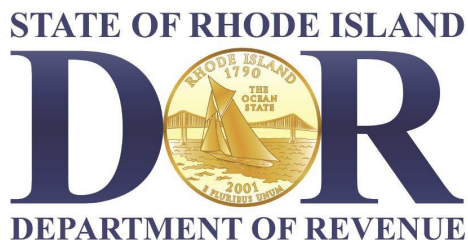


STATE OF RHODE ISLAND
GOVERNOR DANIEL J. MCKEE



Office of Revenue Analysis

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

ORA finds that FY 2025 adjusted total general revenues through March were above the revised FY 2025 expected total general revenues estimates through March by \$1.3 million, which is in line with expectations.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$8.2 million less than expected, with a variance of -0.6%. This is largely due to final payments being down by 2.4% (\$6.9 million) and refunds and adjustments being up by 4.4%, which is a decrease in revenue of \$13.2 million. Next month (April) is the largest month for final payments and refunds.
- Business corporation tax led the estimates by \$5.5 million. Finals and estimated payments were up significantly year-to-date on a cash basis compared to last fiscal year. Refunds were also elevated, which has lowered net business corporations tax revenue. The revised REC estimates assume some level of additional refund activity in FY 2025.

- Sales and use tax revenue was below estimates year-to-date by \$15.3 million, or 1.2%. On a cash basis, sales and use tax collections are up 3.1% 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 \$15.2 million, or 32.4%, due to large, unusual payment(s) of \$12.9 million.
- The lottery transfer had a positive variance to estimates of \$5.1 million, or 1.9%, largely driven by strength in video lottery terminal revenue.

Results for Month of March

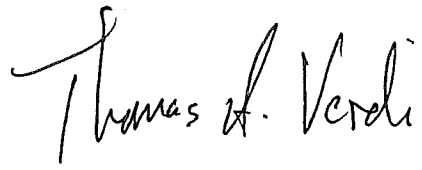
ORA finds that March adjusted total general revenues trailed the revised monthly expected total general revenues estimate for March by \$24.1 million, a variance of -6.0%.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$52.1 million less than expected, with a variance of -41.1%. This variance is largely driven by refunds and adjustments being up 69.3% compared to the estimate, which is a revenue decrease of \$67.8 million. A larger amount refunds were issued in March because a smaller number of refunds were issued during the month of February than usual due to additional review by the Division of Taxation.
- Business corporation tax led the estimate by \$28.0 million, a variance of 53.7%. Finals and estimated payments were up significantly year-over-year on a cash basis compared to last fiscal year.
- Public utilities tax and insurance tax were up \$3.8 million and \$7.5 million, respectively. The only business tax with a large negative variance was financial institutions tax which was down \$20.6 million. Typically, April is the largest month for public utilities and insurance tax collections, while March is the largest month for financial institutions tax.
- Sales and use tax revenue continued to trail estimates in March, being below expectations by \$6.5 million. Cash collections year-over-year declined by 1.4%.
- Estate and transfer tax was above the estimate with a variance of \$12.1 million, or 313.4% due to large, unusual payment(s) of \$8.8 million.
- Departmental receipts were above estimate by \$4.1 million or 22.3%.

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.

A handwritten signature in black ink, reading "Thomas A. Verdi". The signature is fluid and cursive, with the first name "Thomas" and last name "Verdi" clearly legible.

Thomas A. Verdi
Director
Department of Revenue
April 17, 2025

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

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	YTD March Adjusted Revenues FY 2025		YTD March Estimate of Revised FY 2025 Revenues †	Difference	Variance
Personal Income Tax	\$ 1,404,095,948	a, b, c, d, e	\$ 1,412,331,525	\$ (8,235,577)	-0.6%
General Business Taxes					
Business Corporation †	208,738,359	a, b, c	203,278,357	5,460,002	2.7%
Public Utilities Gross Earnings	58,379,081	f	51,894,417	6,484,664	12.5%
Financial Institutions †	6,896,085	a	33,021,701	(26,125,616)	-79.1%
Insurance Company Gross Premiums †	83,729,340	d, e	79,068,336	4,661,003	5.9%
Bank Deposits	2,355,028	a	2,958,170	(603,142)	-20.4%
Health Care Provider Assessment	32,944,034		32,871,387	72,647	0.2%
Excise Taxes					
Sales and Use †	1,258,625,299	e	1,273,925,295	(15,299,996)	-1.2%
Cigarettes, OTP, and ENDS †	87,914,770		86,570,118	1,344,651	1.6%
Alcohol	16,360,424		15,756,640	603,784	3.8%
Controlled Substances	5,961		5,961	+	0.0%
Other Taxes					
Estate and Transfer	62,277,229	a, g	47,038,809	15,238,420	32.4%
Racing and Athletics	495,347		531,764	(36,417)	-6.8%
Realty Transfer	14,050,958	h	13,978,122	72,836	0.5%
Total Taxes	\$ 3,236,867,862		\$ 3,253,230,601	\$ (16,362,739)	-0.5%
Departmental Receipts †	\$ 218,676,542	i	\$ 206,101,170	\$ 12,575,371	6.1%
Taxes and Departmentals	\$ 3,455,544,404		\$ 3,459,331,772	\$ (3,787,368)	-0.1%
Other General Revenue Sources					
Other Miscellaneous Revenues	3,347,154		3,347,154	+	0.0%
Lottery Transfer	280,074,447	j	274,981,552	5,092,895	1.9%
Unclaimed Property	-		-	+	n/a
Total Other Sources	\$ 283,421,601		\$ 278,328,706	\$ 5,092,895	1.8%
Total General Revenues	\$ 3,738,966,005		\$ 3,737,660,478	\$ 1,305,527	0.0%

PIT Component	YTD March Adj. Revenues		YTD March Revised Estimates	Difference	Variance
Estimated payments	\$ 170,848,850	c	\$ 162,647,631	\$ 8,201,219	5.0%
Final payments †	278,242,761	b, c, d, e	285,180,213	(6,937,452)	-2.4%
Withholding	1,268,472,534		1,264,777,542	3,694,992	0.3%
Refunds and Adjustments	(313,468,196)	a	(300,273,861)	(13,194,336)	4.4%
Total	\$ 1,404,095,948		\$ 1,412,331,525	\$ (8,235,577)	-0.6%

† 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

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- ^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 - \$748,398
 - financial institutions tax - \$212,000
 - bank deposits tax - \$(186,000)
 - estate and transfer tax - \$300,000
- ^b Adds to personal income tax final payments \$151,256,457 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 \$12.9 million received in FY 2025 YTD.
- ^h Subtracts \$748,184 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the March transfers that will occur in April.
- 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

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	March 2025 Adjusted Revenues FY 2025			March 2025 Estimate of FY 2025 Revised Revenues †		Difference	Variance
Personal Income Tax	\$	74,552,256	b, c	\$	126,613,945	\$ (52,061,689)	-41.1%
General Business Taxes							
Business Corporation †		80,033,614	a, b		52,057,503	27,976,111	53.7%
Public Utilities Gross Earnings		4,980,007			1,130,153	3,849,854	340.6%
Financial Institutions †		298,588	a		20,870,621	(20,572,033)	-98.6%
Insurance Company Gross Premiums †		13,041,676			5,535,611	7,506,065	135.6%
Bank Deposits		(95,166)			220,983	(316,148)	-143.1%
Health Care Provider Assessment		3,745,980			3,618,817	127,162	3.5%
Excise Taxes							
Sales and Use †		114,598,884	a		121,095,223	(6,496,340)	-5.4%
Cigarettes, OTP, and ENDS †		9,041,852	a		8,548,087	493,766	5.8%
Alcohol		1,886,925			1,395,621	491,304	35.2%
Controlled Substances		-			-	+	n/a
Other Taxes							
Estate and Transfer		16,005,171	d		3,872,005	12,133,165	313.4%
Racing and Athletics		53,266			61,250	(7,985)	-13.0%
Realty Transfer		345,729	e		1,177,190	(831,461)	-70.6%
Total Taxes	\$	318,488,783		\$	346,197,010	\$ (27,708,227)	-8.0%
Departmental Receipts †	\$	22,475,106		\$	18,375,282	\$ 4,099,824	22.3%
Taxes and Departmentals	\$	340,963,889		\$	364,572,292	\$ (23,608,403)	-6.5%
Other General Revenue Sources							
Other Miscellaneous Revenues		189,867			189,867	+	0.0%
Lottery Transfer		32,721,544			33,165,916	(444,372)	-1.3%
Unclaimed Property		-			-	+	n/a
Total Other Sources	\$	32,911,411		\$	33,355,784	\$ (444,372)	-1.3%
Total General Revenues	\$	373,875,301		\$	397,928,076	\$ (24,052,775)	-6.0%

	March 2025 Adj. Revenues			March 2025 Revised Estimates		Difference	Variance
PIT Component							
Estimated payments	\$	6,260,221		\$	5,609,930	\$ 650,291	11.6%
Final payments †		62,259,424	b		67,583,874	(5,324,450)	-7.9%
Withholding		171,671,008			151,271,296	20,399,713	13.5%
Refunds and Adjustments		(165,638,397)	a, c		(97,851,153)	(67,787,244)	69.3%
Total	\$	74,552,256		\$	126,613,945	\$ (52,061,689)	-41.1%

† 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
Monthly Estimate to Actual

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- ^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.
 - business corporation tax - \$(212,000)
 - financial institutions tax - \$212,000
 - sales and use tax - \$(132,000)
 - cigarettes, OTP, and ENDS - \$132,000
- ^b Adds to personal income tax final payments \$32,924,756 in net revenues from pass-through entities made on behalf of shareholders received in March and recorded as business corporation tax payments. The offsetting amount was subtracted from business corporation tax.
- ^c Personal income tax refunds and adjustments includes an unknown amount of refunds shifted from February to March.
- ^d Includes large estate tax payment(s) of \$8.8 million received in FY 2025 YTD.
- ^e Subtracts \$(183,378) that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the difference between the February transfers that occurred in March and the March transfer that will occur in April.

FY 2025 Variance of Adjusted Revenues to Estimate

Variance to Enacted Estimate

Variance to November 2024 REC Revised Estimate

Variance to May
2025 REC
Revised



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 February. Details on how these monthly and fiscal year-to-date average percentages were calculated are included in the methodology document as noted above.

Table A. Aggregate Revenue Allocation Percentages by Month and Fiscal Year-to-Date					
Revenue Item	<u>Percent Received</u>		Revenue Item	<u>Percent Received</u>	
	Mar	YTD		Mar	YTD
Personal Income Taxes			Sales and Use Taxes	7.1%	74.8%
Estimated Payments	2.4%	67.8%	Cigarettes Taxes	7.7%	74.2%
Final Payments	14.3%	50.5%	Alcohol Excise Taxes	6.7%	73.8%
Withholding Payments	9.0%	76.0%	Estate and Transfer	7.8%	77.0%
Refunds/Adjustments	19.1%	60.4%	Racing and Athletics	8.7%	76.2%
Business Corporation Taxes	14.7%	60.6%	Realty Transfer	7.5%	79.6%
Utilities Gross Earnings Taxes	1.1%	49.4%	Departmental Receipts	5.6%	62.7%
Financial Institutions Taxes	46.9%	87.6%	Lottery Transfer	7.8%	64.7%
Insurance Co. Gross Premiums	3.2%	49.2%	Other Misc. Revenues	n/a	n/a
Bank Deposits	4.0%	50.9%	Unclaimed Property	0.0%	0.0%
Health Care Provider Assessment	7.9%	74.8%			

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).			