,574,722		(13,626,726)	-10.3%
Refunds and Adjustments	(27,626,713)	d	(39,722,117)		12,095,404	-30.5%
Total	\$ 106,303,947		\$ 111,390,862		\$ (5,086,915)	-4.6%

† FY 2024 expected revenues are based on the estimates adopted at the May 2024 Revenue Estimating Conference. The estimates for personal income tax final payments, 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.

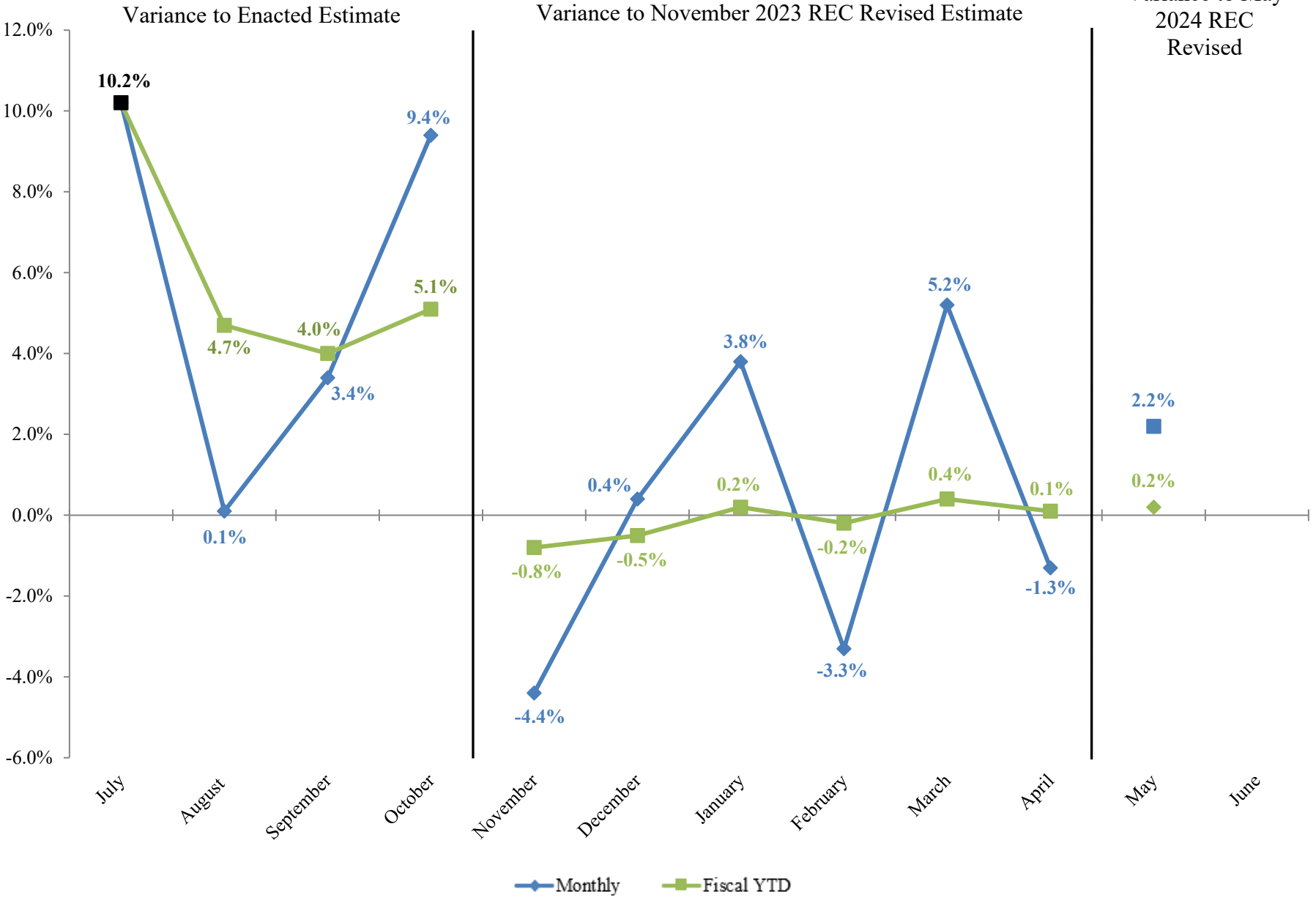
+ Set equal to actual amounts received.

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 - \$(213,406)
 - sales and use tax - \$139,200
 - cigarette and other tobacco products tax - \$(139,200)
 - realty transfer tax - \$213,406
- ^b Adds to personal income tax final payments \$1,625,452 in net revenues from pass-through entities made on behalf of shareholders received in May 2024 and recorded as business corporation tax payments. The offsetting amount was subtracted from business corporation tax.
- ^c Subtracts \$1,133,887 for April historic structures tax credit reimbursements that were not posted until May.
- ^d Refunds issued for the gross receipts tax suspension for gas and electric totaled \$288,763 in May.
- ^e Subtracts \$1,214,559 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the May transfers that will occur in June.

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 May. 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>	
	May	YTD		May	YTD
Personal Income Taxes			Sales and Use Taxes	8.1%	91.1%
Estimated Payments	2.8%	82.4%	Cigarettes Taxes	8.0%	90.9%
Final Payments	3.4%	96.8%	Alcohol Excise Taxes	8.7%	91.5%
Withholding Payments	8.3%	91.6%	Estate and Transfer	8.3%	92.9%
Refunds/Adjustments	8.8%	92.3%	Racing and Athletics	9.8%	92.3%
Business Corporation Taxes	3.2%	80.6%	Realty Transfer	5.8%	92.1%
Utilities Gross Earnings Taxes	0.1%	75.6%	Departmental Receipts	7.2%	83.1%
Financial Institutions Taxes	0.7%	77.5%	Lottery Transfer	8.5%	81.6%
Insurance Co. Gross Premiums	1.0%	77.0%	Other Misc. Revenues	n/a	n/a
Bank Deposits	0.0%	76.2%	Unclaimed Property	0.0%	0.0%
Health Care Provider Assessment	8.5%	91.7%			

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 May 2024 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	\$1,640,000,000
Estimated Payments	\$220,900,000	Cigarettes Taxes	121,600,000
Final Payments	487,000,000	Alcohol Excise Taxes	21,100,000
Withholding Payments	1,597,000,000	Estate and Transfer	42,800,000
Refunds/Adjustments	(506,000,000)	Racing and Athletics	600,000
Business Corporation Taxes	372,500,000	Realty Transfer	15,500,000
Public Utilities Gross Earnings	73,600,000	Departmental Receipts	551,800,000
Financial Institutions Taxes	42,200,000	Lottery	428,800,000
Insurance Co. Gross Premiums	168,700,000	Other Misc. Revenues	32,200,000
Bank Deposits	5,000,000	Unclaimed Property	24,900,000
Health Care Provider Assessment	39,600,000		
		Total General Revenues *	\$5,366,100,000
* The total general revenues estimate includes a personal income tax net accrual of \$(13,700,000). Estimates include any general revenue changes enacted after the passage of the FY 2024 budget and included in the revised estimates adopted at the May 2024 REC. Most notably, the total estimate includes \$4.7 million of revenue from iGaming, which was passed after the budget and updated at the REC.			