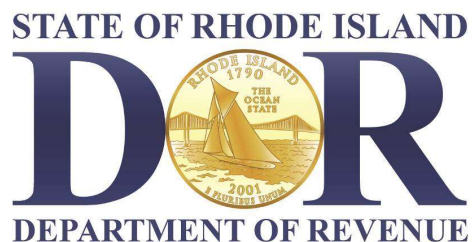


*STATE OF RHODE ISLAND*  
GOVERNOR DANIEL J. MCKEE



Office of Revenue Analysis

State of Rhode Island Revenue Assessment Report  
FY 2025 Monthly and Year-to-Date as of August 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 August**

ORA finds that FY 2025 adjusted total general revenues through August led the enacted FY 2025 expected total general revenues estimates through August by \$49.3 million, a variance of 6.9%.

The Division of Taxation delayed the April 2024 and June 2024 due dates for personal income tax and business tax payments to July 15, 2024, shifting those payments from FY 2024 to FY 2025. The July 2024 Revenue Assessment Report assumed those late payments, which totaled \$48.5 million across tax types, would be accrued back to FY 2024, and adjusted them out of actual revenues. The Office of Accounts and Control has since indicated that no special accrual will be booked for these payments, and they will be included in the standard receivable calculation for FY 2024. Therefore, ORA has removed those negative adjustments.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$41.7 million more than expected, with a variance of 15.3%. This variance is primarily due to final payments being up \$38.8 million compared to the estimate because of personal income tax payments that were received in July 2024

instead of April 2024 from the due date delay. Those delayed personal income tax payments totaled \$43.3 million.

- Sales and use tax revenue exceeded the estimate by \$3.4 million through August, with a variance of 1.1%.

### **Results for Month of August**

ORA finds that August 2024 adjusted total general revenues trailed the expected total general revenues estimates for August by \$0.4 million, a variance of -0.1%.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$3.6 million less than expected a variance of -2.8%. This variance is primarily due to withholding payments being down \$6.8 million compared to the estimate.
- Insurance company gross premiums tax revenue exceeded estimates by \$2.3 million in August, which includes a \$7.5 million requisition from the Rebuild RI fund. Prior usage of Rebuild RI tax incentives is reimbursed biannually to the relevant tax types (typically this occurs in July and January, although the most recent requisition occurred in August 2024).
- Departmental receipts revenue was over the estimate by \$4.0 million on a year-over-year basis, a variance of 24.0%.
- The August 2024 lottery transfer (the first of the year) trailed the estimate by \$2.6 million, mostly due to weaker-than-expected performance by video lottery terminals.

### **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  
September 17, 2024

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

	YTD August Adjusted Revenues FY 2025		YTD August Estimate of Enacted FY 2025 Revenues †	Difference	Variance
<b>Personal Income Tax</b>	\$ 313,281,957	a, b, c, g	\$ 271,603,967	\$ 41,677,990	15.3%
<b>General Business Taxes</b>					
Business Corporation †	17,829,018	a, b, g	17,376,592	452,426	2.6%
Public Utilities Gross Earnings	(608,798)	f, g	384,784	(993,582)	-258.2%
Financial Institutions †	508,913	g	306,177	202,736	66.2%
Insurance Company Gross Premiums †	9,555,921	c, g	4,897,981	4,657,940	95.1%
Bank Deposits	(119,993)	a, g	12,032	(132,026)	-1,097.3%
Health Care Provider Assessment	7,347,466		7,261,413	86,053	1.2%
<b>Excise Taxes</b>					
Sales and Use †	307,146,029	a	303,728,392	3,417,637	1.1%
Cigarettes, OTP, and ENDS †	21,536,254	a	20,481,068	1,055,187	5.2%
Alcohol	4,214,741		4,025,484	189,257	4.7%
Controlled Substances	-		-	-	n/a
<b>Other Taxes</b>					
Estate and Transfer	9,667,213		9,304,217	362,996	3.9%
Racing and Athletics	124,740		103,408	21,333	20.6%
Realty Transfer	3,236,947	d	3,075,629	161,318	5.2%
<b>Total Taxes</b>	\$ 693,720,409		\$ 642,561,144	\$ 51,159,265	8.0%
<b>Departmental Receipts †</b>	\$ 29,267,494	c	\$ 28,561,348	\$ 706,146	2.5%
<b>Taxes and Departmentals</b>	\$ 722,987,902		\$ 671,122,492	\$ 51,865,410	7.7%
<b>Other General Revenue Sources</b>					
Other Miscellaneous Revenues	525,960		525,960	-	0.0%
Lottery Transfer	34,867,652		37,478,709	(2,611,057)	-7.0%
Unclaimed Property	-		-	-	n/a
<b>Total Other Sources</b>	\$ 35,393,612		\$ 38,004,670	\$ (2,611,057)	-6.9%
<b>Total General Revenues</b>	\$ 758,381,514		\$ 709,127,161	\$ 49,254,353	6.9%

PIT Component	YTD August Adj. Revenues		YTD August Enacted Estimates	Difference	Variance
Estimated payments	\$ 17,166,715		\$ 12,682,299	\$ 4,484,417	35.4%
Final payments †	55,706,549	b, c, g	16,899,573	38,806,976	229.6%
Withholding	259,949,291		265,889,339	(5,940,048)	-2.2%
Refunds and Adjustments	(19,540,599)	a	(23,867,244)	4,326,645	-18.1%
<b>Total</b>	\$ 313,281,957		\$ 271,603,967	\$ 41,677,990	15.3%

† 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**

- <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 - \$595,000
  - business corporation tax - \$(409,000)
  - bank deposits tax - \$(186,000)
  - sales and use tax - \$241,175
  - cigarette and other tobacco products tax - \$(139,200)
- <sup>b</sup> Adds to personal income tax final payments \$11,263,038 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.
- <sup>c</sup> Rebuild Rhode Island reimbursements included in year-to-date adjusted revenues are as follows:
- personal income tax final payments - \$815,405
  - insurance company gross premiums tax - \$7,548,050
- <sup>d</sup> Subtracts \$984,807 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the August transfers that will occur in September.
- <sup>e</sup> Subtracts \$27,920,178 of FY 2024 hospital licensing fee payment(s) received in FY 2025 YTD and accrued back to FY 2024.
- <sup>f</sup> Adds \$28,157,583 for rebates issued for the gross receipts tax suspension in July 2024 that were accrued back to FY 2024.
- <sup>g</sup> The Division of Taxation extended the filing and payment due dates for personal income tax and certain business taxes until July 15, 2024. The July 2024 Revenue Assessment subtracted these amounts, which totaled \$48,455,242, from FY 2025 assuming they would be accrued back to FY 2024. However, the Office of Accounts and Control has indicated that there will not be a special accrual to move these payments to FY 2024. Therefore, this report makes no adjustments related to these payments.

**FY 2025 STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT**  
**Monthly Estimate to Actual**

	August 2024 Adjusted Revenues FY 2025		August 2024 Estimate of FY 2025 Enacted Revenues †	Difference	Variance
<b>Personal Income Tax</b>	\$ 125,736,773	a, b, c	\$ 129,295,201	\$ (3,558,428)	-2.8%
<b>General Business Taxes</b>					
Business Corporation †	3,523,545	a, b	4,675,286	(1,151,741)	-24.6%
Public Utilities Gross Earnings	(281,064)		139,373	(420,437)	-301.7%
Financial Institutions †	145,050		216,585	(71,535)	-33.0%
Insurance Company Gross Premiums †	6,931,920	c	4,636,637	2,295,282	49.5%
Bank Deposits	(212,241)	a	11,679	(223,919)	-1,917.4%
Health Care Provider Assessment	3,493,732		3,659,676	(165,944)	-4.5%
<b>Excise Taxes</b>					
Sales and Use †	152,852,185	a	152,843,853	8,332	0.0%
Cigarettes, OTP, and ENDS †	10,421,062	a	9,988,876	432,186	4.3%
Alcohol	2,105,603		1,767,516	338,087	19.1%
Controlled Substances	-		-	-	n/a
<b>Other Taxes</b>					
Estate and Transfer	4,762,460		4,150,255	612,205	14.8%
Racing and Athletics	58,786		62,573	(3,787)	-6.1%
Realty Transfer	1,695,097	d	1,550,544	144,553	9.3%
<b>Total Taxes</b>	\$ 311,232,906		\$ 312,998,053	\$ (1,765,147)	-0.6%
<b>Departmental Receipts †</b>	\$ 20,681,702		\$ 16,681,774	\$ 3,999,929	24.0%
<b>Taxes and Departmentals</b>	\$ 331,914,609		\$ 329,679,827	\$ 2,234,782	0.7%
<b>Other General Revenue Sources</b>					
Other Miscellaneous Revenues	460,814		460,814	-	0.0%
Lottery Transfer	34,867,652		37,478,709	(2,611,057)	-7.0%
Unclaimed Property	-		-	-	n/a
<b>Total Other Sources</b>	\$ 35,328,466		\$ 37,939,524	\$ (2,611,057)	-6.9%
<b>Total General Revenues</b>	\$ 367,243,075		\$ 367,619,351	\$ (376,275)	-0.1%

PIT Component	August 2024 Adj. Revenues		August 2024 Enacted Estimates	Difference	Variance
Estimated payments	\$ 5,034,474		\$ 6,677,628	\$ (1,643,153)	-24.6%
Final payments †	9,573,375	b, c	7,480,292	2,093,083	28.0%
Withholding	119,862,731		126,622,994	(6,760,263)	-5.3%
Refunds and Adjustments	(8,733,808)	a	(11,485,712)	2,751,905	-24.0%
<b>Total</b>	\$ 125,736,773		\$ 129,295,201	\$ (3,558,428)	-2.8%

† 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.

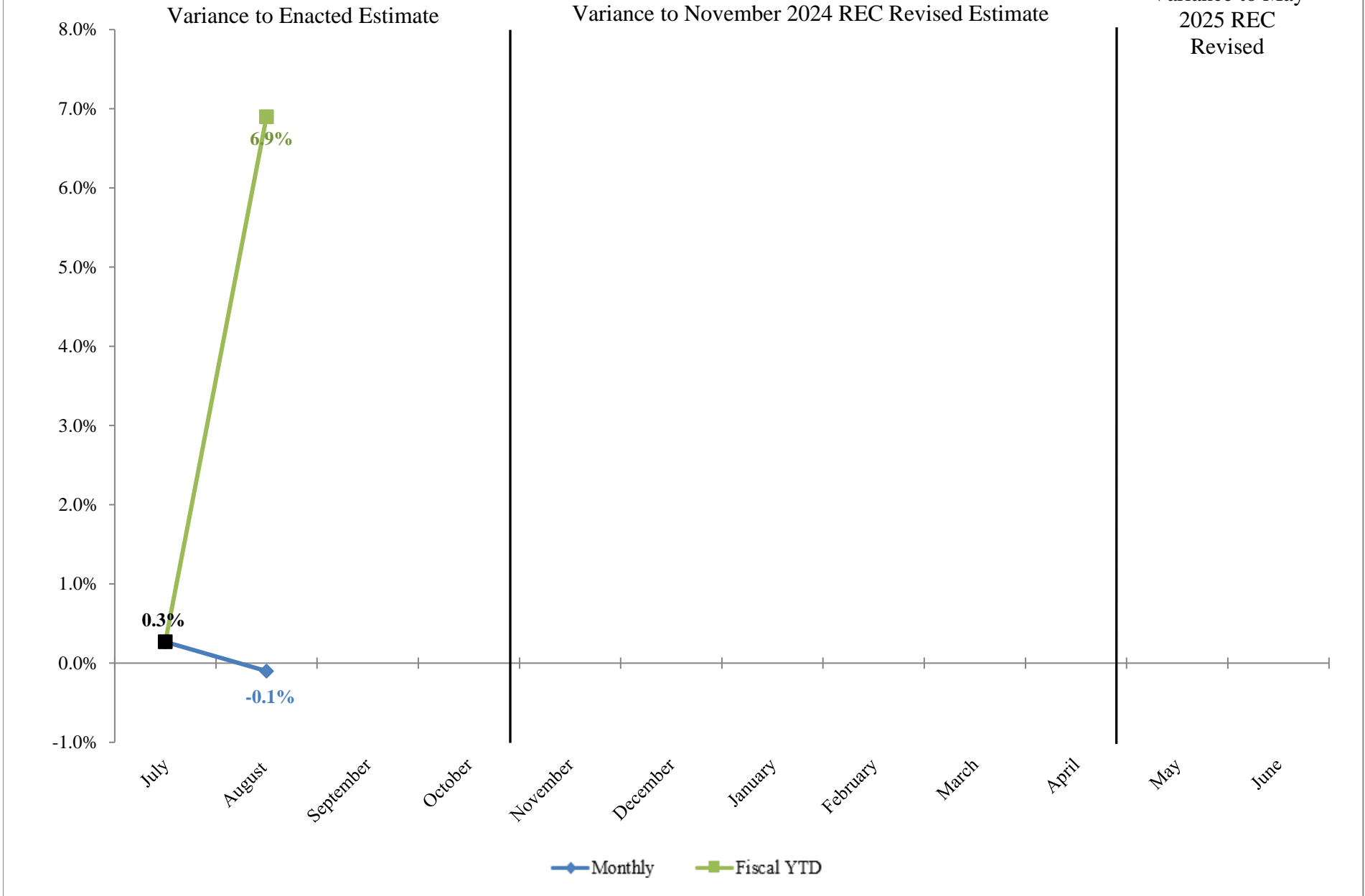
+ Set equal to actual amounts received.

Detailed notes on the following page

**FY 2025 STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT**  
**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.
- personal income tax refunds and adjustments - \$595,000
  - business corporation tax - \$(409,000)
  - bank deposits tax - \$(186,000)
  - sales and use tax - \$241,175
  - cigarette and other tobacco products tax - \$(139,200)
- <sup>b</sup> Adds to personal income tax final payments \$2,850,031 in net revenues from pass-through entities made on behalf of shareholders received in August 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 August adjusted revenues are as follows:
- personal income tax final payments - \$815,405
  - insurance company gross premiums tax - \$7,548,050
- <sup>d</sup> Adds \$52,578 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the July transfers that occurred in August and the August transfers that will occur in September.

# 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 August. 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>	
	Aug	YTD		Aug	YTD
Personal Income Taxes			Sales and Use Taxes	9.0%	17.9%
Estimated Payments	2.9%	5.6%	Cigarettes Taxes	8.6%	17.7%
Final Payments	1.8%	3.6%	Alcohol Excise Taxes	8.3%	19.0%
Withholding Payments	7.7%	16.1%	Estate and Transfer	8.1%	18.1%
Refunds/Adjustments	2.2%	4.6%	Racing and Athletics	10.4%	17.2%
Business Corporation Taxes	1.3%	5.0%	Realty Transfer	9.3%	18.4%
Utilities Gross Earnings Taxes	0.1%	0.4%	Departmental Receipts	5.5%	9.5%
Financial Institutions Taxes	0.6%	0.9%	Lottery Transfer	8.0%	8.0%
Insurance Co. Gross Premiums	2.7%	2.9%	Other Misc. Revenues	n/a	n/a
Bank Deposits	0.2%	0.2%	Unclaimed Property	0.0%	0.0%
Health Care Provider Assessment	8.7%	17.3%			

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-2025>.

### ***FY 2025 Enacted Revenue Estimates***

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

<b>Table B. FY 2025 Enacted Revenue Estimates by Major Revenue Item</b>			
<b>Revenue Item</b>	<b>Enacted FY 2025 Estimate</b>	<b>Revenue Item</b>	<b>Enacted FY 2025 Estimate</b>
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		
		<b>Total General Revenues *</b>	<b>\$5,489,117,361</b>
* 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.			