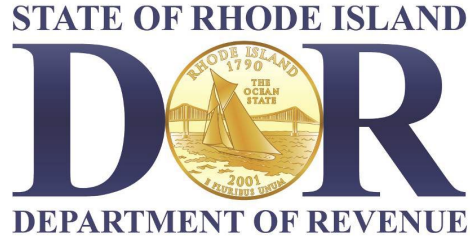


*STATE OF RHODE ISLAND*  
GOVERNOR DANIEL J. MCKEE



Office of Revenue Analysis

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

ORA finds that FY 2025 adjusted total general revenues through September led the enacted FY 2025 expected total general revenues estimates through September by \$75.7 million, a variance of 6.1%.

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 total shifted is estimated at \$46.4 million across tax types.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$68.6 million more than expected, with a variance of 15.0%. This variance is primarily due to final payments being up \$46.2 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. Withholding and estimated payments have also been strong year-to-date.

- Business corporation tax revenue exceeded the estimate by \$3.7 million through September, with a variance of 5.3%.

### Results for Month of September

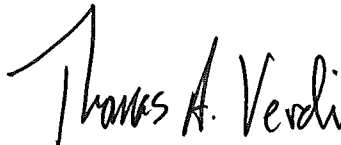
ORA finds that September 2024 adjusted total general revenues exceeded the expected total general revenues estimates for September by \$28.8 million, a variance of 5.5%. September was the first quarterly estimated payment due date of the fiscal year for personal income tax and most of the general business taxes.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$27.0 million more than expected, which is a variance of 14.6%. This variance is primarily due to withholding payments being up \$18.7 million compared to the estimate. Final and estimated payments were also strong in September.
- Business corporation tax revenue exceeded September estimates by \$3.2 million, or 6.2%.
- September 2024 financial institutions tax revenue trailed the estimate by \$3.7 million, although the timing of collections of this revenue stream can be variable.

### 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  
October 23, 2024

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

	YTD September Adjusted Revenues FY 2025		YTD September Estimate of Enacted FY 2025 Revenues †	Difference	Variance
<b>Personal Income Tax</b>	\$ 525,798,604	a, b, c, d, e	\$ 457,170,169	\$ 68,628,434	15.0%
<b>General Business Taxes</b>					
Business Corporation †	73,830,635	a, b, c	70,125,538	3,705,097	5.3%
Public Utilities Gross Earnings	25,125,153	c, f	25,359,226	(234,073)	-0.9%
Financial Institutions †	3,414,473	c	6,916,923	(3,502,450)	-50.6%
Insurance Company Gross Premiums †	41,982,378	c, d, e, g	39,328,758	2,653,620	6.7%
Bank Deposits	1,423,788	a, c	1,111,428	312,360	28.1%
Health Care Provider Assessment	10,835,543		10,837,181	(1,638)	0.0%
<b>Excise Taxes</b>					
Sales and Use †	452,788,487		449,937,085	2,851,402	0.6%
Cigarettes, OTP, and ENDS †	31,134,296		31,252,650	(118,354)	-0.4%
Alcohol	6,367,138		6,056,780	310,358	5.1%
Controlled Substances	-		-	-	n/a
<b>Other Taxes</b>					
Estate and Transfer	15,690,448		13,641,696	2,048,752	15.0%
Racing and Athletics	182,523		158,086	24,437	15.5%
Realty Transfer	5,023,775	h	4,650,260	373,515	8.0%
<b>Total Taxes</b>	\$ 1,193,597,240		\$ 1,116,545,778	\$ 77,051,461	6.9%
<b>Departmental Receipts †</b>	\$ 47,057,638	i	\$ 45,523,633	\$ 1,534,005	3.4%
<b>Taxes and Departmentals</b>	\$ 1,240,654,878		\$ 1,162,069,411	\$ 78,585,466	6.8%
<b>Other General Revenue Sources</b>					
Other Miscellaneous Revenues	911,160		911,160	-	0.0%
Lottery Transfer	70,280,712		73,124,092	(2,843,380)	-3.9%
Unclaimed Property	-		-	-	n/a
<b>Total Other Sources</b>	\$ 71,191,872		\$ 74,035,252	\$ (2,843,380)	-3.8%
<b>Total General Revenues</b>	\$ 1,311,846,749		\$ 1,236,104,663	\$ 75,742,086	6.1%

PIT Component	YTD September Adj. Revenues		YTD September Enacted Estimates	Difference	Variance
Estimated payments	\$ 68,278,089	c	\$ 60,096,883	\$ 8,181,206	13.6%
Final payments †	92,318,900	b, c, d, e	46,106,729	46,212,171	100.2%
Withholding	396,418,638		383,629,318	12,789,320	3.3%
Refunds and Adjustments	(31,217,023)	a	(32,662,761)	1,445,738	-4.4%
<b>Total</b>	\$ 525,798,604		\$ 457,170,169	\$ 68,628,434	15.0%

† 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 - \$315,000
  - business corporation tax - \$(129,000)
  - bank deposits tax - \$(186,000)
- <sup>b</sup> Adds to personal income tax final payments \$39,217,846 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> The Division of Taxation extended the filing and payment due dates for personal income tax and certain business taxes until July 15, 2024. The total shifted is estimated at \$46.4 million across tax types.
- <sup>d</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>e</sup> Adds \$174,583 to personal income tax final payments and \$744,703 to insurance company gross premiums tax for September historic structures tax credits not reimbursed until October.
- <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> Subtracts \$2,062,120 for misapplied July HMO insurance payment(s) that will be transferred to restricted receipts in October.
- <sup>h</sup> Subtracts \$1,080,483 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the September transfers that will occur in October.
- <sup>i</sup> 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 STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT**  
**Monthly Estimate to Actual**

	September 2024 Adjusted Revenues FY 2025		September 2024 Estimate of FY 2025 Enacted Revenues †	Difference	Variance	
<b>Personal Income Tax</b>	\$ 212,516,647	a, b, c	\$ 185,468,274	\$ 27,048,372	14.6%	
<b>General Business Taxes</b>						
Business Corporation †	56,001,617	a, b	52,754,670	3,246,947	6.2%	
Public Utilities Gross Earnings	25,733,951		24,974,442	759,509	3.0%	
Financial Institutions †	2,905,560		6,610,746	(3,705,186)	-56.0%	
Insurance Company Gross Premiums †	34,488,578	c	34,430,776	57,801	0.2%	
Bank Deposits	1,543,781		1,099,395	444,386	40.4%	
Health Care Provider Assessment	3,488,076		3,575,768	(87,691)	-2.5%	
<b>Excise Taxes</b>						
Sales and Use †	145,642,457	a	146,208,692	(566,235)	-0.4%	
Cigarettes, OTP, and ENDS †	9,598,042		10,771,582	(1,173,540)	-10.9%	
Alcohol	2,152,397		2,031,296	121,101	6.0%	
Controlled Substances	-		-	-	n/a	
<b>Other Taxes</b>						
Estate and Transfer	6,023,236		4,211,664	1,811,571	43.0%	
Racing and Athletics	57,783		54,678	3,104	5.7%	
Realty Transfer	1,786,828	d	1,574,631	212,197	13.5%	
<b>Total Taxes</b>	\$ 501,938,952		\$ 473,766,615	\$ 28,172,336	5.9%	
<b>Departmental Receipts †</b>	\$ 17,790,144	a	\$ 16,962,285	\$ 827,859	4.9%	
<b>Taxes and Departmentals</b>	\$ 519,729,096		\$ 490,728,900	\$ 29,000,196	5.9%	
<b>Other General Revenue Sources</b>						
Other Miscellaneous Revenues	385,200		385,200	+	-	0.0%
Lottery Transfer	35,413,060		35,645,383	(232,323)	-0.7%	
Unclaimed Property	-		-	+	-	n/a
<b>Total Other Sources</b>	\$ 35,798,260		\$ 36,030,582	\$ (232,323)	-0.6%	
<b>Total General Revenues</b>	\$ 555,527,356		\$ 526,759,483	\$ 28,767,873	5.5%	

PIT Component	September 2024 Adj. Revenues		September 2024 Enacted Estimates	Difference	Variance
Estimated payments	\$ 51,111,373		\$ 47,319,267	\$ 3,792,106	8.0%
Final payments †	36,612,351	b, c	29,204,545	7,407,806	25.4%
Withholding	136,469,347		117,739,978	18,729,368	15.9%
Refunds and Adjustments	(11,676,424)	a	(8,795,517)	(2,880,908)	32.8%
<b>Total</b>	\$ 212,516,647		\$ 185,468,274	\$ 27,048,372	14.6%

† 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.

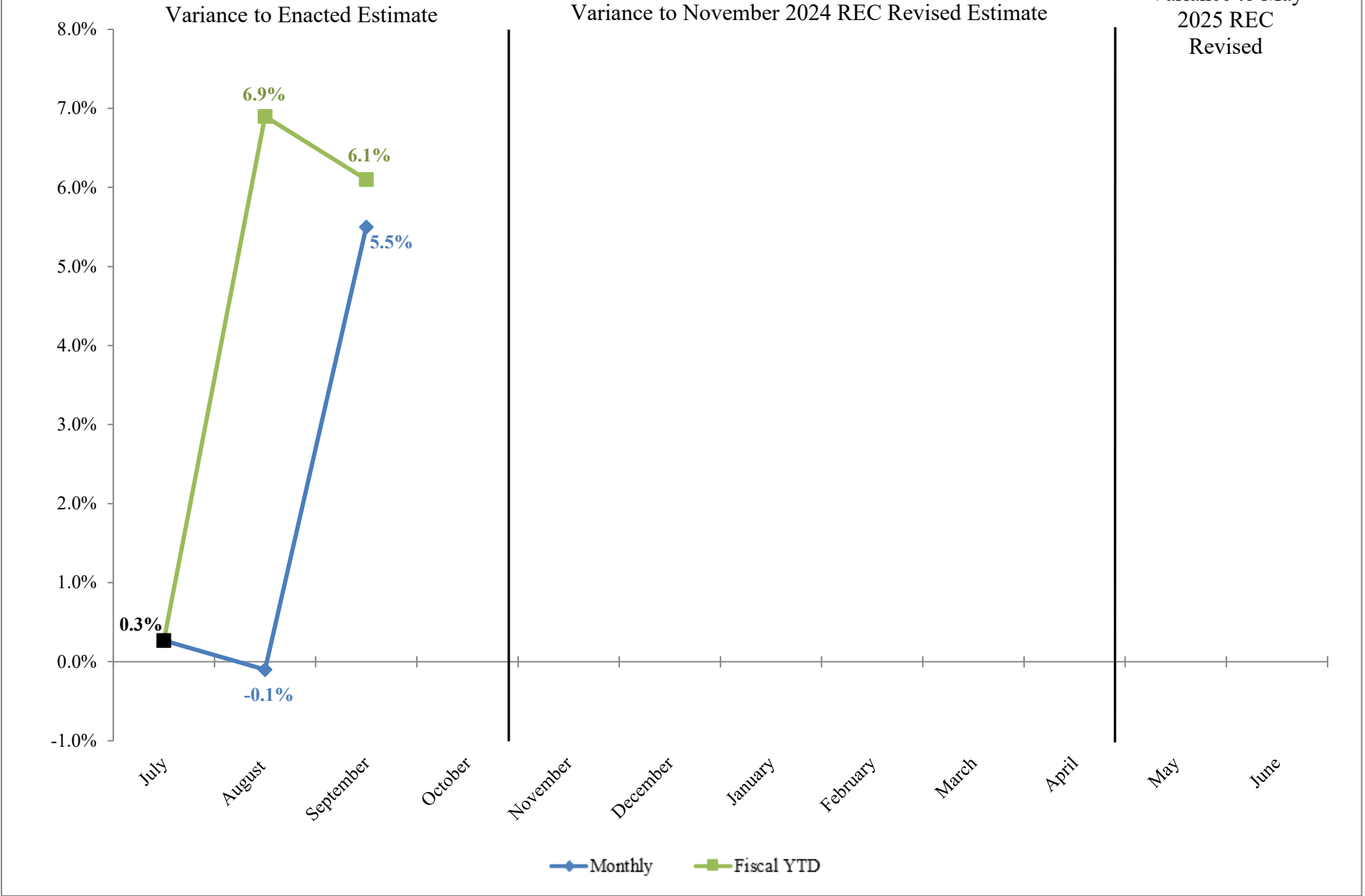
+ Set equal to actual amounts received.

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 - \$(280,000)
  - business corporation tax - \$280,000
  - sales and use tax - \$108,423
  - departmental receipts - \$(108,423)
- <sup>b</sup> Adds to personal income tax final payments \$27,954,809 in net revenues from pass-through entities made on behalf of shareholders received in September and recorded as business corporation tax payments. The offsetting amount was subtracted from business corporation tax.
- <sup>c</sup> Adds \$174,583 to personal income tax final payments and \$744,703 to insurance company gross premiums tax for September historic structures tax credits not reimbursed until October.
- <sup>d</sup> Subtracts \$95,676 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The net amount reflects the August transfers that occurred in September and the September transfers that will occur in October.

# 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 September. 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>	
	Sept.	YTD		Sept.	YTD
Personal Income Taxes			Sales and Use Taxes	8.6%	26.4%
Estimated Payments	20.8%	26.4%	Cigarettes Taxes	9.3%	26.9%
Final Payments	5.7%	9.0%	Alcohol Excise Taxes	9.6%	28.6%
Withholding Payments	7.1%	23.2%	Estate and Transfer	8.2%	26.5%
Refunds/Adjustments	1.7%	6.3%	Racing and Athletics	9.1%	26.3%
Business Corporation Taxes	15.2%	20.2%	Realty Transfer	9.4%	27.8%
Utilities Gross Earnings Taxes	23.6%	24.0%	Departmental Receipts	5.6%	15.1%
Financial Institutions Taxes	19.8%	20.7%	Lottery Transfer	7.7%	23.3%
Insurance Co. Gross Premiums	20.0%	22.9%	Other Misc. Revenues	n/a	n/a
Bank Deposits	21.6%	21.8%	Unclaimed Property	0.0%	0.0%
Health Care Provider Assessment	8.5%	25.9%			

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.			