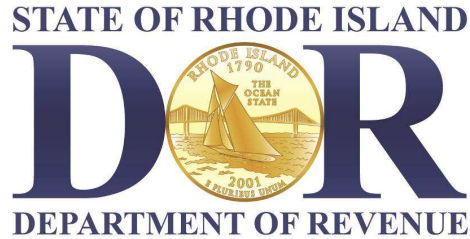


STATE OF RHODE ISLAND
GOVERNOR DANIEL J. MCKEE



Office of Revenue Analysis

State of Rhode Island Revenue Assessment Report
FY 2025 Monthly and Year-to-Date as of October 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. *Next month's report will update expected revenue estimates based on the revised estimates adopted at the REC held on November 8, 2024.*

Results for FY 2025 Revenues through October

ORA finds that FY 2025 adjusted total general revenues through October led the enacted FY 2025 expected total general revenues estimates through October by \$17.7 million, a variance of 1.1%.

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 to July is estimated at \$46.4 million across tax types. The Office of Accounts and Control has indicated it will accrue a net \$43.4 million in personal income tax revenues received in July to FY 2024. Additionally, Rebuild RI tax incentives reimbursements received in August will also be accrued back to FY 2024. ORA has adjusted the revenues for these accrual changes as follows: \$(31.6 million) in personal income tax final payments, \$(6.7 million) in estimated payments, \$(6.0 million) in pass-through entity payments, and \$(7.5 million) in insurance company gross premiums tax. These accruals represent a material change from ORA's assumptions in the

August 2024 and September 2024 revenue assessment reports (but are aligned with ORA's assumptions in the July 2024 report).

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$25.5 million more than expected, with a variance of 4.2%. Final payments and refunds and adjustments have been strong year-to-date compared to the estimate.
- Business corporation tax revenue trailed the estimate by \$9.5 million through October, with a variance of -11.2%. Corporate refunds through October 2024 totaled \$(26.7 million), compared to \$(3.8 million) through October 2023.
- Estate and transfer tax and departmental receipts continued to be strong with variances of \$8.3 million and \$7.0 million, respectively.

Results for Month of October

ORA finds that October 2024 adjusted total general revenues trailed the expected total general revenues estimates for October by \$12.3 million, a variance of -3.2%.

Some notable variances to expected revenues are as follows:

- Business corporation tax revenue trailed October estimates by \$13.3 million, or -3.3%.
- Personal income tax revenue was \$4.9 million less than expected, which is a variance of -3.3%. This variance is primarily due to withholding being down \$15.1 million compared to the estimate. Refunds and adjustments and final payments partially offset the negative variance with positive differences in October of \$7.5 million and \$4.2 million, respectively.
- Estate and transfer tax and departmental receipts continued to be strong with variances of \$6.2 million and \$5.4 million, respectively. Estate and transfer tax received large payment(s) of \$4.1 million in October.

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
November 20, 2024

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

	YTD October Adjusted Revenues FY 2025		YTD October Estimate of Enacted FY 2025 Revenues †		Difference	Variance
Personal Income Tax	\$ 628,803,172	a, b, c, d, e	\$ 603,319,751		\$ 25,483,421	4.2%
General Business Taxes						
Business Corporation †	75,391,217	a, b, c	84,865,629		(9,474,412)	-11.2%
Public Utilities Gross Earnings	25,394,544	c, e	25,643,804		(249,260)	-1.0%
Financial Institutions †	3,865,857	c	7,604,094		(3,738,237)	-49.2%
Insurance Company Gross Premiums †	34,284,358	c, d, e, g	39,952,133		(5,667,775)	-14.2%
Bank Deposits	1,317,369	a, c	1,095,817		221,551	20.2%
Health Care Provider Assessment	14,345,167		14,419,763		(74,596)	-0.5%
Excise Taxes						
Sales and Use †	596,398,861		597,404,783		(1,005,922)	-0.2%
Cigarettes, OTP, and ENDS †	42,687,367		40,977,269		1,710,098	4.2%
Alcohol	7,754,153		7,483,928		270,225	3.6%
Controlled Substances	-		-	+	-	n/a
Other Taxes						
Estate and Transfer	25,992,144	f	17,727,922		8,264,222	46.6%
Racing and Athletics	246,442		214,230		32,212	15.0%
Realty Transfer	6,204,006	g	6,295,634		(91,629)	-1.5%
Total Taxes	\$ 1,462,684,656		\$ 1,447,004,758		\$ 15,679,897	1.1%
Departmental Receipts †	\$ 74,129,887	h, i	\$ 67,167,259		\$ 6,962,628	10.4%
Taxes and Departmentals	\$ 1,536,814,543		\$ 1,514,172,017		\$ 22,642,526	1.5%
Other General Revenue Sources						
Other Miscellaneous Revenues	1,210,919	j	1,210,919	+	-	0.0%
Lottery Transfer	104,779,327	k	109,722,431		(4,943,104)	-4.5%
Unclaimed Property	-		-	+	-	n/a
Total Other Sources	\$ 105,990,246		\$ 110,933,350		\$ (4,943,104)	-4.5%
Total General Revenues	\$ 1,642,804,789		\$ 1,625,105,367		\$ 17,699,422	1.1%

PIT Component	YTD October Adj. Revenues		YTD October Enacted Estimates		Difference	Variance
Estimated payments	\$ 69,856,110	c	\$ 69,928,154		\$ (72,045)	-0.1%
Final payments †	85,072,876	b, c, d, e	66,207,621		18,865,255	28.5%
Withholding	528,012,715		530,278,257		(2,265,542)	-0.4%
Refunds and Adjustments	(54,138,529)	a	(63,094,281)		8,955,752	-14.2%
Total	\$ 628,803,172		\$ 603,319,751		\$ 25,483,421	4.2%

† 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 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 - \$(451,075)
 - business corporation tax - \$637,075
 - bank deposits tax - \$(186,000)
- ^b Adds to personal income tax final payments \$44,638,431 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.
- ^c The Division of Taxation extended the filing and payment due dates for personal income tax and certain business taxes until July 15, 2024, which totaled \$48,455,242. The Office of Accounts and Control has indicated it will accrue a net \$43.4 million in personal income tax revenues received in July to FY 2024. ORA has subtracted from personal income tax revenues \$30.8 million in final payments and \$6.7 million in estimated payments to account for this accrual. The \$6.0 million in PTE payments from this change in dates is included in the above PTE adjustment. There will be no accrual for any other tax type related to this delay in payments.
- ^d Subtracts August Rebuild Rhode Island reimbursements accrued back to FY 2024 as follows:
 - personal income tax final payments - \$815,405
 - insurance company gross premiums tax - \$7,548,050
- ^e Adds \$28,157,583 for rebates issued for the gross receipts tax suspension in July 2024 that were accrued back to FY 2024.
- ^f Includes large estate tax payment(s) of \$4.1 million received in FY 2025 YTD.
- ^g Subtracts \$1,152,581 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the October transfers that will occur in November.
- ^h Subtracts \$34,044,515 of FY 2024 hospital licensing fee payment(s) received in FY 2025 YTD and accrued back to FY 2024.
- ⁱ Adds \$800,485 for Judiciary fines and penalties deposits for October that will not be posted until November.
- ^j Adds \$266,636 for a late transfer to the general fund that will not be posted until November.
- ^k Subtracts \$6,228,371 of lottery transfer revenues that were transferred in October 2024 but accrued back to FY 2024.

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

	October 2024 Adjusted Revenues FY 2025			October 2024 Estimate of FY 2025 Enacted Revenues †		Difference	Variance	
Personal Income Tax	\$	141,250,458	a, b, c	\$	146,140,645	\$ (4,890,187)	-3.3%	
General Business Taxes								
Business Corporation †		1,560,582	a, b		14,820,989	(13,260,407)	-89.5%	
Public Utilities Gross Earnings		269,391			284,578	(15,187)	-5.3%	
Financial Institutions †		451,384			687,171	(235,787)	-34.3%	
Insurance Company Gross Premiums †		(149,970)	c, d		596,496	(746,466)	-125.1%	
Bank Deposits		(106,419)			(15,610)	(90,809)	581.7%	
Health Care Provider Assessment		3,509,624			3,582,582	(72,958)	-2.0%	
Excise Taxes								
Sales and Use †		143,610,375	a		147,467,698	(3,857,324)	-2.6%	
Cigarettes, OTP, and ENDS †		11,553,071	a		9,724,619	1,828,452	18.8%	
Alcohol		1,387,015			1,427,148	(40,133)	-2.8%	
Controlled Substances		-			-	-	n/a	
Other Taxes								
Estate and Transfer		10,301,696	e		4,086,226	6,215,470	152.1%	
Racing and Athletics		63,919			56,144	7,775	13.8%	
Realty Transfer		1,180,230	f		1,645,374	(465,143)	-28.3%	
Total Taxes	\$	314,881,356		\$	330,504,061	\$ (15,622,706)	-4.7%	
Departmental Receipts †	\$	27,072,249	g, h	\$	21,643,626	\$ 5,428,623	25.1%	
Taxes and Departmentals	\$	341,953,605		\$	352,147,687	\$ (10,194,082)	-2.9%	
Other General Revenue Sources								
Other Miscellaneous Revenues		299,759	i		299,759	+	-	0.0%
Lottery Transfer		34,498,615	j		36,598,339	(2,099,724)	-5.7%	
Unclaimed Property		-			-	+	-	n/a
Total Other Sources	\$	34,798,374		\$	36,898,098	\$ (2,099,724)	-5.7%	
Total General Revenues	\$	376,751,979		\$	389,045,785	\$ (12,293,806)	-3.2%	

	October 2024 Adj. Revenues			October 2024 Enacted Estimates		Difference	Variance
Estimated payments	\$	8,234,387		\$	9,822,334	\$ (1,587,947)	-16.2%
Final payments †		24,343,500	b, c		20,100,892	4,242,608	21.1%
Withholding		131,594,077			146,648,939	(15,054,862)	-10.3%
Refunds and Adjustments		(22,921,506)	a		(30,431,520)	7,510,014	-24.7%
Total	\$	141,250,458		\$	146,140,645	\$ (4,890,187)	-3.3%

† 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.

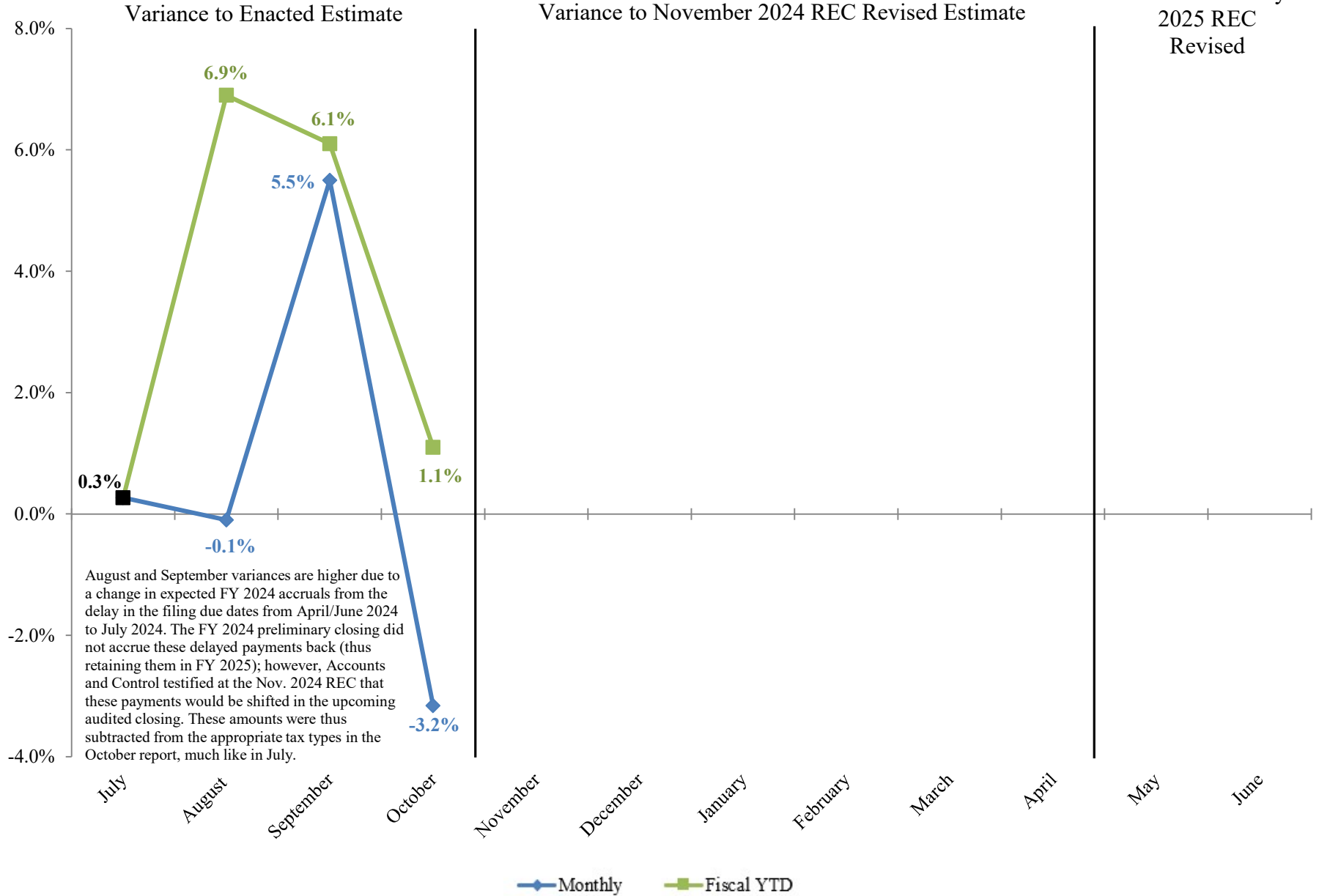
+ Set equal to actual amounts received.

Detailed notes on the following page

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

- ^a 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 - \$(766,075)
 - business corporation tax - \$776,075
 - sales and use tax - \$237,600
 - cigarettes, OTP, and ENDS taxes - \$(237,600)
- ^b Adds to personal income tax final payments \$5,420,585 in net revenues from pass-through entities made on behalf of shareholders received in October and recorded as business corporation tax payments. The offsetting amount was subtracted from business corporation tax.
- ^c 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.
- ^d Adds \$2,062,120 for misapplied July HMO insurance payment(s) that were transferred to restricted receipts in October.
- ^e Includes large estate tax payment(s) of \$4.1 million received in October 2024.
- ^f Subtracts \$72,098 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The net amount reflects the September transfers that occurred in October and the October transfers that will occur in November.
- ^g Subtracts \$6,124,337 of FY 2024 hospital licensing fee payment(s) received in October and accrued back to FY 2024.
- ^h Adds \$800,485 for Judiciary fines and penalties deposits for October that will not be posted until November.
- ⁱ Adds \$266,636 for a late transfer to the general fund that will not be posted until November.
- ^j Subtracts \$6,228,371 of lottery transfer revenues that were transferred in October 2024 but 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 October. 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>	
	Oct.	YTD		Oct.	YTD
Personal Income Taxes			Sales and Use Taxes	8.7%	35.1%
Estimated Payments	4.3%	30.7%	Cigarettes Taxes	8.4%	35.3%
Final Payments	3.9%	13.0%	Alcohol Excise Taxes	6.7%	35.3%
Withholding Payments	8.9%	32.1%	Estate and Transfer	7.9%	34.5%
Refunds/Adjustments	5.9%	12.2%	Racing and Athletics	9.4%	35.7%
Business Corporation Taxes	4.3%	24.5%	Realty Transfer	9.9%	37.7%
Utilities Gross Earnings Taxes	0.3%	24.2%	Departmental Receipts	7.2%	22.2%
Financial Institutions Taxes	2.1%	22.8%	Lottery Transfer	8.1%	24.4%
Insurance Co. Gross Premiums	0.4%	23.5%	Other Misc. Revenues	n/a	n/a
Bank Deposits	-0.3%	21.5%	Unclaimed Property	0.0%	0.0%
Health Care Provider Assessment	8.6%	34.4%			

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.			