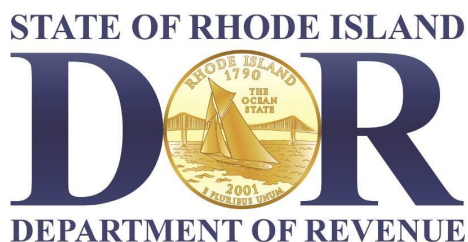


STATE OF RHODE ISLAND
GOVERNOR DANIEL J. MCKEE



Office of Revenue Analysis

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

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 January

ORA finds that FY 2025 adjusted total general revenues through January were below the revised FY 2025 expected total general revenues estimates through January by \$25.7 million, or 0.8%.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$1.1 million less than expected, with a variance of -0.1%. Withholding and final payments were down by \$9.9 million and \$5.3 million, respectively, compared to the estimate. Partially offsetting this negative variance were estimated payments and refunds and adjustments, which were up \$6.0 million and \$8.1 million, respectively. On a cash basis, all components of personal income tax have positive variances, with a total growth of 10.7%.
- Business corporation tax trailed estimates by \$27.2 million. Financial institutions tax and insurance taxes were also below estimates by a significant amount, \$4.5 million and \$2.9 million. The only business tax that was positive was public utilities, which was above the estimate by \$1.9 million.
- Sales and use tax was below estimates year-to-date by \$6.7 million, or 0.7%.

- Estate and transfer tax was above the year-to-date estimate with a variance of \$4.2 million, or 10.5%.
- Departmental receipts led the year-to-date estimate by \$8.3 million, or 5.0%.
- The lottery transfer had a positive variance to estimates of \$3.4 million, or 1.6%, driven by continued strength in video lottery terminal revenue.

Results for Month of January

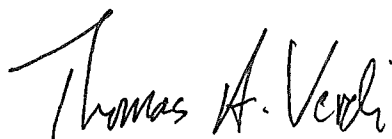
ORA finds that January adjusted total general revenues trailed the revised monthly expected total general revenues estimate for January by \$25.0 million, a variance of -4.9%. January also includes sales and use tax payments for December activity.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$22.2 million less than expected, with a variance of -9.4%. This variance is largely driven by withholding payments being down \$27.0 million, or 16.0%, compared to the estimate and final payments being down \$14.2 million, or 41.6%. Partially offsetting this negative variance are estimated payments and refunds and adjustments with variances of \$11.2 million and \$7.8 million. January is typically the largest month for estimated and withholding payments.
- Business corporation tax revenue was down \$7.4 million, or 49.5%.
- Sales and use tax revenue fell in January, being below expectations by \$6.7 million. Cash collections year-over-year were positive, growing by 3.7%.
- The lottery transfer had a positive variance of \$1.7 million, or 4.9%, driven by continued strength in video lottery terminal revenue.

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
February 25, 2025

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

	YTD January Adjusted Revenues FY 2025		YTD January Estimate of Revised FY 2025 Revenues †		Difference	Variance
Personal Income Tax	\$ 1,188,705,835	a, b, c, d, e	\$ 1,189,778,473		\$ (1,072,638)	-0.1%
General Business Taxes						
Business Corporation †	116,889,644	a, b, c	144,050,836		(27,161,192)	-18.9%
Public Utilities Gross Earnings	52,205,074	f	50,347,619		1,857,455	3.7%
Financial Institutions †	6,597,620		11,064,459		(4,466,839)	-40.4%
Insurance Company Gross Premiums †	70,009,703	d, e	72,952,728		(2,943,026)	-4.0%
Bank Deposits	2,496,539	a	2,687,875		(191,336)	-7.1%
Health Care Provider Assessment	25,252,209		25,365,476		(113,267)	-0.4%
Excise Taxes						
Sales and Use †	1,023,029,676	e	1,029,770,544		(6,740,868)	-0.7%
Cigarettes, OTP, and ENDS †	70,828,480		70,160,419		668,061	1.0%
Alcohol	12,687,302		13,052,492		(365,190)	-2.8%
Controlled Substances	5,961		5,961	+	-	0.0%
Other Taxes						
Estate and Transfer	44,032,089	a, g	39,843,954		4,188,135	10.5%
Racing and Athletics	398,779		411,605		(12,827)	-3.1%
Realty Transfer	10,564,390	h	11,669,108		(1,104,718)	-9.5%
Total Taxes	\$ 2,623,703,300		\$ 2,661,161,550		\$ (37,458,249)	-1.4%
Departmental Receipts †	\$ 173,700,409	i, j	\$ 165,355,438		\$ 8,344,971	5.0%
Taxes and Departmentals	\$ 2,797,403,709		\$ 2,826,516,988		\$ (29,113,279)	-1.0%
Other General Revenue Sources						
Other Miscellaneous Revenues	1,836,695		1,836,695	+	-	0.0%
Lottery Transfer	211,408,510	k	208,039,846		3,368,664	1.6%
Unclaimed Property	-		-	+	-	n/a
Total Other Sources	\$ 213,245,205		\$ 209,876,541		\$ 3,368,664	1.6%
Total General Revenues	\$ 3,010,648,914		\$ 3,036,393,529		\$ (25,744,615)	-0.8%

PIT Component	YTD January Adj. Revenues		YTD January Revised Estimates		Difference	Variance
Estimated payments	\$ 154,395,046	c	\$ 148,383,008		\$ 6,012,038	4.1%
Final payments †	172,772,444	b, c, d, e	178,103,630		(5,331,186)	-3.0%
Withholding	962,174,670		972,057,126		(9,882,456)	-1.0%
Refunds and Adjustments	(100,636,326)	a	(108,765,292)		8,128,966	-7.5%
Total	\$ 1,188,705,835		\$ 1,189,778,473		\$ (1,072,638)	-0.1%

† 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 \$110,630,364 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 Rebuild Rhode Island reimbursements included in year-to-date adjusted revenues are as follows:
 - personal income tax final payments - \$538,766
 - insurance company gross premiums tax - \$551,543
 - sales and use tax - \$65,075
- ^f Adds \$28,157,583 for rebates issued for the gross receipts tax suspension in July 2024 that were accrued back to FY 2024.
- ^g Includes large estate tax payment(s) of \$4.1 million received in FY 2025 YTD.
- ^h Subtracts \$873,146 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the January transfers that will occur in February.
- ⁱ Subtracts \$52,417,526 of FY 2024 hospital licensing fee payment(s) received in FY 2025 YTD and accrued back to FY 2024.
- ^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

	January 2025 Adjusted Revenues FY 2025		January 2025 Estimate of FY 2025 Revised Revenues †		Difference	Variance
Personal Income Tax	\$ 213,384,430	a, b, c	\$ 235,594,210		\$ (22,209,780)	-9.4%
General Business Taxes						
Business Corporation †	7,564,023	a, b	14,969,952		(7,405,928)	-49.5%
Public Utilities Gross Earnings	101,261		260,701		(159,439)	-61.2%
Financial Institutions †	(2,500)		(86,425)		83,925	-97.1%
Insurance Company Gross Premiums †	1,023,914	c	555,187		468,727	84.4%
Bank Deposits	226,145		103,771		122,374	117.9%
Health Care Provider Assessment	3,623,653		3,691,287		(67,634)	-1.8%
Excise Taxes						
Sales and Use †	150,922,452	c	157,651,615		(6,729,163)	-4.3%
Cigarettes, OTP, and ENDS †	9,334,451		8,621,299		713,153	8.3%
Alcohol	1,609,941		1,799,155		(189,214)	-10.5%
Controlled Substances	-		-	+	-	n/a
Other Taxes						
Estate and Transfer	2,842,773		1,872,468		970,306	51.8%
Racing and Athletics	46,259		55,380		(9,121)	-16.5%
Realty Transfer	1,480,929	d	1,577,187		(96,259)	-6.1%
Total Taxes	\$ 392,157,733		\$ 426,665,786		\$ (34,508,053)	-8.1%
Departmental Receipts †	\$ 57,175,055	e, f	\$ 49,413,445		\$ 7,761,610	15.7%
Taxes and Departmentals	\$ 449,332,788		\$ 476,079,231		\$ (26,746,443)	-5.6%
Other General Revenue Sources						
Other Miscellaneous Revenues	99,930		99,930	+	-	0.0%
Lottery Transfer	36,660,712		34,960,711		1,700,001	4.9%
Unclaimed Property	-		-	+	-	n/a
Total Other Sources	\$ 36,760,642		\$ 35,060,642		\$ 1,700,001	4.8%
Total General Revenues	\$ 486,093,430		\$ 511,139,872		\$ (25,046,442)	-4.9%

PIT Component	January 2025 Adj. Revenues		January 2025 Revised Estimates		Difference	Variance
Estimated payments	\$ 67,217,063		\$ 56,062,036		\$ 11,155,027	19.9%
Final payments †	19,888,265	b, c	34,064,612		(14,176,347)	-41.6%
Withholding	141,782,796		168,758,532		(26,975,736)	-16.0%
Refunds and Adjustments	(15,503,694)	a	(23,290,970)		7,787,276	-33.4%
Total	\$ 213,384,430		\$ 235,594,210		\$ (22,209,780)	-9.4%

† 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.

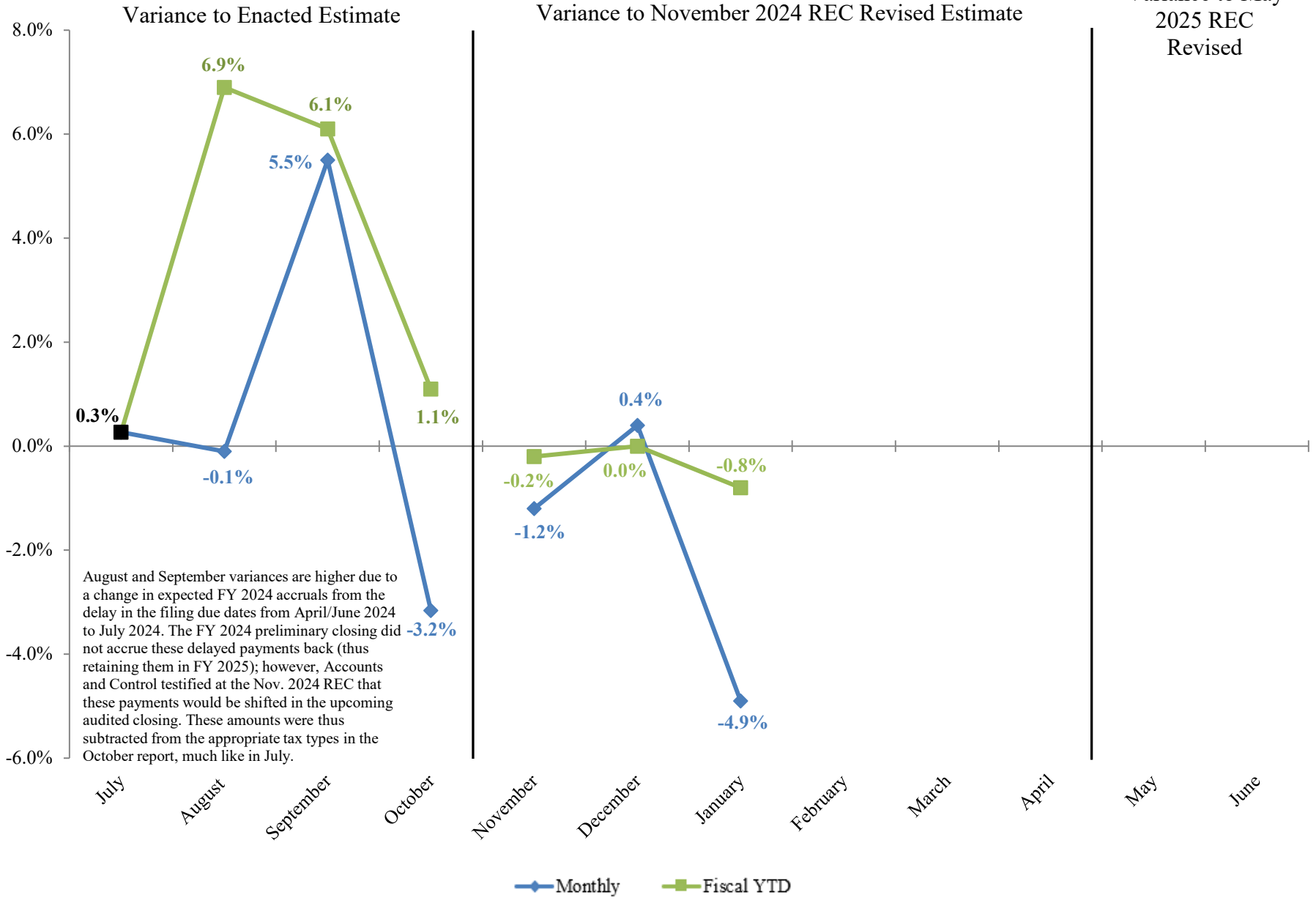
+ Set equal to actual amounts received.

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 - \$(160,000)
 - business corporation tax - \$160,000
- ^b Adds to personal income tax final payments \$12,113,047 in net revenues from pass-through entities made on behalf of shareholders received in January and recorded as business corporation tax payments. The offsetting amount was subtracted from business corporation tax.
- ^c Rebuild Rhode Island reimbursements included in January adjusted revenues are as follows:
 - personal income tax final payments - \$538,766
 - insurance company gross premiums tax - \$551,543
 - sales and use tax - \$65,075
- ^d Subtracts \$136,373 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the difference between the December transfers that occurred in January and the January transfer that will occur in February.
- ^e Subtracts \$6,124,337 of FY 2024 hospital licensing fee payment(s) received in January and accrued back to FY 2024.
- ^f Subtracts \$2,079,270 for October - December 2024 Department of Environmental Management fees that were posted late in January 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 January. 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>	
	Jan.	YTD		Jan.	YTD
Personal Income Taxes			Sales and Use Taxes	9.2%	60.5%
Estimated Payments	23.2%	63.1%	Cigarettes Taxes	7.4%	59.5%
Final Payments	6.9%	34.1%	Alcohol Excise Taxes	8.7%	60.8%
Withholding Payments	10.0%	58.5%	Estate and Transfer	3.8%	62.5%
Refunds/Adjustments	4.6%	22.9%	Racing and Athletics	7.9%	59.1%
Business Corporation Taxes	4.2%	43.9%	Realty Transfer	10.0%	65.0%
Utilities Gross Earnings Taxes	0.2%	47.9%	Departmental Receipts	15.1%	50.3%
Financial Institutions Taxes	-0.2%	38.3%	Lottery Transfer	8.3%	48.9%
Insurance Co. Gross Premiums	0.3%	45.7%	Other Misc. Revenues	n/a	n/a
Bank Deposits	1.9%	46.0%	Unclaimed Property	0.0%	0.0%
Health Care Provider Assessment	8.1%	58.5%			

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).			