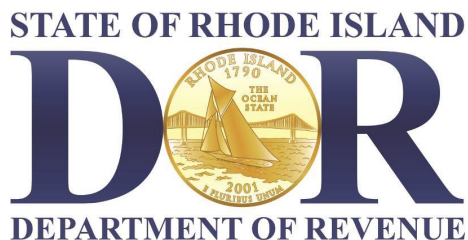


STATE OF RHODE ISLAND
GOVERNOR DANIEL J. MCKEE



Office of Revenue Analysis

State of Rhode Island Revenue Assessment Report
FY 2025 Monthly and Year-to-Date as of July 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 revenue estimates enacted in the FY 2025 budget, which was signed into law on June 16, 2024, as well as all bills enacted after this date that impact FY 2025 general revenues.

Results for FY 2025 Revenues through July

ORA finds that FY 2025 adjusted total general revenues through July led the enacted FY 2025 expected total general revenues estimates through July by \$1.2 million, a variance of 0.3%. This report adjusts out personal income tax and business tax payments that were received in July 2024 instead of April or June 2024 because of the due date delay. This report also adjusts out rebates issued in July 2024 from the temporary relief from the gross earnings tax on electricity and gas. These rebates, along with payments shifted from April and June to July, were accounted for in the FY 2024 revenue estimates.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$1.9 million more than expected, with a variance of 1.4%. This variance is primarily due to refunds and adjustments being down \$1.6 million compared to the estimate.
- Sales and use tax revenue exceeded the estimate by \$3.4 million through July, with a variance of 2.3%.

- Departmental receipts were below estimates, with a negative difference of \$3.3 million or 27.7%.

Results for Month of July

Given that July is the first month of the fiscal year, the differences between the monthly adjusted revenues and expected revenues are the same as the above year-to-date differences.

How to Read this Report

Following this summary is a table showing the variance for year-to-date by revenue stream. The next page displays a chart showing the year-to-date variance. 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 enacted revenue estimates for this fiscal year.



Thomas A. Verdi
Director
Department of Revenue
August 23, 2024

FY 2025 STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT
Year-to-Date Estimate to Actual

	YTD July Adjusted Revenues FY 2025		YTD July Estimate of Enacted FY 2025 Revenues †		Difference	Variance
Personal Income Tax	\$ 144,251,599	a, b	\$ 142,311,016		\$ 1,940,583	1.4%
General Business Taxes						
Business Corporation †	12,089,900	a, b	12,695,604		(605,704)	-4.8%
Public Utilities Gross Earnings	(267,152)	b, c	245,411		(512,563)	-208.9%
Financial Institutions †	(36,105)	b	89,592		(125,697)	-140.3%
Insurance Company Gross Premiums †	152,981	b	261,344		(108,363)	-41.5%
Bank Deposits	(43,429)	b	791		(44,221)	-5,587.1%
Health Care Provider Assessment	3,853,735		3,601,737		251,998	7.0%
Excise Taxes						
Sales and Use †	154,293,844		150,884,539		3,409,304	2.3%
Cigarettes, OTP, and ENDS †	11,115,192		10,492,191		623,001	5.9%
Alcohol	2,109,139		2,257,968		(148,830)	-6.6%
Controlled Substances	-		-	+	-	n/a
Other Taxes						
Estate and Transfer	4,904,753		5,153,962		(249,209)	-4.8%
Racing and Athletics	65,954		40,835		25,119	61.5%
Realty Transfer	1,541,851	d	1,525,085		16,766	1.1%
Total Taxes	\$ 334,032,261		\$ 329,560,076		\$ 4,472,185	1.4%
Departmental Receipts †	\$ 8,585,791	e	\$ 11,879,574		\$ (3,293,783)	-27.7%
Taxes and Departmentals	\$ 342,618,052		\$ 341,439,650		\$ 1,178,401	0.3%
Other General Revenue Sources						
Other Miscellaneous Revenues	65,146		65,146	+	-	0.0%
Lottery Transfer	-		-		-	n/a
Unclaimed Property	-		-	+	-	n/a
Total Other Sources	\$ 65,146		\$ 65,146		\$ -	0.0%
Total General Revenues	\$ 342,683,198		\$ 341,504,796		\$ 1,178,401	0.3%

PIT Component	YTD July Adj. Revenues		YTD July Enacted Estimates		Difference	Variance
Estimated payments	\$ 5,491,737		\$ 6,003,739		\$ (512,002)	-8.5%
Final payments †	9,480,092	a, b	9,422,463		57,630	0.6%
Withholding	140,086,560		139,266,346		820,214	0.6%
Refunds and Adjustments	(10,806,791)		(12,381,532)		1,574,741	-12.7%
Total	\$ 144,251,599		\$ 142,311,016		\$ 1,940,583	1.4%

† FY 2025 expected revenues are based on the estimates enacted in the FY 2025 budget. The estimates for personal income tax final payments, business corporation tax, financial institutions tax, insurance company gross premiums tax, sales and use tax, cigarettes and ENDS taxes, and departmental receipts were calculated using modified revenue flows to align expected revenues with the actual realization of revenues.

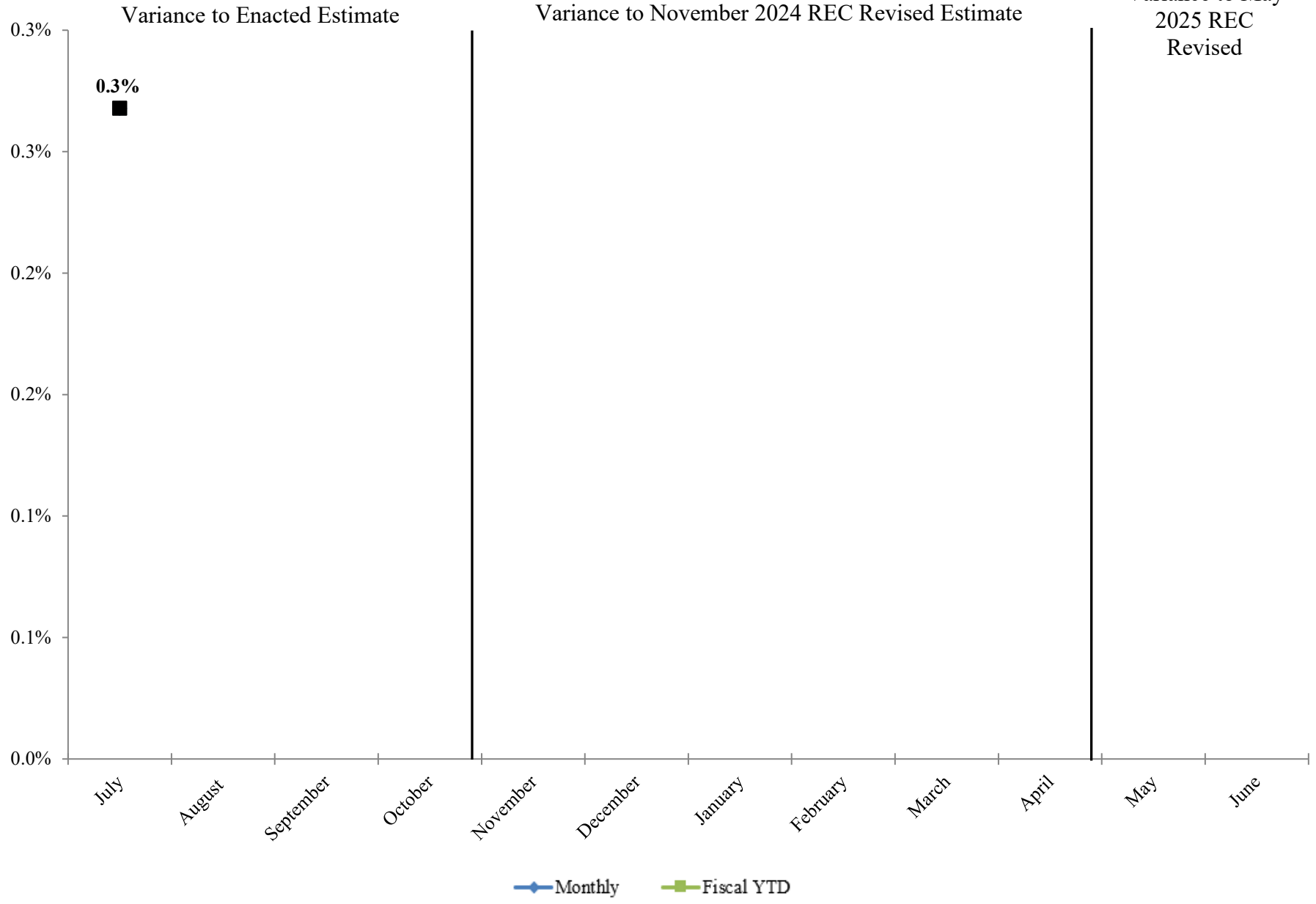
+ Set equal to actual amounts received.

Detailed notes on the following page

FY 2025 STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT
Year-to-Date Estimate to Actual

- ^a Adds to personal income tax final payments \$2,446,491 in net revenues from pass-through entities made on behalf of shareholders received in FY 2025 YTD and recorded as business corporation tax payments. The offsetting amount was subtracted from business corporation tax.
- ^b The Division of Taxation extended the filing and payment due dates for personal income tax and certain business taxes until July 15, 2024. The revenues collected from these FY 2024 payments that were received in July 2024 were subtracted from this report as follows:
 - personal income tax - \$37,327,070
 - business corporation tax (including PTE payments) - \$8,182,089
 - financial institutions tax - \$339,968
 - bank deposits tax - \$135,677
 - insurance company gross premiums tax - \$ 2,471,020
 - public utilities gross earnings tax - \$(60,582)
- ^c Adds \$28,157,583 for rebates issued for the gross receipts tax suspension in July 2024 that were accrued back to FY 2024.
- ^d Subtracts \$1,037,384 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the July transfers that will occur in August.
- ^e Subtracts \$27,920,178 of FY 2024 hospital licensing fee payment(s) received in FY 2025 YTD and accrued back to FY 2024.

FY 2025 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-2025>.

Expected Monthly Breakdown of Revenue

Table A provides the average percentages used to determine expected monthly and fiscal year-to-date revenues for July. 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>	
	July	YTD		July	YTD
Personal Income Taxes			Sales and Use Taxes	8.9%	8.9%
Estimated Payments	2.6%	2.6%	Cigarettes Taxes	9.0%	9.0%
Final Payments	1.8%	1.8%	Alcohol Excise Taxes	10.7%	10.7%
Withholding Payments	8.4%	8.4%	Estate and Transfer	10.0%	10.0%
Refunds/Adjustments	2.4%	2.4%	Racing and Athletics	6.8%	6.8%
Business Corporation Taxes	3.7%	3.7%	Realty Transfer	9.1%	9.1%
Utilities Gross Earnings Taxes	0.2%	0.2%	Departmental Receipts	3.9%	3.9%
Financial Institutions Taxes	0.3%	0.3%	Lottery Transfer	0.0%	0.0%
Insurance Co. Gross Premiums	0.2%	0.2%	Other Misc. Revenues	n/a	n/a
Bank Deposits	0.0%	0.0%	Unclaimed Property	0.0%	0.0%
Health Care Provider Assessment	8.6%	8.6%			

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-2025>.

FY 2025 Enacted Revenue Estimates

The FY 2025 estimates by revenue item as enacted in the FY 2025 budget are as follows:

Table B. FY 2025 Enacted Revenue Estimates by Major Revenue Item			
Revenue Item	Enacted FY 2025 Estimate	Revenue Item	Enacted FY 2025 Estimate
Personal Income Taxes		Sales and Use Taxes	\$1,701,970,187
Estimated Payments	\$228,000,000	Cigarettes Taxes	116,000,664
Final Payments	516,128,793	Alcohol Excise Taxes	21,200,000
Withholding Payments	1,651,000,000	Estate and Transfer	53,700,000
Refunds/Adjustments	(517,000,000)	Racing and Athletics	600,000
Business Corporation Taxes	346,570,968	Realty Transfer	16,700,000
Public Utilities Gross Earnings	105,800,000	Departmental Receipts	517,617,468
Financial Institutions Taxes	29,048,050	Lottery	449,400,000
Insurance Co. Gross Premiums	170,107,978	Other Misc. Revenues	27,273,253
Bank Deposits	5,100,000	Unclaimed Property	20,600,000
Health Care Provider Assessment	41,900,000		
		Total General Revenues *	\$5,489,117,361
* The total general revenues estimate includes a personal income tax net accrual of \$(12,600,000). Estimates include any general revenue changes enacted after the passage of the FY 2025 budget. Most notably, the total estimate includes \$(7.7 million) of revenue from allowing single sales factor for financial institutions tax, which was passed after the budget.			