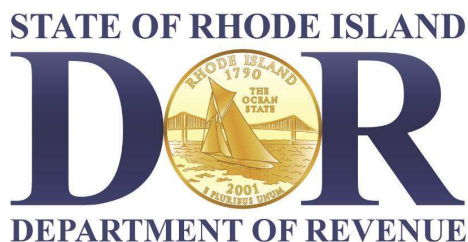


STATE OF RHODE ISLAND
GOVERNOR DANIEL J. MCKEE



Office of Revenue Analysis

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

ORA finds that FY 2025 adjusted total general revenues through February were above the revised FY 2025 expected total general revenues estimates through February by \$19.2 million, or 0.6%.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$37.7 million more than expected, with a variance of 3.0%. This is largely due to refunds and adjustments being down by 27.0%, which is an increase in revenue of \$54.6 million. Typically, February is the third highest month for refunds and adjustments, but a smaller number of refunds were issued during the month than usual due to additional review by the Division of Taxation. These refunds are expected to be issued in the coming months. *Without this change in refund timing, the overall year-to-date variance across all general revenues would have been negative.*
- Business corporation tax trailed estimates by \$22.5 million. Financial institutions tax and insurance taxes continued to be below estimates by a significant amount, \$5.6 million and \$2.8 million. The only business tax that had a positive variance was public utilities, which was above the estimate by \$2.6 million.

- Sales and use tax revenue was below estimates year-to-date by \$8.8 million, or 0.8%. On a cash basis, sales and use tax collections are up 3.6% for the fiscal year-to-date period. Estimates assume 4.2% overall growth for the fiscal year.
- Estate and transfer tax was above the year-to-date estimate with a variance of \$3.1 million, or 7.2%.
- Departmental receipts led the year-to-date estimate by \$8.5 million, or 4.5%.
- The lottery transfer had a positive variance to estimates of \$5.5 million, or 2.3%, driven by continued strength in video lottery terminal revenue.

Results for Month of February

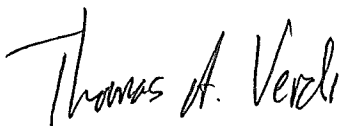
ORA finds that February adjusted total general revenues led the revised monthly expected total general revenues estimate for February by \$42.6 million, a variance of 15.7%.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$38.8 million more than expected, with a variance of 60.8%. This variance is largely driven by refunds and adjustments being down 49.6% compared to the estimate, which is a revenue increase of \$46.5 million. In February 2025, 47,012 refunds were issued compared to 115,237 refunds issued in February 2024. It is expected that refunds in March will be higher than usual to make up for this variance.
- Business corporation tax revenue was up \$4.7 million, or 65.3%. February is typically one of the lowest months for business corporation tax revenue.
- Sales and use tax revenue continued to trail in February, being below expectations by \$2.1 million. Cash collections year-over-year were positive, growing by 2.6%.
- The lottery transfer had a positive variance of \$2.2 million, or 6.4%, 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

March 19, 2025

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

	YTD February Adjusted Revenues FY 2025		YTD February Estimate of Revised FY 2025 Revenues †	Difference	Variance
Personal Income Tax	\$ 1,291,297,802	a, b, c, d, e	\$ 1,253,598,979	\$ 37,698,823	3.0%
General Business Taxes					
Business Corporation †	128,704,745	a, b, c	151,197,048	(22,492,303)	-14.9%
Public Utilities Gross Earnings	53,399,074	f	50,764,265	2,634,809	5.2%
Financial Institutions †	6,597,496		12,178,679	(5,581,183)	-45.8%
Insurance Company Gross Premiums †	70,687,663	d, e	73,532,725	(2,845,062)	-3.9%
Bank Deposits	2,450,194	a	2,737,187	(286,993)	-10.5%
Health Care Provider Assessment	29,198,054		29,252,569	(54,516)	-0.2%
Excise Taxes					
Sales and Use †	1,144,026,416	e	1,152,830,072	(8,803,656)	-0.8%
Cigarettes, OTP, and ENDS †	78,872,917		78,022,031	850,886	1.1%
Alcohol	14,473,499		14,361,019	112,479	0.8%
Controlled Substances	5,961		5,961	-	0.0%
Other Taxes					
Estate and Transfer	46,272,059	a, g	43,166,804	3,105,255	7.2%
Racing and Athletics	442,082		470,514	(28,432)	-6.0%
Realty Transfer	13,705,228	h	12,800,932	904,297	7.1%
Total Taxes	\$ 2,880,133,189		\$ 2,874,918,785	\$ 5,214,405	0.2%
Departmental Receipts †	\$ 196,201,436	i, j	\$ 187,725,888	\$ 8,475,548	4.5%
Taxes and Departmentals	\$ 3,076,334,625		\$ 3,062,644,673	\$ 13,689,952	0.4%
Other General Revenue Sources					
Other Miscellaneous Revenues	3,157,287		3,157,287	-	0.0%
Lottery Transfer	247,352,903		241,815,636	5,537,267	2.3%
Unclaimed Property	-		-	-	n/a
Total Other Sources	\$ 250,510,190		\$ 244,972,923	\$ 5,537,267	2.3%
Total General Revenues	\$ 3,326,844,815		\$ 3,307,617,596	\$ 19,227,219	0.6%

PIT Component	YTD February Adj. Revenues		YTD February Revised Estimates	Difference	Variance
Estimated payments	\$ 157,932,263	c	\$ 153,710,819	\$ 4,221,444	2.7%
Final payments †	184,393,813	b, c, d, e	188,804,621	(4,410,808)	-2.3%
Withholding	1,096,801,526		1,113,506,247	(16,704,721)	-1.5%
Refunds and Adjustments *	(147,829,799)	a	(202,422,707)	54,592,908	-27.0%
Total	\$ 1,291,297,802		\$ 1,253,598,979	\$ 37,698,823	3.0%

† 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.

* Positive variance due to timing of refund payments, see pages 1-2 of the report

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 \$118,331,701 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 \$931,563 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 \$58,541,862 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

	February 2025 Adjusted Revenues FY 2025		February 2025 Estimate of FY 2025 Revised Revenues †	Difference	Variance
Personal Income Tax	\$ 102,591,967	b	\$ 63,820,506	\$ 38,771,461	60.8%
General Business Taxes					
Business Corporation †	11,815,101	b	7,146,212	4,668,889	65.3%
Public Utilities Gross Earnings	1,194,000		416,645	777,354	186.6%
Financial Institutions †	(123)		1,114,220	(1,114,343)	-100.0%
Insurance Company Gross Premiums †	677,960		579,997	97,964	16.9%
Bank Deposits	(46,345)		49,313	(95,658)	-194.0%
Health Care Provider Assessment	3,945,845		3,887,094	58,751	1.5%
Excise Taxes					
Sales and Use †	120,996,740	a	123,059,527	(2,062,788)	-1.7%
Cigarettes, OTP, and ENDS †	8,044,437	a	7,861,612	182,825	2.3%
Alcohol	1,786,197		1,308,528	477,669	36.5%
Controlled Substances	-		-	-	n/a
Other Taxes					
Estate and Transfer	2,239,970		3,322,850	(1,082,880)	-32.6%
Racing and Athletics	43,303		58,908	(15,605)	-26.5%
Realty Transfer	1,394,547	c	1,131,824	262,723	23.2%
Total Taxes	\$ 254,683,598		\$ 213,757,235	\$ 40,926,363	19.1%
Departmental Receipts †	\$ 21,896,989	a, d	\$ 22,370,450	\$ (473,461)	-2.1%
Taxes and Departmentals	\$ 276,580,587		\$ 236,127,685	\$ 40,452,902	17.1%
Other General Revenue Sources					
Other Miscellaneous Revenues	1,320,592	c	1,320,592	-	0.0%
Lottery Transfer	35,944,393		33,775,790	2,168,603	6.4%
Unclaimed Property	-		-	-	n/a
Total Other Sources	\$ 37,264,985		\$ 35,096,382	\$ 2,168,603	6.2%
Total General Revenues	\$ 313,845,572		\$ 271,224,067	\$ 42,621,505	15.7%

PIT Component	February 2025 Adj. Revenues		February 2025 Revised Estimates	Difference	Variance
Estimated payments	\$ 3,537,216		\$ 5,327,811	\$ (1,790,594)	-33.6%
Final payments †	11,621,369	b	10,700,991	920,378	8.6%
Withholding	134,626,855		141,449,120	(6,822,265)	-4.8%
Refunds and Adjustments *	(47,193,474)		(93,657,416)	46,463,942	-49.6%
Total	\$ 102,591,967		\$ 63,820,506	\$ 38,771,461	60.8%

† 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.

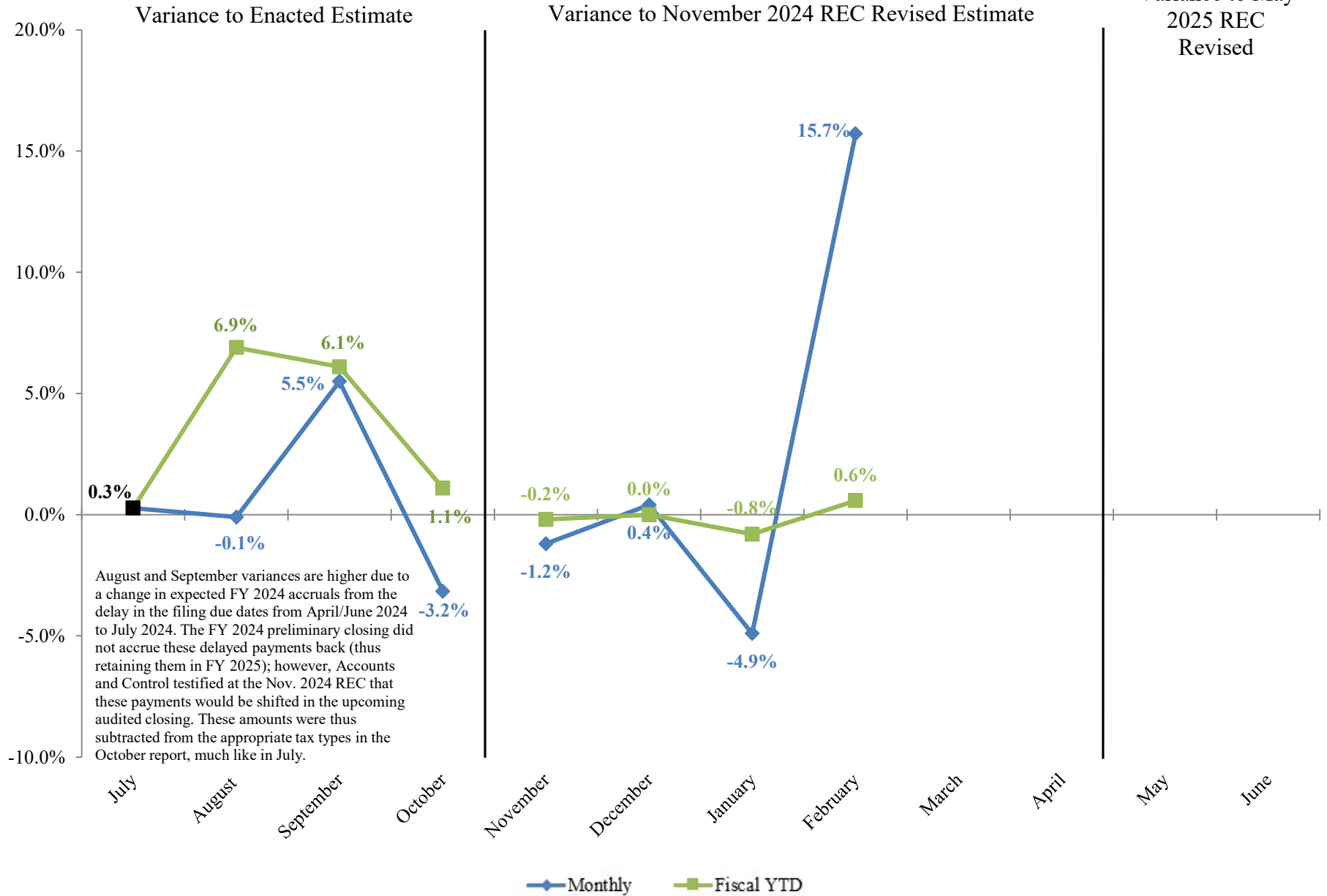
* Positive variance due to timing of refund payments, see pages 1-2 of the report

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.
 - cigarettes, OTP, and ENDS taxes - \$132,000
 - sales and use tax - \$(132,000)
 - departmental receipts - \$(181,953)
- ^b Adds to personal income tax final payments \$1,734,822 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 Subtracts \$58,417 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the difference between the January transfers that occurred in February and the February transfer that will occur in March.
- ^d Subtracts \$6,124,336 of FY 2024 hospital licensing fee payment(s) received in February and accrued back to FY 2024.
- ^e Subtracts \$604,038 in late December and January transfers from the Rhode Island Highway Maintenance Account.

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 February. 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>	
	Feb.	YTD		Feb.	YTD
Personal Income Taxes			Sales and Use Taxes	7.2%	67.7%
Estimated Payments	2.2%	65.3%	Cigarettes Taxes	7.0%	66.6%
Final Payments	2.1%	36.2%	Alcohol Excise Taxes	6.3%	67.1%
Withholding Payments	8.4%	67.0%	Estate and Transfer	6.7%	69.2%
Refunds/Adjustments	18.3%	41.2%	Racing and Athletics	8.4%	67.5%
Business Corporation Taxes	2.0%	45.9%	Realty Transfer	7.2%	72.2%
Utilities Gross Earnings Taxes	0.4%	48.3%	Departmental Receipts	6.9%	57.1%
Financial Institutions Taxes	2.5%	40.8%	Lottery Transfer	8.0%	56.9%
Insurance Co. Gross Premiums	0.3%	46.0%	Other Misc. Revenues	n/a	n/a
Bank Deposits	0.9%	46.9%	Unclaimed Property	0.0%	0.0%
Health Care Provider Assessment	8.5%	66.9%			

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 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).			