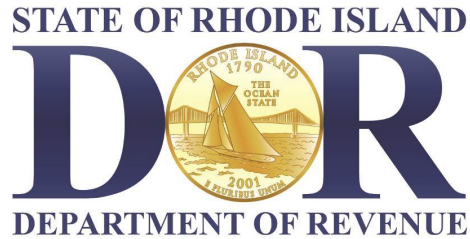


STATE OF RHODE ISLAND
GOVERNOR DANIEL J. MCKEE



Office of Revenue Analysis

State of Rhode Island Revenue Assessment Report
FY 2025 Monthly and Year-to-Date as of November 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 revised estimates adopted at the November REC held on November 8, 2024.

Results for FY 2025 Revenues through November

ORA finds that FY 2025 adjusted total general revenues through November trailed the revised FY 2025 expected total general revenues estimates through November by \$(4.4 million), a variance of -0.2%.

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.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$7.1 million less than expected, with a variance of -0.9%. Withholding payments were down \$11.8 million, or -1.8 %, compared to the estimate. Partially offsetting this negative variance is refunds and adjustments with a positive variance of \$4.4 million. Despite falling below estimates, withholding cash collections in November 2024 grew by a robust 7.5% compared to November 2023.
- Sales and use tax was below estimates by \$1.6 million, or -0.2%.
- Estate and transfer tax showed continued strength with a variance of \$3.7 million, or 11.3%.
- Combined, business taxes exceeded estimates by \$4.4 million, although November is not a significant month for business tax collections.
- Despite the downward revision of cigarette tax estimates at the November REC, cigarette tax revenue fell below expectations by \$1.1 million.
- The lottery transfer had a negative variance to estimates of \$1.6 million, or 1.1%, driven by less traditional lottery and sports betting revenue than expected.

Results for Month of November

The table *Monthly Estimate to Actual* gives the results for November 2024. Given that November is the first month of the fiscal year after the adoption of the revised revenue estimates at the November 2024 REC, the differences between the monthly adjusted revenues and expected revenues are the same as the above year-to-date differences. The monthly percentage changes, however, are larger than the fiscal year-to-date percentage changes due to the smaller nominal base that comprises monthly revenues.

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
December 17, 2024

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

	YTD November Adjusted Revenues FY 2025		YTD November Estimate of Revised FY 2025 Revenues †		Difference	Variance
Personal Income Tax	\$ 751,444,533	a, b, c, d	\$ 758,494,551		\$ (7,050,018)	-0.9%
General Business Taxes						
Business Corporation †	77,279,398	a, b, c	75,574,285		1,705,112	2.3%
Public Utilities Gross Earnings	28,162,452	e	25,779,253		2,383,200	9.2%
Financial Institutions †	3,851,620		3,913,229		(61,609)	-1.6%
Insurance Company Gross Premiums †	35,604,188	d	34,929,967		674,221	1.9%
Bank Deposits	1,098,481	a	1,453,786		(355,306)	-24.4%
Health Care Provider Assessment	18,151,975		18,057,407		94,568	0.5%
Excise Taxes						
Sales and Use †	736,803,763		738,405,838		(1,602,075)	-0.2%
Cigarettes, OTP, and ENDS †	50,836,508		51,889,984		(1,053,476)	-2.0%
Alcohol	9,305,548		9,524,317		(218,769)	-2.3%
Controlled Substances	-		-	+	-	n/a
Other Taxes						
Estate and Transfer	36,375,739	f	32,689,845		3,685,894	11.3%
Racing and Athletics	298,182		308,883		(10,700)	-3.5%
Realty Transfer	7,782,722	g	8,772,698		(989,976)	-11.3%
Total Taxes	\$ 1,756,995,109		\$ 1,759,794,045		\$ (2,798,935)	-0.2%
Departmental Receipts †	\$ 97,402,645	h	\$ 97,478,099		\$ (75,454)	-0.1%
Taxes and Departmentals	\$ 1,854,397,755		\$ 1,857,272,143		\$ (2,874,389)	-0.2%
Other General Revenue Sources						
Other Miscellaneous Revenues	1,736,414		1,736,414	+	-	0.0%
Lottery Transfer	138,115,708	i	139,676,867		(1,561,159)	-1.1%
Unclaimed Property	-		-	+	-	n/a
Total Other Sources	\$ 139,852,122		\$ 141,413,281		\$ (1,561,159)	-1.1%
Total General Revenues	\$ 1,994,249,877		\$ 1,998,685,425		\$ (4,435,548)	-0.2%

PIT Component	YTD November Adj. Revenues		YTD November Revised Estimates		Difference	Variance
Estimated payments	\$ 74,502,818	c	\$ 75,097,934		\$ (595,115)	-0.8%
Final payments †	88,964,639	b, c, d, e	87,984,700		979,939	1.1%
Withholding	653,316,192		665,126,488		(11,810,296)	-1.8%
Refunds and Adjustments	(65,339,116)	a	(69,714,570)		4,375,454	-6.3%
Total	\$ 751,444,533		\$ 758,494,551		\$ (7,050,018)	-0.9%

† FY 2025 expected revenues are based on the estimates adopted at the November 2024 Revenue Estimating Conference. 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 - \$(774,398)
 - business corporation tax - \$960,398
 - bank deposits tax - \$(186,000)
- ^b Adds to personal income tax final payments \$47,501,445 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 \$823,052 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the November transfers that will occur in December.
- ^h Subtracts \$40,168,852 of FY 2024 hospital licensing fee payment(s) received in FY 2025 YTD and accrued back to FY 2024.
- ⁱ 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

	November 2024 Adjusted Revenues FY 2025		November 2024 Estimate of FY 2025 Revised Revenues †		Difference	Variance
Personal Income Tax	\$ 128,607,877	a, b, c	\$ 135,657,895		\$ (7,050,018)	-5.2%
General Business Taxes						
Business Corporation †	1,888,181	a, b	183,069		1,705,112	931.4%
Public Utilities Gross Earnings	2,767,909		384,709		2,383,200	619.5%
Financial Institutions †	(14,237)		47,372		(61,609)	-130.1%
Insurance Company Gross Premiums †	1,319,830		645,609		674,221	104.4%
Bank Deposits	(218,888)		136,418		(355,306)	-260.5%
Health Care Provider Assessment	3,806,808		3,712,241		94,568	2.5%
Excise Taxes						
Sales and Use †	140,404,902	a	142,006,977		(1,602,075)	-1.1%
Cigarettes, OTP, and ENDS †	8,149,141	a	9,202,616		(1,053,476)	-11.4%
Alcohol	1,551,395		1,770,164		(218,769)	-12.4%
Controlled Substances	-		-	+	-	n/a
Other Taxes						
Estate and Transfer	10,383,595		6,697,701		3,685,894	55.0%
Racing and Athletics	51,741		62,441		(10,700)	-17.1%
Realty Transfer	426,135	c	1,416,111		(989,976)	-69.9%
Total Taxes	\$ 299,124,388		\$ 301,923,323		\$ (2,798,934)	-0.9%
Departmental Receipts †	\$ 23,272,758	d, e	\$ 23,348,211		\$ (75,453)	-0.3%
Taxes and Departmentals	\$ 322,397,146		\$ 325,271,534		\$ (2,874,388)	-0.9%
Other General Revenue Sources						
Other Miscellaneous Revenues	525,495	f	525,495	+	-	0.0%
Lottery Transfer	33,336,381		34,897,540		(1,561,159)	-4.5%
Unclaimed Property	-		-	+	-	n/a
Total Other Sources	\$ 33,861,876		\$ 35,423,035		\$ (1,561,159)	-4.4%
Total General Revenues	\$ 356,259,022		\$ 360,694,569		\$ (4,435,547)	-1.2%

PIT Component	November 2024 Adj. Revenues		November 2024 Revised Estimates		Difference	Variance
Estimated payments	\$ 4,646,709		\$ 5,241,824		\$ (595,115)	-11.4%
Final payments †	9,858,278	b, c	8,878,339		979,939	11.0%
Withholding	125,303,477		137,113,773		(11,810,296)	-8.6%
Refunds and Adjustments	(11,200,586)	a	(15,576,041)		4,375,454	-28.1%
Total	\$ 128,607,877		\$ 135,657,895		\$ (7,050,018)	-5.2%

† FY 2025 expected revenues are based on the estimates adopted at the November 2024 Revenue Estimating Conference. 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.

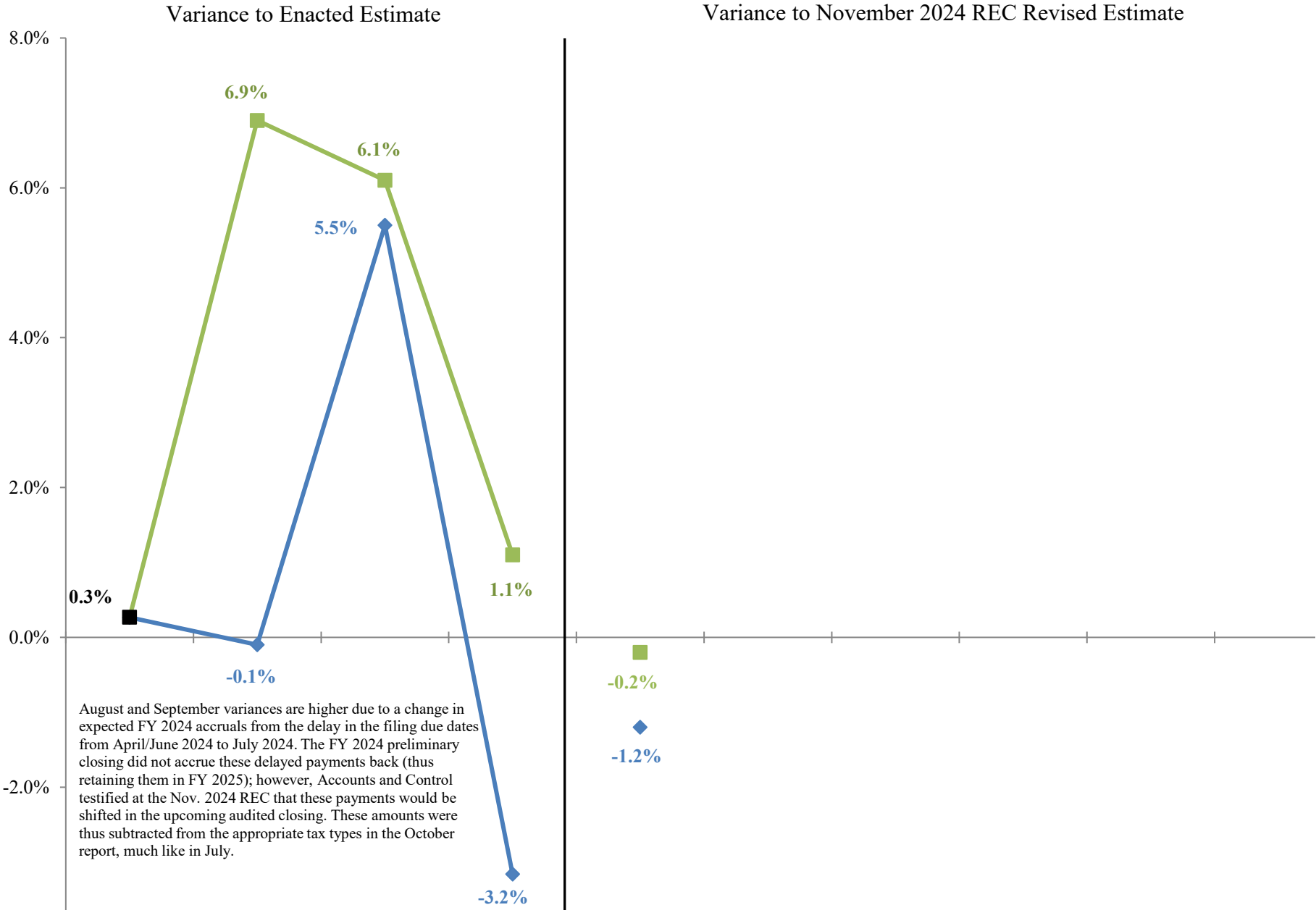
+ Set equal to actual amounts received.

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 - \$(323,323)
 - business corporation tax - \$323,323
 - sales and use tax - \$264,000
 - cigarettes, OTP, and ENDS taxes - \$(264,000)
- ^b Adds to personal income tax final payments \$2,863,014 in net revenues from pass-through entities made on behalf of shareholders received in November and recorded as business corporation tax payments. The offsetting amount was subtracted from business corporation tax.
- ^c Subtracts \$823,052 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the November transfers that will occur in December.
- ^d Subtracts \$6,124,337 of FY 2024 hospital licensing fee payment(s) received in November and accrued back to FY 2024.
- ^e Subtracts \$800,485 for Judiciary fines and penalties deposits for October that were not posted until November.
- ^f Subtracts \$266,636 for a late transfer to the general fund that was not posted until November.

FY 2025 Variance of Adjusted Revenues to Estimate



August and September variances are higher due to a change in expected FY 2024 accruals from the delay in the filing due dates from April/June 2024 to July 2024. The FY 2024 preliminary closing did not accrue these delayed payments back (thus retaining them in FY 2025); however, Accounts and Control testified at the Nov. 2024 REC that these payments would be shifted in the upcoming audited closing. These amounts were thus subtracted from the appropriate tax types in the October report, much like in July.

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 November. 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>	
	Nov.	YTD		Nov.	YTD
Personal Income Taxes			Sales and Use Taxes	8.3%	43.4%
Estimated Payments	2.2%	32.8%	Cigarettes Taxes	8.2%	43.5%
Final Payments	1.8%	15.7%	Alcohol Excise Taxes	8.5%	43.8%
Withholding Payments	8.2%	40.3%	Estate and Transfer	13.5%	48.0%
Refunds/Adjustments	3.0%	15.3%	Racing and Athletics	8.9%	44.6%
Business Corporation Taxes	0.1%	24.6%	Realty Transfer	9.0%	46.7%
Utilities Gross Earnings Taxes	0.4%	24.6%	Departmental Receipts	7.2%	29.5%
Financial Institutions Taxes	0.1%	22.2%	Lottery Transfer	8.3%	32.7%
Insurance Co. Gross Premiums	0.4%	23.8%	Other Misc. Revenues	n/a	n/a
Bank Deposits	2.4%	23.9%	Unclaimed Property	0.0%	0.0%
Health Care Provider Assessment	8.1%	42.5%			

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 Revised Revenue Estimates

The FY 2025 estimates by revenue item as adopted at the November 2024 REC are as follows:

Table B. FY 2025 Revised Revenue Estimates by Major Revenue Item			
Revenue Item	Revised FY 2025 Estimate	Revenue Item	Revised FY 2025 Estimate
Personal Income Taxes		Sales and Use Taxes	\$1,704,000,000
Estimated Payments	\$237,500,000	Cigarettes Taxes	115,300,000
Final Payments	557,700,000	Alcohol Excise Taxes	21,200,000
Withholding Payments	1,669,000,000	Estate and Transfer	65,500,000
Refunds/Adjustments	(502,800,000)	Racing and Athletics	700,000
Business Corporation Taxes	342,600,000	Realty Transfer	17,200,000
Public Utilities Gross Earnings	105,300,000	Departmental Receipts	543,500,000
Financial Institutions Taxes	39,500,000	Lottery	424,000,000
Insurance Co. Gross Premiums	167,500,000	Other Misc. Revenues	25,400,000
Bank Deposits	5,700,000	Unclaimed Property	21,300,000
Health Care Provider Assessment	44,400,000		
		Total General Revenues *	\$5,556,600,000
* The total general revenues estimate includes a personal income tax net accrual of \$(47,900,000).			