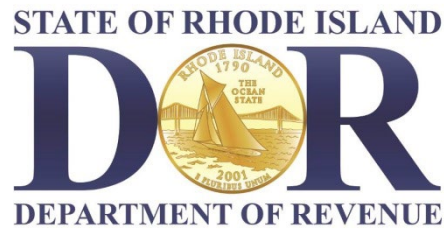


STATE OF RHODE ISLAND
GOVERNOR Daniel J. McKee



Office of Revenue Analysis

State of Rhode Island Special Report
on Preliminary FY 2024 Revenues

This special report includes information on fiscal year-end preliminary revenues for FY 2024 on an accrual basis. That is, it considers total fiscal year revenues, which are equal to cash collections plus the net accrual between consecutive fiscal years. This report's focus is on preliminary FY 2024 revenues compared to fiscal year revenue estimates as adopted in the final enacted FY 2024 budget and to audited FY 2023 revenues.

The data contained in this report is drawn from three sources, the Division of Lottery (Lottery), the Division of Taxation (Taxation), and the Office of Accounts and Controls (OAC). This report makes minimal adjustments to the data that is reported and only to ensure that the data is consistent across all three reporting entities. Small but insignificant differences in figures between the three data sources can be expected. In addition, due to rounding, figures may also vary by a dollar or two.

This report includes two tables. The first table, *Preliminary FY 2024 to Final Enacted FY 2024*, displays the amounts, differences, and variances of preliminary FY 2024 revenues to final enacted FY 2024 revenues. The second table, *Preliminary FY 2024 to Audited FY 2023*, displays the amounts, differences, and year-over-year growth rates of preliminary FY 2024 revenues to final audited FY 2023 revenues. Following the tables, the Office of Revenue (ORA) has provided details on specific revenue items, including component data and information on the accruals, as appropriate.

STATE OF RHODE ISLAND SPECIAL REPORT ON PRELIMINARY REVENUES
Preliminary FY 2024 vs. Final Enacted FY 2024

	Preliminary Revenues FY 2024	Final Enacted Revenues FY 2024	Difference	Variance
Personal Income Tax	\$ 1,780,947,118	\$ 1,785,200,000	\$ (4,252,882)	-0.2%
General Business Taxes				
Business Corporations	361,538,466	372,500,000	(10,961,534)	-2.9%
Public Utilities Gross Earnings	75,169,736	73,600,000	1,569,736	2.1%
Financial Institutions	47,678,060	42,200,000	5,478,060	13.0%
Insurance Companies	172,870,002	168,700,000	4,170,002	2.5%
Bank Deposits	5,519,620	5,000,000	519,620	10.4%
Health Care Provider Assessment	40,684,166	39,600,000	1,084,166	2.7%
Excise Taxes				
Sales and Use *	1,635,421,890	1,640,000,000	(4,578,110)	-0.3%
Cigarettes	119,314,097	121,600,000	(2,285,903)	-1.9%
Alcohol	20,788,520	21,100,000	(311,480)	-1.5%
Controlled Substances *	5,665	-	5,665	n/a
Other Taxes				
Estate and Transfer	47,292,008	42,800,000	4,492,008	10.5%
Racing and Athletics	664,568	600,000	64,568	10.8%
Realty Transfer	15,731,668	15,500,000	231,668	1.5%
Total Taxes	\$ 4,323,625,584	\$ 4,328,400,000	\$ (4,774,416)	-0.1%
Departmental Receipts	\$ 558,592,654	\$ 551,800,000	\$ 6,792,654	1.2%
Taxes and Departmentals	\$ 4,882,218,238	\$ 4,880,200,000	\$ 2,018,238	0.0%
Other General Revenue Sources				
Other Miscellaneous Revenues	37,858,389	39,962,738	(2,104,349)	-5.3%
Lottery Transfer	426,419,555	428,800,000	(2,380,445)	-0.6%
Unclaimed Property	22,292,320	24,900,000	(2,607,680)	-10.5%
Total Other Sources	\$ 486,570,264	\$ 493,662,738	\$ (7,092,474)	-1.4%
Total General Revenues	\$ 5,368,788,502	\$ 5,373,862,738	\$ (5,074,236)	-0.1%

* The Controller's Audited General Fund Revenue Report for FY 2024 includes Controlled Substances Revenues in Sales and Use Tax Revenues. This report treats these revenue sources separately.

PIT Component	Preliminary FY 2024	Final Enacted FY 2024	Difference	Variance
Estimated payments	219,206,528	220,900,000	(1,693,472)	-0.8%
Final payments	476,710,411	487,000,000	(10,289,589)	-2.1%
Withholding	1,569,772,136	1,597,000,000	(27,227,864)	-1.7%
Refunds and Adjustments	(480,186,563)	(506,000,000)	25,813,437	-5.1%
<i>Net Accrual</i>	<i>(4,555,395)</i>	<i>(13,700,000)</i>	<i>9,144,605</i>	<i>-66.7%</i>
Total	\$ 1,780,947,118	\$ 1,785,200,000	\$ (4,252,882)	-0.2%

STATE OF RHODE ISLAND SPECIAL REPORT ON PRELIMINARY REVENUES
Preliminary FY 2024 vs. Audited FY 2023

	Preliminary Revenues FY 2024	Audited Revenues FY 2023	Difference	Year-over-Year Growth
Personal Income Tax	\$ 1,780,947,118	\$ 1,813,605,110	\$ (32,657,992)	-1.8%
General Business Taxes				
Business Corporations	361,538,466	272,217,435	89,321,031	32.8%
Public Utilities Gross Earnings	75,169,736	97,409,661	(22,239,925)	-22.8%
Financial Institutions	47,678,060	31,653,500	16,024,560	50.6%
Insurance Companies	172,870,002	154,637,561	18,232,441	11.8%
Bank Deposits	5,519,620	4,623,813	895,807	19.4%
Health Care Provider Assessment	40,684,166	39,850,814	833,352	2.1%
Excise Taxes				
Sales and Use *	1,635,421,890	1,564,768,022	70,653,868	4.5%
Cigarettes	119,314,097	133,559,917	(14,245,820)	-10.7%
Alcohol	20,788,520	22,478,567	(1,690,047)	-7.5%
Controlled Substances *	5,665	5,907	(242)	-4.1%
Other Taxes				
Estate and Transfer	47,292,008	82,315,543	(35,023,535)	-42.5%
Racing and Athletics	664,568	583,121	81,447	14.0%
Realty Transfer	15,731,668	16,511,739	(780,071)	-4.7%
Total Taxes	\$ 4,323,625,583	\$ 4,234,220,710	\$ 89,404,874	2.1%
Departmental Receipts	558,592,654	491,637,590	66,955,064	13.6%
Taxes and Departmentals	\$ 4,882,218,238	\$ 4,725,858,300	\$ 156,359,938	3.3%
Other General Revenue Sources				
Other Miscellaneous Revenues	37,858,389	32,701,548	5,156,841	15.8%
Lottery Transfer	426,419,555	434,666,769	(8,247,214)	-1.9%
Unclaimed Property	22,292,320	18,502,832	3,789,488	20.5%
Total Other Sources	\$ 486,570,264	\$ 485,871,149	\$ 699,115	0.1%
Total General Revenues	\$ 5,368,788,502	\$ 5,211,729,449	\$ 157,059,053	3.0%

* The Controller's Audited General Fund Revenue Reports for FY 2024 and FY 2023 include Controlled Substances Revenues in Sales and Use Tax Revenues. This report treats these revenue sources separately.

PIT Component	Preliminary FY 2024	Audited FY 2023	Difference	Year-over-Year Growth
Estimated payments	\$ 219,206,528	\$ 266,496,688	\$ (47,290,160)	-17.7%
Final payments	476,710,411	504,021,850	(27,311,439)	-5.4%
Withholding	1,569,772,136	1,507,053,725	62,718,411	4.2%
Refunds and Adjustments	(480,186,563)	(488,663,073)	8,476,510	-1.7%
<i>Net Accrual</i>	<i>(4,555,395)</i>	<i>24,695,920</i>	<i>(29,251,315)</i>	<i>-118.4%</i>
Total	\$ 1,780,947,118	\$ 1,813,605,110	\$ (32,657,992)	-1.8%

Historic Structures Tax Credit Reimbursements

The breakdown of the reimbursement of redeemed HSTCs by tax type is shown in the table below:

Historic Structures Tax Credit Reimbursements by Tax Type				
Tax Type	FY 2024	FY 2023	Difference	% Change
Personal Income	\$3,973,585	\$3,119,004	\$854,581	27.4%
Business Corporation	330,626	0	330,626	n/a
Financial Institutions	0	0	0	n/a
Insurance	5,400,099	0	5,400,099	n/a
Insurance/HMOs	0	0	0	n/a
Non-Profit Partner Refund	100,000	0	100,000	n/a
Total	\$9,804,310	\$3,119,004	\$6,685,306	214.3%

Personal Income Taxes

The table below provides the component breakdown of the preliminary FY 2024 personal income tax revenues, as provided by the Division of Taxation, and the final enacted FY 2024 estimates for personal income tax revenues:

Component	FY 2024 Preliminary	FY 2024 Final Enacted	Nominal Difference	Percent Difference
Estimated Payments	\$219,206,528	\$220,900,000	\$(1,693,472)	-0.8%
Final Payments * ^	476,710,411	487,000,000	(10,289,589)	-2.1%
Withholding	1,569,772,136	1,597,000,000	(27,227,864)	-1.7%
Refunds/Adjustments	(480,186,563)	(506,000,000)	25,813,437	-5.1%
Net Accrual	(4,555,395)	(13,700,000)	9,144,605	-66.7%
Total	\$1,780,947,118	\$1,785,200,000	\$(4,252,882)	-0.2%

* FY 2024 preliminary close final payments include \$4.0 million of HSTC redemptions. An undetermined amount of HSTC redemptions were also included in the FY 2024 final enacted personal income tax final payments estimate.

^ FY 2024 preliminary includes \$192.3 million of personal income tax payments from pass-through entities (PTEs) made on behalf of their shareholders that were originally deposited as business corporation tax revenues. Of this \$192.3 million, \$6.0 million is from PTE payments that were made in July 2024 because of the tax deadline shift from April/June 2024 to July 2024. FY 2024 final enacted final payments estimate includes expected revenues \$187.0 million from these PTE payments.

The table below provides the component breakdown of personal income tax revenues, as provided by the Division of Taxation, and compares preliminary FY 2024 revenues to audited FY 2023 revenues:

Component	FY 2024 Preliminary	FY 2023 Audited	Nominal Difference	Percent Difference
Estimated Payments	\$219,206,528	\$266,496,688	\$(47,290,160)	-17.7%
Final Payments * ^	476,710,411	504,021,850	(27,311,439)	-5.4%
Withholding	1,569,772,136	1,507,053,725	62,718,411	4.2%
Refunds/Adjustments	(480,186,563)	(488,663,073)	8,476,510	-1.7%
Net Accrual †	(4,555,395)	24,695,920	(29,251,315)	-118.4%
Total	\$1,780,947,118	\$1,813,605,110	\$(32,657,992)	-1.8%
* Final payments include HSTC reimbursements of \$4.0 million in preliminary FY 2024 and \$3.1 million in audited FY 2023.				
^ Includes PTE payments that were originally deposited as business corporation tax revenues of \$192.3 million in preliminary FY 2024 and \$177.2 million in audited FY 2023.				
† The FY 2024 preliminary net accrual includes a payable of \$5.6 million for the projected refund of the overpayment of PTE payments. The comparable payable included in the FY 2023 audited net accrual is \$7.4 million.				

Rhode Island delayed the personal income tax and business tax deadlines from April/June 2024 to July 2024. This led to \$37.3 million in personal income tax payments being received in July 2024 that normally would have been paid in FY 2024. These delayed payments were not fully accrued back to FY 2024 but were added to the cash used to calculate the standard FY 2024 receivable. However, as noted above, PTE payments shifted into July 2024 were fully added to FY 2024 cash.

Business Corporation Taxes

The table below provides the component breakdown of corporate income tax revenues, as provided by the Division of Taxation, and compares preliminary FY 2024 revenues to audited FY 2023 revenues:

Component	FY 2024 Preliminary	FY 2023 Audited	Nominal Difference	Percent Difference
Estimated Payments *	\$215,803,767	\$204,935,459	\$10,868,308	5.3%
Final Payments ^	169,742,529	126,955,827	42,786,702	33.7%
Refunds/Adjustments	(29,313,388)	(68,621,707)	39,308,319	-57.3%
Net Accrual	3,624,416	7,789,979	(4,165,563)	-53.5%
Total Corp. Income	\$359,857,324	\$271,059,558	\$88,797,766	32.8%
* Does not include estimated PTE payments transferred to personal income tax final payments of \$120.5 million in preliminary FY 2024 and \$119.7 million in audited FY 2023. Does include \$330,626 in HSTC reimbursements in FY 2024.				
^ Does not include final PTE payments that were transferred to personal income tax final payments of \$71.8 million in preliminary FY 2024 and \$57.4 million in audited FY 2023.				

The table below provides the breakdown of the two other tax types included in total business corporation tax revenues:

Component	FY 2024 Preliminary	FY 2023 Audited	Nominal Difference	Percent Difference
<u>Non-resident Contractor</u>				
Cash	\$1,644,440	\$1,590,107	\$54,333	3.4%
Net Accrual	29,871	6,356	23,515	370.0%
Total NR Contractor	\$1,674,311	\$1,596,463	\$77,848	4.9%
<u>Political Organizations</u>				
Cash	\$6,817	\$1,054	\$5,763	546.8%
Net Accrual	14	(99)	113	-114.4%
Total Political Org.	\$6,831	\$955	\$5,876	615.3%

Insurance Company Gross Premiums Taxes

The tables below provide the component breakdown of insurance company gross premiums tax revenues and compare preliminary FY 2024 revenues to FY 2024 final enacted revenues and audited FY 2023 revenues.

Component	FY 2024 Preliminary	FY 2024 Final Enacted	Nominal Difference	Percent Difference
Non-Health Insurance *	\$103,332,697	\$99,700,000	\$3,632,697	3.6%
Health Insurance	69,537,305	69,000,000	537,305	0.8%
Total Insurance	\$172,870,002	\$168,700,000	\$4,170,002	2.5%
* Includes HSTC reimbursements of \$5.4 million in preliminary FY 2024 revenues.				

Component	FY 2024 Preliminary	FY 2023 Audited	Nominal Difference	Percent Difference
<u>Non-Health Insurance</u>				
Cash	\$102,323,539	\$88,334,096	\$13,989,443	15.8%
Net Accrual	1,009,158	1,094,981	(85,823)	-7.8%
Total Non-Health Ins.	\$103,332,697	\$89,429,077	\$13,903,620	15.5%
<u>Health Insurance</u>				
Cash	\$69,497,850	\$66,139,939	\$3,357,911	5.1%
Net Accrual	39,455	(931,455)	\$970,910	-104.2%
Total Health Ins.	\$69,537,305	\$65,208,484	\$4,328,821	6.6%

Sales and Use Taxes

Component	FY 2024 Preliminary	FY 2023 Audited	Nominal Difference	Percent Difference
Net Taxation *	\$1,192,334,878	\$1,133,943,218	\$58,391,660	5.1%
Meal & Bev Sales Tax	268,223,686	258,513,979	9,709,707	3.8%
Motor Vehicle Use Tax	168,473,974	166,499,927	1,974,047	1.2%
Total Receipts	\$1,629,032,538	\$1,558,957,125	\$70,075,414	4.5%
Net Accrual	6,389,352	5,810,897	578,455	10.0%
Total Revenue	\$1,635,421,890	\$1,564,768,022	\$70,653,869	4.5%
* The net taxation component includes nonsufficient funds checks of \$63,014 in preliminary FY 2024 and \$(37,027) in audited FY 2023. Net taxation does not include the meal and beverage sales tax and motor vehicle use tax amounts that are separately stated.				

Cigarettes Taxes

Component	FY 2024 Preliminary	FY 2024 Final Enacted	Nominal Difference	Percent Difference
Cigarettes, incl. Floor Stock	\$109,368,616	\$111,900,000	\$(2,531,384)	-2.3%
Other Tobacco Products	9,945,481	9,700,000	245,481	2.5%
Total Revenues	\$119,314,097	\$121,600,000	\$(2,285,903)	-1.9%

Component	FY 2024 Preliminary	FY 2023 Audited	Nominal Difference	Percent Difference
<u>Cigarettes, incl. Floor Stock</u>				
Cash	\$109,387,837	\$122,532,984	\$(13,145,147)	-10.7%
Net Accrual	(19,221)	438,979	(458,200)	-104.4%
Total Cigarettes	\$109,368,616	\$122,971,963	\$(13,603,347)	-11.1%
<u>Other Tobacco Products</u>				
Cash	\$9,938,406	\$10,454,575	\$(516,169)	-4.9%
Net Accrual	7,075	133,379	(126,304)	-94.7%
Total Other Tobacco	\$9,945,481	\$10,587,954	\$(642,473)	-6.1%

The change in Rhode Island cigarette sales between preliminary FY 2024 and audited FY 2023 is determined by netting out the value of cigarette floor stock tax and other tobacco products tax revenues in each fiscal year.

Total Departmental Receipts

Category	FY 2024 Preliminary	FY 2023 Audited	Nominal Difference	Percent Difference
<u>Licenses and Fees</u>				
Cash	\$330,768,025	\$496,907,022	\$(166,138,997)	-33.4%
Net Accrual	46,905,133	(159,235,694)	206,140,827	-129.5%
Total Licenses and Fees	\$377,673,158	\$337,671,328	\$40,001,830	11.8%
<u>Fines and Penalties</u>				
Cash	\$59,769,302	\$58,200,783	\$1,568,519	2.7%
Net Accrual	38,371	(326,807)	365,178	-111.7%
Total Fines and Penalties	\$59,807,673	\$57,873,976	\$1,933,697	3.3%
<u>Sales and Services</u>				
Cash	\$18,467,645	\$9,320,649	\$9,146,996	98.1%
Net Accrual	(54,327)	86,239	(140,566)	-163.0%
Total Sales and Services	\$18,413,318	\$9,406,888	\$9,006,430	95.7%
<u>Miscellaneous Departmental Receipts</u>				
Cash	\$101,543,190	\$87,246,420	\$14,296,770	16.4%
Net Accrual	1,155,315	(561,022)	1,716,337	-305.9%
Total Misc. Dept. Receipts	\$102,698,505	\$86,685,398	\$16,013,107	18.5%

In the licenses and fees category of departmental receipts, the HLF was restructured for FY 2024 to have three tiers with differing fees based on inpatient and outpatient net patient-services revenue. The FY 2023 HLF was assessed at 5.42% on hospital fiscal year 2021 net patient revenues.

The preliminary FY 2024 HLF receivable was \$58.5 million, and the audited FY 2023 HLF receivable was \$11.9 million, which translates into an HLF net accrual of \$46.9 million in FY 2024. FY 2024 HLF was primarily received in June 2024, and the FY 2023 HLF was primarily received in June 2023. FY 2023 audited cash also contains the majority of the FY 2022 HLF, which was received in July 2022 and accrued back to FY 2022.

Lottery Transfer

The table below provides the component breakdown of revenues from the lottery transfer, as provided by the Division of Lottery, and compares preliminary FY 2024 revenues to FY 2024 final enacted revenues:

Component	FY 2024 Preliminary	FY 2024 Final Enacted	Nominal Difference	Percent Difference
Traditional Games	\$73,805,913	\$75,000,000	\$(1,194,087)	-1.6%
VLTs	314,953,987	316,600,000	(1,646,013)	-0.5%
Table Games	13,778,113	13,300,000	478,113	3.6%
On-Site Sports Betting	3,816,944	4,200,000	(383,056)	-9.1%
Remote Sports Betting	16,095,610	15,000,000	1,095,610	7.3%
iGaming	3,040,523	4,700,000	(1,659,477)	-35.3%
Total Lottery	\$425,491,090	\$428,800,000	\$(3,308,910)	-0.8%

The table below provides the component breakdown of revenues from the lottery transfer, as provided by the Division of Lottery, and compares preliminary FY 2024 revenues to audited FY 2023 revenues:

Component	FY 2024 Preliminary	FY 2023 Audited	Nominal Difference	Percent Difference
Traditional Games	\$73,805,913	\$72,905,741	\$900,172	1.2%
VLTs	314,953,987	320,482,630	(5,528,643)	-1.7%
Table Games	13,778,113	14,668,175	(890,062)	-6.1%
On-Site Sports Betting	3,816,944	9,990,833	(6,173,889)	-61.8%
Remote Sports Betting	16,095,610	16,619,390	(523,780)	-3.2%
iGaming	3,040,523	0	3,040,523	n/a
Total Lottery	\$425,491,090	\$434,666,769	\$(9,175,679)	-2.1%

Per Penny Motor Fuel Tax Yield

FY 2024	FY 2024 Preliminary	FY 2024 ORA Estimated	Nominal Difference	Percent Difference
Per Penny	\$4,349,066	\$4,299,779	\$49,287	1.1%

FY 2024	FY 2024 Preliminary	FY 2023 Audited	Nominal Difference	Percent Difference
Per Penny	\$4,349,066	\$4,324,055	\$25,011	0.6%

The State's per gallon motor fuel tax was \$0.37 in FY 2024. The State's motor fuel tax is dedicated to the funding of transportation. The State's motor fuel tax is allocated to the Rhode Island Department of Transportation, which receives \$0.2125 of the \$0.37 per gallon motor fuel tax; the Rhode Island Public Transit Authority, which receives \$0.0925 of the \$0.37 per gallon motor fuel tax; the Department of Human Services, which receives \$0.01 of the \$0.37 per gallon motor fuel tax for its elderly transportation program; and the Rhode Island Turnpike and Bridge Authority, which receives \$0.035 of the \$0.37 per gallon motor fuel tax for the maintenance and repair of the Jamestown Verrazano Bridge, the Mount Hope Bridge, the Newport Pell Bridge, and the Sakonnet River Bridge. The motor fuel tax was \$0.34 in FY 2023, with the allocation the same as above other than the Department of Transportation receiving \$0.1825. The ORA Estimated figure above is the Office of Revenue Analysis' projection of the motor fuel tax per penny yield as it was computed in May 2024.

Thomas A. Verdi,
Director
Department of Revenue

September 26, 2024