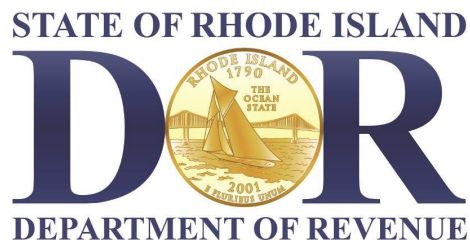


STATE OF RHODE ISLAND
GOVERNOR DANIEL J. MCKEE



Office of Revenue Analysis

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

ORA finds that FY 2025 adjusted total general revenues through December were in line with the revised FY 2025 expected total general revenues estimates through December with a slightly negative variance of \$698,173.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$21.1 million more than expected, with a variance of 2.2%. Withholding payments were up \$17.1 million, or 2.1 %, compared to the estimate. On a cash basis, withholding payments grew 8.7% year-to-date through December. Final payments were also strong being \$8.8 million, or 6.1%, higher than the estimate.
- Business corporation tax trailed estimates by \$19.8 million. Financial institutions tax and insurance taxes were also below estimates by a significant amount, \$4.6 million and \$3.4 million. The only business tax that was positive was public utilities, which was above the estimate by \$2.0 million.
- Estate and transfer tax was above the year-to-date estimate with a variance of \$3.2 million, or 8.5%.

- The lottery transfer had a positive variance to estimates of \$1.7 million, or 1.0%, driven by more video lottery terminal revenue than expected.

Results for Month of December

ORA finds that December adjusted total general revenues led the revised monthly expected total general revenues estimate for December by \$2.4 million, a variance of 0.4%. December was the second quarterly estimated payment due date of the fiscal year for most of the general business taxes. December also includes sales and use tax payments for November activity.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$28.0 million more than expected, with a variance of 14.3%. This variance is largely driven by withholding payments being up \$28.9 million, or 20.9%, compared to the estimate. Final payments were also up by \$7.9 million, or 14.0%. Partially offsetting this positive variance are estimated payments and refunds and adjustments with negative variances of \$4.5 million and \$4.2 million. Next month, January, is typically the largest month for estimated payments.
- Sales and use tax was above estimates by \$1.6 million, or 1.2%.
- Business corporation tax revenue was down \$21.5 million, or 40.1%. This variance is largely due to a significant amount of refunds being issued.
- Financial institutions tax and insurance taxes were down by \$4.5 million and \$4.1 million, respectively.
- Cigarette tax revenue recovered in December, being above expectations by \$1.0 million.
- The lottery transfer had a positive variance to estimates of \$3.2 million, or 9.7%, driven by more video lottery terminal and remote sports betting revenue than expected.

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
January 17, 2025

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

	YTD December Adjusted Revenues FY 2025		YTD December Estimate of Revised FY 2025 Revenues †		Difference	Variance
Personal Income Tax	\$ 975,321,405	a, b, c, d	\$ 954,184,264		\$ 21,137,142	2.2%
General Business Taxes						
Business Corporation †	109,325,621	a, b, c	129,080,884		(19,755,264)	-15.3%
Public Utilities Gross Earnings	52,103,813	e	50,086,918		2,016,894	4.0%
Financial Institutions †	6,600,120		11,150,884		(4,550,764)	-40.8%
Insurance Company Gross Premiums †	68,985,788	d	72,397,541		(3,411,753)	-4.7%
Bank Deposits	2,270,393	a	2,584,103		(313,710)	-12.1%
Health Care Provider Assessment	21,628,556		21,674,189		(45,633)	-0.2%
Excise Taxes						
Sales and Use †	872,107,224		872,118,929		(11,705)	0.0%
Cigarettes, OTP, and ENDS †	61,494,028		61,539,120		(45,092)	-0.1%
Alcohol	11,077,361		11,253,337		(175,976)	-1.6%
Controlled Substances	5,961		5,961	+	-	0.0%
Other Taxes						
Estate and Transfer	41,189,316	a, f	37,971,486		3,217,829	8.5%
Racing and Athletics	352,519		356,226		(3,706)	-1.0%
Realty Transfer	9,083,461	g	10,091,921		(1,008,459)	-10.0%
Total Taxes	\$ 2,231,545,568		\$ 2,234,495,764		\$ (2,950,196)	-0.1%
Departmental Receipts †	\$ 116,525,353	h, i	\$ 115,941,993		\$ 583,360	0.5%
Taxes and Departmentals	\$ 2,348,070,921		\$ 2,350,437,757		\$ (2,366,836)	-0.1%
Other General Revenue Sources						
Other Miscellaneous Revenues	1,736,765		1,736,765	+	-	0.0%
Lottery Transfer	174,747,798	j	173,079,135		1,668,663	1.0%
Unclaimed Property	-		-	+	-	n/a
Total Other Sources	\$ 176,484,563		\$ 174,815,899		\$ 1,668,663	1.0%
Total General Revenues	\$ 2,524,555,484		\$ 2,525,253,656		\$ (698,173)	0.0%

PIT Component	YTD December Adj. Revenues		YTD December Revised Estimates		Difference	Variance
Estimated payments	\$ 87,177,984	c	\$ 92,320,972		\$ (5,142,989)	-5.6%
Final payments †	152,884,179	b, c, d, e	144,039,018		8,845,161	6.1%
Withholding	820,391,874		803,298,595		17,093,279	2.1%
Refunds and Adjustments	(85,132,632)	a	(85,474,322)		341,690	-0.4%
Total	\$ 975,321,405		\$ 954,184,264		\$ 21,137,142	2.2%

† 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
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 - \$(1,074,398)
 - business corporation tax - \$960,398
 - bank deposits tax - \$(186,000)
 - estate and transfer tax - \$300,000
- ^b Adds to personal income tax final payments \$104,483,832 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 \$736,773 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the December transfers that will occur in January.
- ^h Subtracts \$46,293,189 of FY 2024 hospital licensing fee payment(s) received in FY 2025 YTD and accrued back to FY 2024.
- ⁱ Adds \$2,079,270 for Department of Environmental Management fees that were not posted in October - December 2024 due to a system migration.
- ^j 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

	December 2024 Adjusted Revenues FY 2025			December 2024 Estimate of FY 2025 Revised Revenues †		Difference	Variance
Personal Income Tax	\$	223,876,872	a, b, c	\$	195,870,433	\$ 28,006,438	14.3%
General Business Taxes							
Business Corporation †		32,046,223	a, b		53,506,599	(21,460,376)	-40.1%
Public Utilities Gross Earnings		23,941,360			24,307,666	(366,305)	-1.5%
Financial Institutions †		2,748,500	a		7,237,655	(4,489,155)	-62.0%
Insurance Company Gross Premiums †		33,381,601			37,467,574	(4,085,974)	-10.9%
Bank Deposits		1,171,913			1,130,317	41,595	3.7%
Health Care Provider Assessment		3,476,581			3,616,782	(140,200)	-3.9%
Excise Taxes							
Sales and Use †		135,303,462			133,713,091	1,590,370	1.2%
Cigarettes, OTP, and ENDS †		10,657,520			9,649,136	1,008,384	10.5%
Alcohol		1,771,813			1,729,020	42,793	2.5%
Controlled Substances		5,961			5,961	-	0.0%
Other Taxes							
Estate and Transfer		4,813,576	a		5,289,298	(475,721)	-9.0%
Racing and Athletics		54,337			47,343	6,994	14.8%
Realty Transfer		1,300,740	c		1,319,223	(18,483)	-1.4%
Total Taxes	\$	474,550,458		\$	474,890,097	\$ (339,638)	-0.1%
Departmental Receipts †	\$	17,934,208	d, e	\$	18,463,894	\$ (529,686)	-2.9%
Taxes and Departmentals	\$	492,484,667		\$	493,353,991	\$ (869,325)	-0.2%
Other General Revenue Sources							
Other Miscellaneous Revenues		351			351	-	0.0%
Lottery Transfer		36,632,090			33,402,267	3,229,823	9.7%
Unclaimed Property		-			-	-	n/a
Total Other Sources	\$	36,632,441		\$	33,402,618	\$ 3,229,823	9.7%
Total General Revenues	\$	529,117,107		\$	526,756,609	\$ 2,360,498	0.4%

PIT Component	December 2024 Adj. Revenues			December 2024 Revised Estimates		Difference	Variance
Estimated payments	\$	12,675,165		\$	17,220,049	\$ (4,544,883)	-26.4%
Final payments †		63,919,541	b, c		56,054,318	7,865,222	14.0%
Withholding		167,075,682			138,172,107	28,903,575	20.9%
Refunds and Adjustments		(19,793,516)	a		(15,576,041)	(4,217,475)	27.1%
Total	\$	223,876,872		\$	195,870,433	\$ 28,006,438	14.3%

† 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.

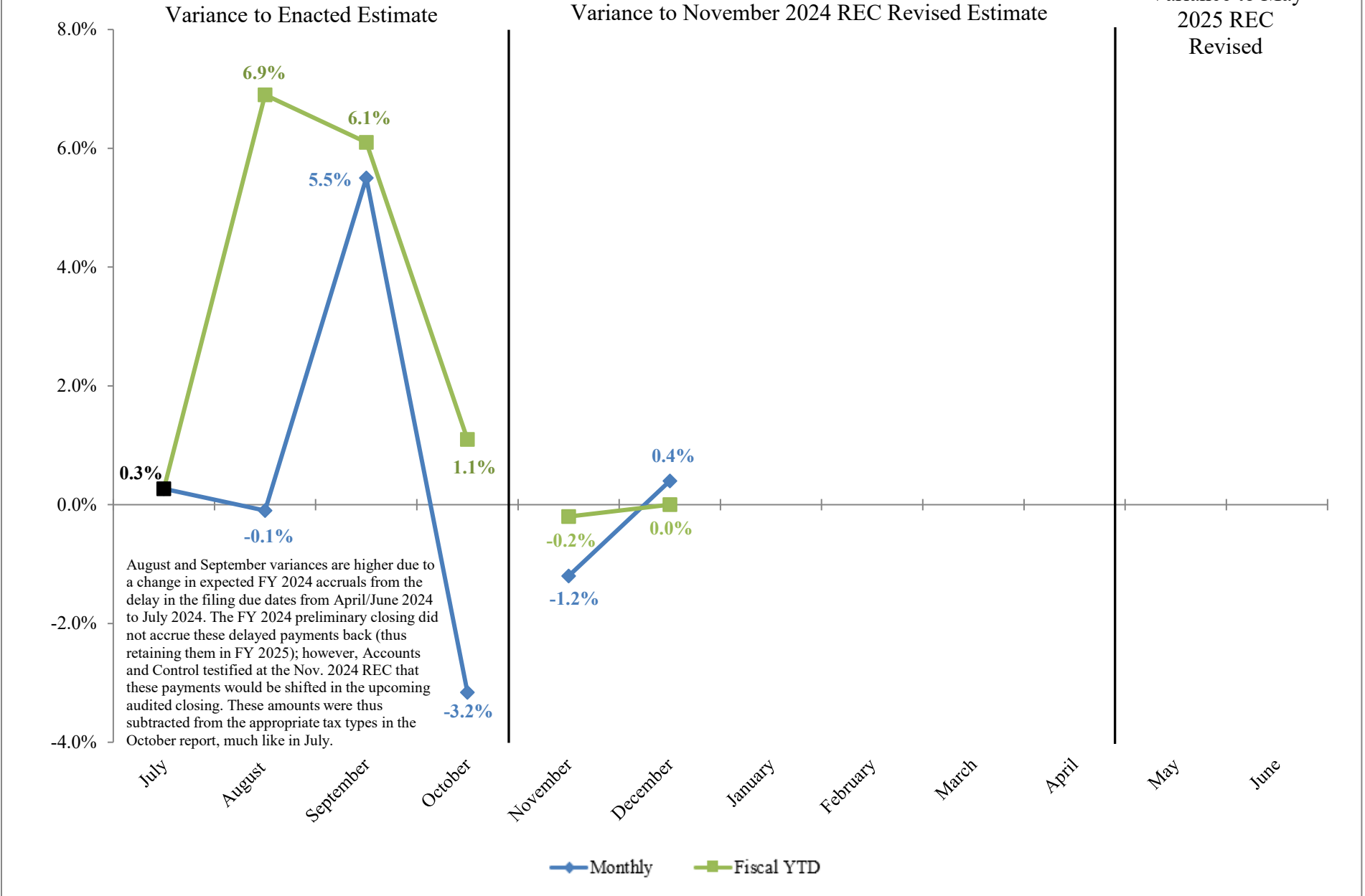
+ Set equal to actual amounts received.

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 - \$(136,605)
 - business corporation tax - \$(663,395)
 - financial institutions tax - \$500,000
 - estate and transfer tax - \$300,000
- ^b Adds to personal income tax final payments \$56,982,387 in net revenues from pass-through entities made on behalf of shareholders received in December and recorded as business corporation tax payments. The offsetting amount was subtracted from business corporation tax.
- ^c Subtracts \$86,279 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the difference between the November transfers that occurred in December and the December transfer that will occur in January.
- ^d Subtracts \$6,124,337 of FY 2024 hospital licensing fee payment(s) received in December and accrued back to FY 2024.
- ^e Adds \$890,770 for Department of Environmental Management fees that were not posted in December 2024 due to a system migration.

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 December. 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>	
	Dec.	YTD		Dec.	YTD
Personal Income Taxes			Sales and Use Taxes	7.8%	51.3%
Estimated Payments	7.1%	40.0%	Cigarettes Taxes	8.6%	52.1%
Final Payments	11.5%	27.2%	Alcohol Excise Taxes	8.3%	52.1%
Withholding Payments	8.2%	48.5%	Estate and Transfer	10.7%	58.7%
Refunds/Adjustments	3.1%	18.3%	Racing and Athletics	6.7%	51.3%
Business Corporation Taxes	15.1%	39.7%	Realty Transfer	8.3%	55.0%
Utilities Gross Earnings Taxes	23.0%	47.6%	Departmental Receipts	5.7%	35.1%
Financial Institutions Taxes	16.3%	38.5%	Lottery Transfer	7.9%	40.6%
Insurance Co. Gross Premiums	21.5%	45.4%	Other Misc. Revenues	n/a	n/a
Bank Deposits	20.2%	44.2%	Unclaimed Property	0.0%	0.0%
Health Care Provider Assessment	7.9%	50.4%			

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 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).			