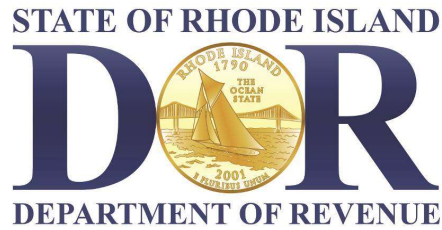


STATE OF RHODE ISLAND  
GOVERNOR DANIEL J. MCKEE

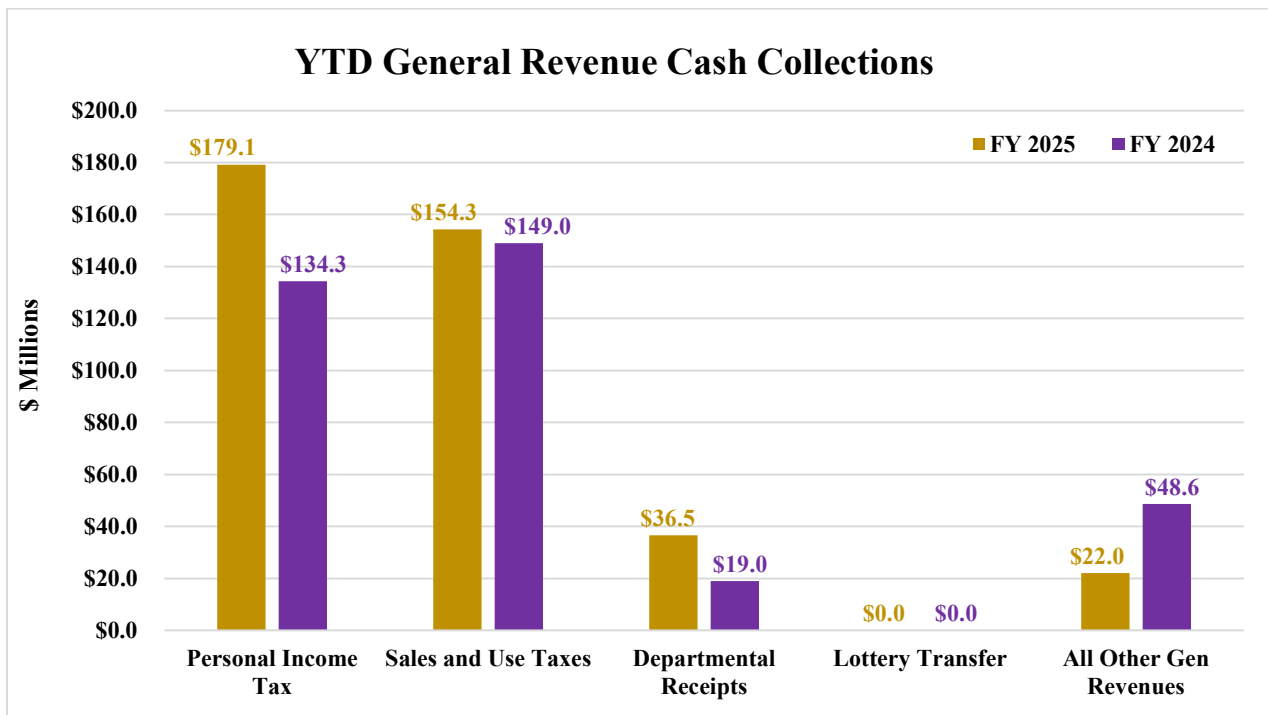


Office of Revenue Analysis

FY 2025 Cash Collections Report as of July 2024 Summary

***Fiscal Year-to-Date through July:***

FY 2025 total general revenue cash collections through July were \$391.9 million, up \$41.1 million, or 11.7%, from the \$350.8 million collected in the same period in FY 2024. The breakdown by major general revenue components is as follows:



- The Division of Taxation extended the FY 2024 April and June filing and payment due dates for personal income tax and certain business taxes until July 15, 2024. In total, across personal income tax and several business tax types, \$48.5 million was paid in July 2024 that would have normally been paid in April 2024 or June 2024.
- Sales and use tax collections showed 3.6% growth year-to-date.

- The increase in departmental receipts is largely due to the increase in the hospital licensing fee due to payment(s) received in July 2024 of \$27.9 million and accrued back to FY 2024 compared to \$6.2 million received in July 2023 and accrued back to FY 2023.
- July 2024 includes the payment of \$28,157,583 in rebates to public utility companies as part of a program to temporarily eliminate the gross receipts tax on electricity and natural gas (this impact is part of the FY 2025 numbers in “all other general revenues” in the chart).
- The lottery transfer commences in August of a given fiscal year.

### ***Month of July:***

Given that July is the first month of the fiscal year there are no differences between fiscal year-to-date and monthly cash collections.

### ***Motor Fuel Tax:***

- The per-penny yield of the state’s gas tax was up 0.1% in July. The gas tax, unlike the other revenue items discussed in this report, is not a general revenue.

### ***How to Read this Report***

The tables on the following pages present a year-to-date and monthly look at cash collections compared to last year. The rest of the report looks at each major revenue category and presents component data as available, along with any commentary about nuances in cash flows. An appendix at the end of the report presents data about specific events that have caused differences in cash flows between fiscal years.

FY 2025 STATE OF RHODE ISLAND CASH COLLECTIONS

	FY 2025 YTD July	FY 2024 YTD July	Nominal Difference	Change
<b>Personal Income Tax</b>	\$ 179,132,177	\$ 134,256,460	\$ 44,875,718	33.4%
<b>General Business Taxes</b>				
Business Corporation	22,718,480	13,973,975	8,744,505	62.6%
Public Utilities Gross Earnings	(28,485,317)	252,570	(28,737,887)	-11,378.2%
Financial Institutions	363,863	51,254	312,609	609.9%
Insurance Companies	2,624,001	7,192,380	(4,568,379)	-63.5%
Bank Deposits	92,248	(14,869)	107,117	-720.4%
Health Care Provider Assessment	3,853,735	3,104,375	749,360	24.1%
<b>Excise Taxes</b>				
Sales and Use Δ	154,293,844	148,987,263	5,306,580	3.6%
Motor Vehicle License and Reg Fees	-	-	-	-
Cigarettes, OTP, and ENDS	11,115,192	11,307,917	(192,725)	-1.7%
Alcohol	2,109,139	2,385,015	(275,876)	-11.6%
Controlled Substances	-	-	-	-
<b>Other Taxes</b>				
Estate and Transfer	4,904,753	7,963,919	(3,059,167)	-38.4%
Racing and Athletics	65,954	38,986	26,969	69.2%
Realty Transfer	2,579,235	2,284,797	294,439	12.9%
<b>Total Taxes</b>	<b>\$ 355,367,304</b>	<b>\$ 331,784,041</b>	<b>\$ 23,583,263</b>	<b>7.1%</b>
<b>Departmental Receipts</b>				
Licenses and Fees	\$ 38,533,635	\$ 15,165,277	\$ 23,368,358	154.1%
Fines and Penalties	1,344,692	1,105,052	239,641	21.7%
Sales and Services	893,533	827,170	66,363	8.0%
Miscellaneous	(4,265,891)	1,878,429	(6,144,320)	-327.1%
<b>Total Departmental Receipts</b>	<b>\$ 36,505,969</b>	<b>\$ 18,975,927</b>	<b>\$ 17,530,042</b>	<b>92.4%</b>
<b>Taxes and Departmentals</b>	<b>\$ 391,873,273</b>	<b>\$ 350,759,968</b>	<b>\$ 41,113,304</b>	<b>11.7%</b>
<b>Other General Revenue Sources</b>				
Other Miscellaneous Revenues	\$ 65,146	\$ 44,491	\$ 20,655	46.4%
Lottery Transfer Δ	-	-	-	-
Unclaimed Property	-	-	-	-
<b>Total Other Sources</b>	<b>\$ 65,146</b>	<b>\$ 44,491</b>	<b>\$ 20,655</b>	<b>46.4%</b>
<b>Total General Revenues</b>	<b>\$ 391,938,418</b>	<b>\$ 350,804,459</b>	<b>\$ 41,133,959</b>	<b>11.7%</b>

Δ Sales and use tax primarily reflects June activity and the lottery transfer commences in August of a given fiscal year.

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## **Personal Income Tax Cash Collections by Component**

### ***Fiscal Year-to-Date through July:***

<b>Component</b>	<b>FY 2025</b>	<b>FY 2024</b>	<b>Difference</b>	<b>% Change</b>
Estimated Payments	\$12,132,241	\$5,431,552	\$6,700,689	123.4%
Final Payments	37,720,167	8,534,067	29,186,100	342.0%
Refunds/Adjustments	(10,806,791)	(11,868,782)	1,061,991	-8.9%
Withholding Tax Payments	140,086,560	132,160,409	7,926,151	6.0%

### ***Notes about Fiscal Year-to-Date through July:***

- Final payments in FY 2025 YTD do not include \$2,446,491 in pass-through entity payments that were deposited as business corporation tax. FY 2024 YTD does not include \$1,465,598 in pass-through entity payments that were deposited as business corporation tax and transferred in the FY 2024 adjustment period.
- Final payments include HSTC reimbursements of \$174,145 in FY 2025 YTD and \$50,417 in FY 2024 YTD.
- Final payments in FY 2025 do not include July 2024 Rebuild RI reimbursements of \$815,405 that were not deposited until August 2024. The comparative amount is \$1,410,632 in FY 2024 YTD, which was deposited in July 2023.
- The Division of Taxation extended the April and June filing and payment due dates for personal income tax until July 15, 2024. This extension impacts estimated and final payments, as well as refunds and adjustments. Thus, the YTD collections include \$6,640,504 in estimated payments and \$30,686,566 in final payments that were received in July 2024 due to this extension.

### ***Year-to-Date Refund Activity:***

<b>Refund Activity</b>	<b>FY 2025</b>	<b>FY 2024</b>
Number of Refunds	12,292	9,844
Average Refund	\$880	\$1,177
Number of Issuance Dates*	4	4
* Due to system updates, not all weeks include refund issuances.		

### ***Month of July:***

Given that July is the first month of the fiscal year there are no differences between fiscal year-to-date and monthly cash collections.

***Background Information about this Category:***

The majority of personal income tax is received through withholding of taxes on employee paychecks. Taxpayers with income that is not subject to withholding are required to make four estimated payments throughout the course of the year, on the 15<sup>th</sup> of April, June, September, and January. Any taxpayers who still owe taxes when filing their final return must submit a final payment by April 15<sup>th</sup>. Taxpayers who have overpaid, or are able to claim various tax credits, receive a refund after they file. Taxpayers who file for an extension must file their tax return by October 15<sup>th</sup> but are still required to make their final payment by April 15<sup>th</sup>. Refunds are primarily issued in February through June.

Rhode Island also has a voluntary pass-through entity tax. The collections from this tax show up in corporate income tax but will be moved to personal income tax by the Controller at the end of the fiscal year. Pass-through entities are businesses where income is passed directly to the owners or investors of the business. These members pay tax on this income under the personal income tax. Optionally, the entities themselves can pay the tax at the entity level. In this case, the members receive a tax credit to offset their personal income tax liability for that income (because the tax was already collected at the entity level and subjecting that same income to personal income tax would amount to double taxation). The largest month for these payments is December, followed by March (when final pass-through entity tax returns are due) along with the other typical estimated payment months.

## **Sales and Use Tax Cash Collections by Component**

Rhode Island's tax system can present data for three components of the state's sales and use tax: sales tax on meals and beverages (typically from restaurants and other prepared food), sales tax on car sales paid at the Division of Motor Vehicles, and the sales tax portion of the state hotel tax. Hotel tax data lags by two months, and therefore is not presented here. The other two components are shown, along with a third bucket that includes all other sales and use tax collections.

### ***Fiscal Year-to-Date through July:***

<b>Component</b>	<b>FY 2025</b>	<b>FY 2024</b>	<b>Difference</b>	<b>% Change</b>
Meal and Beverage (M&B)	\$27,149,263	\$25,266,168	\$1,883,094	7.5%
Motor Vehicle	12,976,015	12,004,041	971,974	8.1%
Other Sales and Use Receipts	114,168,566	111,720,838	2,447,728	2.2%

### ***Notes about Fiscal Year-to-Date through July:***

- Other sales and use tax receipts include the reimbursement to general revenues in FY 2024 YTD for refunds related to Rebuild RI projects of \$4,190,805 that were paid out in January 2023 - June 2023. The reimbursement for refunds paid out in January 2024 – June 2024 was not deposited until August 2024.

### ***Month of July:***

Given that July is the first month of the fiscal year there are no differences between fiscal year-to-date and monthly cash collections.

### ***Background Information about this Category:***

Sales tax is a levy imposed on the retail sale, rental, or lease of many goods and services at a rate of 7%. Individuals and businesses owe use tax if they do not pay sales tax at the time of purchase. Sales and use tax returns are due on the twentieth day of the month after the transaction. This means that sales tax data generally represents consumption for the prior month. The one exception is sales tax paid at the Division of Motor Vehicles, which is more contemporaneous with the actual sale.

## **Excise Taxes Other than the Sales and Use Tax**

***What it includes:*** cigarette excise tax, other tobacco products tax (OTP), alcohol excise tax, controlled substances tax.

<b>July</b>	<b>FY 2025</b>	<b>FY 2024</b>	<b>Difference</b>	<b>% Change</b>
Fiscal YTD	\$13,224,331	\$13,692,931	\$(468,601)	-3.4%
Month	\$13,224,331	\$13,692,931	\$(468,601)	-3.4%

### ***Fiscal Year-to-Date through July:***

<b>Cigarette and OTP Components</b>	<b>FY 2025</b>	<b>FY 2024</b>	<b>Difference</b>	<b>% Change</b>
Cigarettes	\$10,474,090	\$10,412,853	\$61,237	0.6%
OTP	639,787	895,063	(255,277)	-28.5%
Cigarette Floor Stock	1,315	0	1,315	n/a

### ***Month of July:***

Given that July is the first month of the fiscal year there are no differences between fiscal year-to-date and monthly cash collections.

### ***Background Information about this Category:***

Rhode Island cigarettes tax receipts are comprised of excise taxes collected on the sale of cigarettes (wholesale cigarette stamps), sales of smokeless tobacco (which also includes cigars and pipe tobacco), and a one-time cigarette floor stock tax. The cigarette floor stock tax is imposed only when there is an increase in the excise tax rate on cigarettes but may include late payments for prior rate increases. The state's cigarette tax will be increased from \$4.25 a pack to \$4.50 a pack, effective September 3, 2024. The cigarette floor stock is due in September 2024. Additionally, there will be a new tax on e-cigarettes (ENDS), effective January 1, 2025. A floor stock for ENDS will also be imposed, with returns due in January 2025. The first due date for regular ENDS tax collections is in February 2025.



## **Business Corporation Tax Cash Collections by Component**

### ***Fiscal Year-to-Date through July:***

<b>Component</b>	<b>FY 2025</b>	<b>FY 2024</b>	<b>Difference</b>	<b>% Change</b>
Estimated Payments	\$15,276,353	\$7,160,115	\$8,116,238	113.4%
Final Payments	9,681,948	5,402,659	4,279,288	79.2%
Refunds/Adjustments	(2,463,184)	1,262,957	(3,726,141)	-295.0%

### ***Notes about Fiscal Year-to-Date through July:***

- Business corporation tax include the reimbursement to general revenues in FY 2024 YTD for refunds related to Rebuild RI projects of \$100,427 that were paid out in January 2023 - June 2023. The reimbursement for refunds paid out in January 2024 – June 2024 was not deposited until August 2024.
- The Division of Taxation extended the April and June filing and payment due dates for certain business taxes until July 15, 2024. This extension impacts taxpayers who are single-member LLCs filing a RI-1065 or corporations filing the RI-1120C tax forms. Thus, the FY 2024 YTD collections include \$1,524,893 in estimated payments and \$690,680 in final payments that were received in July 2024 due to this extension. FY 2024 YTD collections also include \$5,394,350 in pass-through entity estimated payments and \$572,166 in pass-through entity final pass-through entity payments that were received in July 2024 due to the extension. These figures are included in the pass-through entity payment amounts in the table below.

### ***Year-to-Date Pass-through Entity Payments:***

The following amounts are the pass-through entity payments received from pass-through entities to cover the personal income taxes of shareholders. These figures are included in the estimated and final payments amounts in the table above. These amounts will be transferred to personal income tax after the end of the fiscal year.

<b>Component</b>	<b>FY 2025</b>	<b>FY 2024</b>
Estimated Payments	\$6,353,926	\$815,936
Final Payments	2,059,081	649,663

### ***Month of July:***

Given that July is the first month of the fiscal year there are no differences between fiscal year-to-date and monthly cash collections.

### ***Background Information about this Category:***

Businesses with Rhode Island tax liabilities make estimated payments equal to 25% of their expected tax year liabilities by the 15<sup>th</sup> day of the fourth, sixth, ninth, and twelfth months of their tax year. For calendar tax year corporations, this equates to April, June, September, and December.

## **General Business Taxes Other than Business Corporation Tax**

***What it includes:*** public utilities gross earnings tax, financial institutions tax, insurance tax on personal property and casualty insurance, insurance tax on health insurance, bank deposits tax, and health care provider assessment on nursing homes.

<b>July</b>	<b>FY 2025</b>	<b>FY 2024</b>	<b>Difference</b>	<b>% Change</b>
Fiscal YTD	\$(21,551,471)	\$10,585,710	\$(32,137,181)	-303.6%
Month	\$(21,551,471)	\$10,585,710	\$(32,137,181)	-303.6%

### ***Fiscal Year-to-Date through July:***

<b>Insurance Component</b>	<b>FY 2025</b>	<b>FY 2024</b>	<b>Difference</b>	<b>% Change</b>
Personal Property/Casualty	\$561,881	\$5,072,904	\$(4,511,023)	-88.9%
Health Insurance (HMO)	2,062,120	2,119,476	(57,356)	-2.7%

### ***Notes about Fiscal Year-to-Date through July:***

- Insurance gross premiums tax in FY 2025 does not include July 2024 Rebuild RI reimbursements of \$7,548,050 that were not deposited until August 1, 2024. The comparative amount is \$7,036,709 in FY 2024 YTD, which was deposited in July 2023.
- The Division of Taxation extended the April and June filing and payment due dates for certain business taxes until July 15, 2024. This extension impacts taxpayers filing the public utilities gross earnings tax, financial institutions tax, insurance tax, and bank deposits tax. Thus, the YTD collections include \$(60,582) in public utilities gross earnings tax, \$399,968 in financial institutions tax, \$2,471,020 in insurance gross premiums tax, and \$135,677 in bank deposits tax that were received in July 2024 due to this extension.
- July 2024 includes the payment of \$28,157,583 in rebates to public utility companies as part of a program to temporarily eliminate the gross receipts tax on electricity and natural gas for usage during the months of December 2023 through March 2024. Companies who were mandated to offer this relief applied for retroactive rebates for gross receipts taxes that they were still required to pay for those months.

### ***Month of July:***

Given that July is the first month of the fiscal year there are no differences between fiscal year-to-date and monthly cash collections.

### ***Background Information about this Category:***

Businesses with Rhode Island tax liabilities make estimated payments equal to 25% of their expected tax year liabilities by the 15<sup>th</sup> day of the fourth, sixth, ninth, and twelfth months of their tax year. For calendar tax year corporations, this equates to April, June, September, and December. There is one exception to this payment pattern, namely the health care provider assessment, payments of which are made monthly. As a result, health care provider assessments flow more evenly into the general fund over the course of a fiscal year. Financial institutions taxpayers are allowed to elect single-sales factor apportionment when allocating their income to Rhode Island, effective January 1, 2025.

## **Other Taxes**

*What it includes:* estate and transfer, racing and athletics, and realty transfer.

<b>July</b>	<b>FY 2025</b>	<b>FY 2024</b>	<b>Difference</b>	<b>% Change</b>
Fiscal YTD	\$7,549,942	\$10,287,701	\$(2,737,759)	-26.6%
Month	\$7,549,942	\$10,287,701	\$(2,737,759)	-26.6%

### ***Background Information about this Category:***

The realty transfer tax includes transfers to the Housing Resources Commission (HRC) and the Housing Production Fund (HPF) completed on a one-month lag from when the tax is collected. In addition to the HRC and HPF transfers, collections from controlling interest tax payments include a transfer to municipalities, also on a one-month lag.

## **Departmental Receipts**

***What it includes:*** licenses and fees and fines and penalties assessed for state agencies, charges for sales and services provided by state agencies, and miscellaneous agency collections.

<b>July</b>	<b>FY 2025</b>	<b>FY 2024</b>	<b>Difference</b>	<b>% Change</b>
Fiscal YTD	\$36,505,969	\$18,975,927	\$17,530,042	92.4%
Month	\$36,505,969	\$18,975,927	\$17,530,042	92.4%

The fiscal year-to-date and monthly tables below are based on data provided by the Controller and break down departmental receipts cash collections by component. Each table includes the three accounts with the largest nominal increases or decreases greater than \$100,000 in the given departmental receipts category. If there are less than three accounts that meet this qualification, only the accounts with nominal increases or decreases greater than \$100,000 are listed.

### ***Fiscal Year-to-Date through July:***

<b>Licenses and Fees</b>	<b>Nominal Increase / Decrease</b>
Hospital licensing fee	\$21,687,600
Beach parking fees	730,987
Building permits - State properties	357,129
Public drinking water	\$(120,831)

<b>Fines and Penalties</b>	<b>Nominal Increase / Decrease</b>
Utility fines	\$109,447
None	n/a

<b>Sales and Services</b>	<b>Nominal Increase / Decrease</b>
None	n/a
None	n/a

<b>Miscellaneous Departmental Receipts</b>	<b>Nominal Increase / Decrease</b>
Cost recovery – Department of Health	\$471,833
Cost recovery – Department of the Attorney General	350,065
Cost recovery – Public Utilities Commission	340,633
Miscellaneous refunds - Treasury Department	\$(6,911,564)
Income on investments	(446,033)
Income tax refund checks written off	(227,055)

***Notes about Fiscal Year-to-Date through July:***

- July 2024 includes a payment of \$22,893,205 toward the FY 2024 hospital licensing fee, which was due on June 30, 2024 but deposited in July 1, 2024. The comparable figure for July 2023 was \$6,232,578.
- July 2024 includes a large Treasury refund check of \$6,812,260, which had been written off during FY 2024 (resulting in positive revenue to the State) but was reissued in July 2024.

***Month of July:***

Given that July is the first month of the fiscal year there are no differences between fiscal year-to-date and monthly cash collections.

## **Other General Revenue Sources Other than Lottery Transfer**

*What it includes:* other miscellaneous revenues and unclaimed property revenues.

<b>July</b>	<b>FY 2025</b>	<b>FY 2024</b>	<b>Difference</b>	<b>% Change</b>
Fiscal YTD	\$65,146	\$44,491	\$20,655	46.4%
Month	\$65,146	\$44,491	\$20,655	46.4%

### ***Background Information about this Category:***

Transfers from the Rhode Island Highway Maintenance Account (RIHMA) are transferred each month and are included in other miscellaneous revenue (previously the transfers were completed on a quarterly basis). The unclaimed property transfer occurs in the adjustment period after the end of each fiscal year.

## **Lottery Transfer Cash Collections by Component**

The lottery transfer to the general fund does not commence until August of each fiscal year when July lottery receipts are transferred.

### ***Background Information about this Category:***

- The lottery transfer, which is comprised of lottery and gaming activity from the prior month, begins in August of each fiscal year. The June transfer includes lottery and gaming activity from May and June of the given fiscal year.
- Neither Twin River Casino Hotel nor Tiverton Casino Hotel video lottery terminal (VLT) cash collections reflect unclaimed prizes, distressed communities' relief program receipts, or the State's payment to either Tiverton Casino Hotel's or Twin River Casino Hotel's marketing program.
- Traditional games include the transfer of net income from such items as scratch tickets, Daily Numbers, Powerball, etc. Keno includes the transfer of net income from monitor games (Keno and Bingo).
- VLTs include the transfer of net terminal income from video lottery terminals (slot machines).
- On-site and remote sports betting include the transfer of gross profits from sports wagering done at the two Rhode Island casinos and online.
- Traditional table and poker games include the transfer of operating income from these on-site games.
- iGaming, which was effective March 1, 2024, allows eligible players located in the State to play online slot and table games.

### **Motor Fuel Tax, Per Penny Yield**

<b>July</b>	<b>FY 2025</b>	<b>FY 2024</b>	<b>Difference</b>	<b>% Change</b>
Fiscal YTD	\$370,142	\$369,757	\$385	0.1%
Month	\$370,142	\$369,757	\$385	0.1%

***Background Information about this Category:***

On July 1, 2023, the motor fuel tax increased from \$0.34 to \$0.37 per gallon. No portion of the motor fuel tax is designated as general revenues. The data provided in this section of the report is for informational purposes only.



## **Appendix: Cash Flow Differences**

It should be noted that differences may exist between the figures reported by the Division of Taxation and those reported by the Controller due to timing differences in the posting of receipts.

### ***Fiscal Year-To-Date through July:***

The following table displays the differences in cash flows for FY 2025 through July and FY 2024 through July:

<b>Revenue Source</b>	<b>Cash Flow Differences</b>	<b>FY 2025</b>	<b>FY 2024</b>
Personal Income Tax	Extended filing and payment due date tax collections received in July 2024	\$37,327,070	\$0
Personal Income Tax	FY 2024 adj for prior period payment(s) transferred to/from other accounts	\$0	\$(197,007)
Personal Income Tax	FY 2024 incorrect payment(s) later transferred to the correct account	\$0	\$352,608
Business Corp Tax	Extended filing and payment due date tax collections received in July 2024	\$8,182,089	\$0
Business Corp Tax	FY 2024 adj for prior period payment(s) transferred to/from other accounts	\$0	\$197,007
Business Corp Tax	FY 2024 incorrect payment(s) later transferred to the correct account	\$0	\$1,454,602
Public Service Tax	Extended filing and payment due date tax collections received in July 2024	\$(60,582)	\$0
Financial Inst Tax	Extended filing and payment due date tax collections received in July 2024	\$399,968	\$0
Bank Deposits Tax	Extended filing and payment due date tax collections received in July 2024	\$135,677	\$0
Insurance Tax	Extended filing and payment due date tax collections received in July 2024	\$2,471,020	\$0
Insurance Tax	FY 2024 incorrect payment(s) later transferred to the correct account	\$0	\$(1,807,210)
Sales and Use Tax	FY 2024 adj for prior period payment(s) transferred to/from other accounts	\$0	\$139,200
Cigarettes and OTP	FY 2024 adj for prior period payment(s) transferred to/from other accounts	\$0	\$(139,200)
Estate and Transfer Tax	Large, unusual payment(s)	\$0	\$4,600,000
Departmental Receipts	Large, unusual refund(s) reissued by the Treasury	\$(6,812,260)	\$0
Departmental Receipts	Hospital licensing fee	\$27,920,178	\$6,232,578

***Month of July:***

Given that July is the first month of the fiscal year there are no differences between fiscal year-to-date and monthly cash collections.