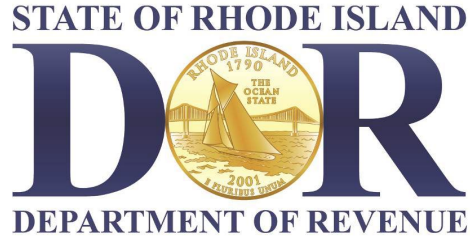


STATE OF RHODE ISLAND
GOVERNOR DANIEL J. MCKEE



Office of Revenue Analysis

State of Rhode Island Revenue Assessment Report
FY 2025 Monthly and Year-to-Date as of May 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 revenue estimates adopted at the May 2025 REC, held on May 9, 2025.

Results for FY 2025 Revenues through May

ORA finds that FY 2025 adjusted total general revenues through May were below the revised FY 2025 expected total general revenue estimates through May by \$1.1 million, which is in line with expectations.

Some notable variances to expected revenues are as follows:

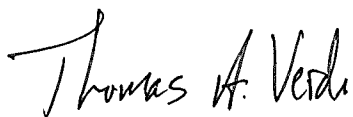
- Personal income tax revenue was \$2.9 million more than expected, a variance of 0.2%. This is largely due to refunds and adjustments being down 2.5% (which is an increase in revenue of \$12.2 million) and final payments being up by 1.0% (\$5.4 million). Withholding payments were below estimate by 0.9% (\$13.9 million). May is not typically a large month for any personal income tax component.
- Sales and use tax revenue was above estimates year-to-date by \$5.0 million, or 0.3%. On a cash basis, sales and use tax collections are up 3.2% for the fiscal year-to-date period, with May 2025 seeing 6.6% growth compared to May 2024.

Results for Month of May

The table, *Monthly Estimate to Actual*, gives the results for May 2025. Given that May is the first month of the fiscal year after the adoption of the revised revenue estimates at the May 2025 REC, the nominal differences between the monthly adjusted revenues and expected revenues are the same as the above year-to-date nominal 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
June 16, 2025

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

3

	YTD May Adjusted Revenues FY 2025			YTD May Estimate of Revised FY 2025 Revenues †		Difference	Variance
Personal Income Tax	\$	1,831,146,849	a, b, c, d, e	\$	1,828,229,758	\$ 2,917,092	0.2%
General Business Taxes							
Business Corporation †		282,805,418	a, b, c		284,132,441	(1,327,023)	-0.5%
Public Utilities Gross Earnings		89,993,015	f		89,879,266	113,749	0.1%
Financial Institutions †		8,744,397	a		8,830,799	(86,402)	-1.0%
Insurance Company Gross Premiums †		132,138,117	d, e		135,717,448	(3,579,331)	-2.6%
Bank Deposits		3,648,140	a		3,474,702	173,437	5.0%
Health Care Provider Assessment		40,298,137			40,531,615	(233,478)	-0.6%
Excise Taxes							
Sales and Use †		1,536,809,308	e		1,531,800,227	5,009,082	0.3%
Cigarettes, OTP, and ENDS †		107,117,536			106,657,676	459,861	0.4%
Alcohol		20,089,704			19,995,672	94,032	0.5%
Controlled Substances		5,961			5,961	+	0.0%
Other Taxes							
Estate and Transfer		76,452,711	a, g		73,453,028	2,999,683	4.1%
Racing and Athletics		629,466			637,312	(7,846)	-1.2%
Realty Transfer		15,332,214	h		15,148,713	183,502	1.2%
Total Taxes	\$	4,145,210,974		\$	4,138,494,617	\$ 6,716,357	0.2%
Departmental Receipts †	\$	273,847,904	i, j	\$	280,674,012	\$ (6,826,108)	-2.4%
Taxes and Departmentals	\$	4,419,058,878		\$	4,419,168,629	\$ (109,751)	0.0%
Other General Revenue Sources							
Other Miscellaneous Revenues		5,403,778			5,403,778	+	0.0%
Lottery Transfer		356,737,759	k		357,723,297	(985,538)	-0.3%
Unclaimed Property		-			-	+	n/a
Total Other Sources	\$	362,141,537		\$	363,127,075	\$ (985,538)	-0.3%
Total General Revenues	\$	4,781,200,416		\$	4,782,295,704	\$ (1,095,288)	0.0%

	YTD May Adj. Revenues			YTD May Revised Estimates		Difference	Variance
PIT Component							
Estimated payments	\$	210,876,435	c	\$	211,583,255	\$ (706,820)	-0.3%
Final payments †		557,221,696	b, c, d, e		551,871,389	5,350,307	1.0%
Withholding		1,531,395,080			1,545,306,021	(13,910,941)	-0.9%
Refunds and Adjustments		(468,346,362)	a		(480,530,908)	12,184,546	-2.5%
Total	\$	1,831,146,849		\$	1,828,229,758	\$ 2,917,092	0.2%

† FY 2025 expected revenues are based on the estimates adopted at the May 2025 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

4

- ^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 - \$(1,288,398)
 - business corporation tax - \$962,398
 - financial institutions tax - \$212,000
 - bank deposits tax - \$(186,000)
 - estate and transfer tax - \$300,000
- ^b Adds to personal income tax final payments \$169,984,308 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 \$832,680 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the May transfers that will occur in June.
- 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 \$634,189 for transfers from departmental receipts to restricted receipt accounts.
- ^k 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

5

	May 2025 Adjusted Revenues FY 2025			May 2025 Estimate of FY 2025 Revised Revenues †		Difference	Variance
Personal Income Tax	\$	117,582,329	a, b	\$	114,665,238	\$ 2,917,091	2.5%
General Business Taxes							
Business Corporation †		8,803,215	b		10,130,238	(1,327,023)	-13.1%
Public Utilities Gross Earnings		244,191			130,441	113,749	87.2%
Financial Institutions †		10,850			97,252	(86,402)	-88.8%
Insurance Company Gross Premiums †		1,516,864			5,096,195	(3,579,331)	-70.2%
Bank Deposits		83,422			(90,015)	173,437	-192.7%
Health Care Provider Assessment		3,685,831			3,919,308	(233,478)	-6.0%
Excise Taxes							
Sales and Use †		142,145,849	a		137,136,767	5,009,082	3.7%
Cigarettes, OTP, and ENDS †		9,783,583	a		9,323,721	459,862	4.9%
Alcohol		1,943,042			1,849,010	94,032	5.1%
Controlled Substances		-			-	-	n/a
Other Taxes							
Estate and Transfer		8,518,266			5,518,583	2,999,683	54.4%
Racing and Athletics		70,412			78,258	(7,845)	-10.0%
Realty Transfer		1,666,610	c		1,483,109	183,501	12.4%
Total Taxes	\$	296,054,465		\$	289,338,107	\$ 6,716,358	2.3%
Departmental Receipts †	\$	19,883,754	d	\$	26,709,863	\$ (6,826,109)	-25.6%
Taxes and Departmentals	\$	315,938,219		\$	316,047,970	\$ (109,751)	0.0%
Other General Revenue Sources							
Other Miscellaneous Revenues		730,312			730,312	-	0.0%
Lottery Transfer		35,830,042			36,815,580	(985,538)	-2.7%
Unclaimed Property		-			-	-	n/a
Total Other Sources	\$	36,560,354		\$	37,545,892	\$ (985,538)	-2.6%
Total General Revenues	\$	352,498,573		\$	353,593,861	\$ (1,095,288)	-0.3%

	May 2025 Adj. Revenues			May 2025 Revised Estimates		Difference	Variance
PIT Component							
Estimated payments	\$	5,356,463		\$	6,063,283	\$ (706,820)	-11.7%
Final payments †		13,712,261	b		8,361,955	5,350,306	64.0%
Withholding		123,674,182			137,585,123	(13,910,941)	-10.1%
Refunds and Adjustments		(25,160,578)	a		(37,345,123)	12,184,546	-32.6%
Total	\$	117,582,329		\$	114,665,238	\$ 2,917,091	2.5%

† FY 2025 expected revenues are based on the estimates adopted at the May 2025 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.

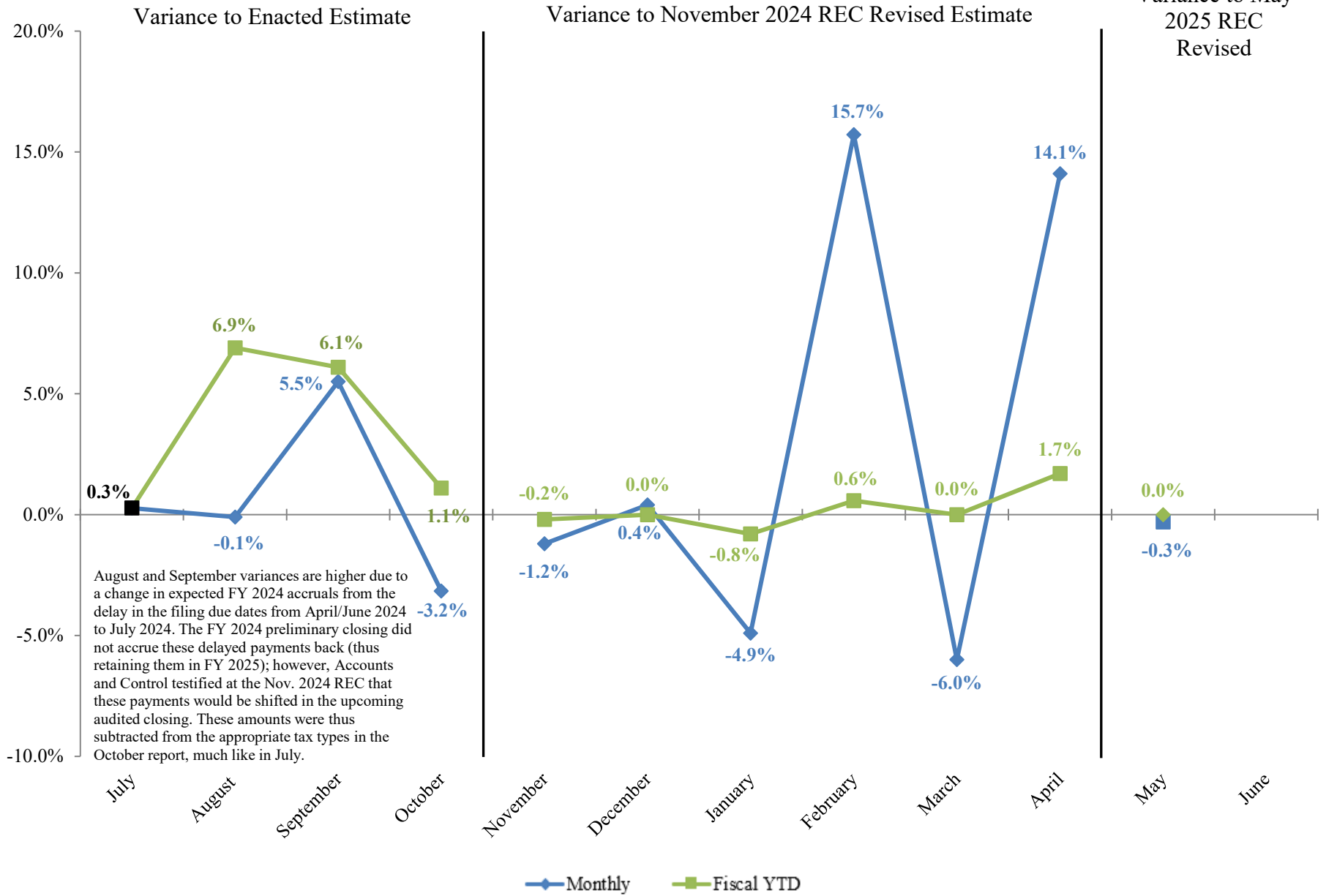
Detailed notes on the following page

FY 2025 STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT
Monthly Estimate to Actual

6

- ^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 - \$(113,320)
 - sales and use tax - \$245,320
 - cigarettes, OTP, and ENDS - \$(132,000)
- ^b Adds to personal income tax final payments \$1,724,079 in net revenues from pass-through entities made on behalf of shareholders received in May and recorded as business corporation tax payments. The offsetting amount was subtracted from business corporation tax.
- ^c Subtracts \$154,679 that is designated for transfers to the Housing Resources Commission and Housing Production Fund. The amount reflects the difference between the April transfers that occurred in May and the May transfer that will occur in June.
- ^d Subtracts \$452,236 for transfers from departmental receipts to restricted receipt accounts.

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 May. 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					
<u>Percent Received</u>			<u>Percent Received</u>		
Revenue Item	May	YTD	Revenue Item	May	YTD
Personal Income Taxes			Sales and Use Taxes	8.1%	91.1%
Estimated Payments	2.6%	82.4%	Cigarettes Taxes	8.1%	90.4%
Final Payments	2.9%	93.6%	Alcohol Excise Taxes	8.6%	91.2%
Withholding Payments	7.9%	92.9%	Estate and Transfer	8.9%	92.6%
Refunds/Adjustments	7.4%	93.6%	Racing and Athletics	9.5%	92.4%
Business Corporation Taxes	2.9%	82.7%	Realty Transfer	6.3%	93.4%
Utilities Gross Earnings Taxes	0.1%	76.6%	Departmental Receipts	8.5%	81.6%
Financial Institutions Taxes *	0.3%	106.9%	Lottery Transfer	9.7%	74.4%
Insurance Co. Gross Premiums	2.8%	78.1%	Other Misc. Revenues	n/a	n/a
Bank Deposits	-1.5%	73.9%	Unclaimed Property	0.0%	0.0%
Health Care Provider Assessment	8.6%	91.6%			

* Refunds are expected in June due to the enacted change to allow a single sales factor apportionment.

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 May 2025 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	\$1,682,000,000
Estimated Payments	\$252,500,000	Cigarettes Taxes	117,600,000
Final Payments	589,300,000	Alcohol Excise Taxes	21,900,000
Withholding Payments	1,669,000,000	Estate and Transfer	80,500,000
Refunds/Adjustments	(513,000,000)	Racing and Athletics	700,000
Business Corporation Taxes	345,600,000	Realty Transfer	16,700,000
Public Utilities Gross Earnings	115,000,000	Departmental Receipts	555,000,000
Financial Institutions Taxes	12,300,000	Lottery	494,400,000
Insurance Co. Gross Premiums	175,900,000	Other Misc. Revenues	29,700,000
Bank Deposits	5,000,000	Unclaimed Property	33,600,000
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 \$(47,200,000).			