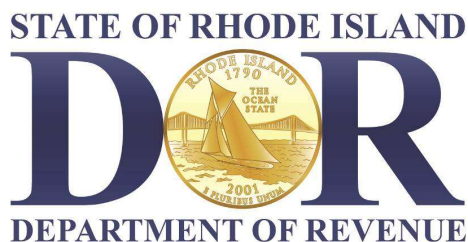


STATE OF RHODE ISLAND
GOVERNOR DANIEL J. MCKEE



Office of Revenue Analysis

State of Rhode Island Revenue Assessment Report
FY 2026 Monthly and Year-to-Date as of July 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 revenue estimates enacted in the FY 2026 budget, which was signed into law on June 17, 2025.

The State of Rhode Island is migrating to a new Enterprise Resource Planning (ERP) system in 2025. As of July 1, 2025, financial reporting is under this new ERP system. This transition has caused delays in ORA's ability to access revenue data and created discrepancies in that data. ORA has chosen to use data from the Division of Taxation for reporting related to the state's three major tax types: personal income tax, business corporations tax, and sales and use tax. Other data in this report is sourced from the ERP system.

Results for FY 2026 Revenues through July

ORA finds that FY 2026 adjusted total general revenues through July were above the enacted FY 2026 expected total general revenue estimates through July by \$4.6 million, a variance of 1.4%.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$7.4 million more than expected, a variance of 5.6%. This is largely due to withholding and final payments being ahead of the estimates by \$5.6 million and \$2.2 million, respectively. Despite exceeding the estimate, July 2025 withholding did decline on a cash basis compared to July 2024 by 1.6%.

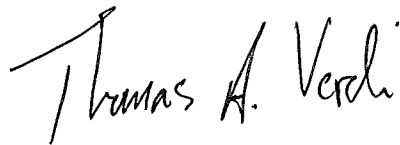
- Sales and use tax underperformed the estimate by \$0.9 million, a variance of -0.6%. On a cash basis, sales and use tax declined by 1.2% in July 2025 compared to July 2024.
- Departmental receipts exceeded estimates by \$3.3 million through July. This is partially due to greater-than-expected interest earnings on the state's general fund.
- Revenue from the realty transfer tax was ahead of the estimate by \$2.1 million.
- Falling below estimates by more than a million were business corporation tax; tobacco taxes; and the estate and transfer tax. The nominal differences for FY 2026 year-to-date were \$2.6 million, \$2.8 million, and \$1.7 million, respectively.

Results for Month of July

Given that July is the first month of the fiscal year, the differences between the monthly adjusted revenues and expected revenues are the same as the above year-to-date differences.

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
September 24, 2025

FY 2026 STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT
Year-to-Date Estimate to Actual

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	YTD July Adjusted Revenues FY 2026			YTD July Estimate of Enacted FY 2026 Revenues †		Difference	Variance
Personal Income Tax	\$	140,325,380	b, c	\$	132,910,702	\$ 7,414,678	5.6%
General Business Taxes							
Business Corporation †		10,060,346	b, c		12,675,730	(2,615,384)	-20.6%
Public Utilities Gross Earnings		58,007			(219,694)	277,701	-126.4%
Financial Institutions †		11,238			(30,807)	42,045	-136.5%
Insurance Company Gross Premiums †		11,472	c		167,407	(155,935)	-93.1%
Bank Deposits		172,386			(41,423)	213,809	-516.2%
Health Care Provider Assessment		3,712,105			4,029,718	(317,613)	-7.9%
Excise Taxes							
Sales and Use †		152,444,139			153,369,441	(925,302)	-0.6%
Cigarettes, OTP, and ENDS †		7,838,593			10,593,995	(2,755,401)	-26.0%
Alcohol		1,923,730			2,181,588	(257,858)	-11.8%
Controlled Substances		-			-	+	n/a
Other Taxes							
Estate and Transfer		5,757,524			7,478,449	(1,720,925)	-23.0%
Racing and Athletics		64,342			46,622	17,719	38.0%
Realty Transfer		4,627,443			2,535,209	2,092,234	82.5%
Total Taxes	\$	327,006,703		\$	325,696,936	\$ 1,309,767	0.4%
Departmental Receipts †	\$	14,298,263	a, d	\$	11,035,768	\$ 3,262,495	29.6%
Taxes and Departmentals	\$	341,304,966		\$	336,732,705	\$ 4,572,262	1.4%
Other General Revenue Sources							
Other Miscellaneous Revenues		47,798			47,798	+	0.0%
Lottery Transfer		-			-	-	n/a
Unclaimed Property		-			-	+	n/a
Total Other Sources	\$	47,798		\$	47,798	\$ -	0.0%
Total General Revenues	\$	341,352,764		\$	336,780,502	\$ 4,572,262	1.4%

PIT Component	YTD July Adjusted Revenues			YTD July Enacted Estimates		Difference	Variance
Estimated payments	\$	6,469,187		\$	5,951,359	\$ 517,828	8.7%
Final payments †		8,768,965	b, c		6,555,811	2,213,154	33.8%
Withholding		137,857,243			132,293,435	5,563,808	4.2%
Refunds and Adjustments		(12,770,016)			(11,889,903)	(880,113)	7.4%
Total	\$	140,325,380		\$	132,910,702	\$ 7,414,678	5.6%

† FY 2026 expected revenues are based on the estimates enacted in the FY 2026 budget. 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 2026 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.
 - departmental receipts - \$272,278
- ^b Adds to personal income tax final payments \$1,688,245 in net revenues from pass-through entities made on behalf of shareholders received in July 2025 and recorded as business corporation tax payments. The offsetting amount was subtracted from business corporation tax.
- ^c Subtracts August Rebuild Rhode Island reimbursements accrued back to FY 2025 as follows:
 - personal income tax final payments - \$906,101
 - business corporation - \$263,466
 - insurance premiums gross earnings tax - \$4,749,238
- ^d Subtracts \$138,198,667 of FY 2025 hospital licensing fee payment(s) received in July 2025 and accrued back to FY 2025.

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/fy26-state-revenue-data>.

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					
Revenue Item	<u>Percent Received</u>		Revenue Item	<u>Percent Received</u>	
	July	YTD		July	YTD
Personal Income Taxes			Sales and Use Taxes	8.9%	8.9%
Estimated Payments	2.4%	2.4%	Cigarettes Taxes	9.0%	9.0%
Final Payments	1.5%	1.5%	Alcohol Excise Taxes	10.0%	10.0%
Withholding Payments	7.6%	7.6%	Estate and Transfer	10.0%	10.0%
Refunds/Adjustments	2.2%	2.2%	Racing and Athletics	6.7%	6.7%
Business Corporation Taxes	3.6%	3.6%	Realty Transfer	14.6%	14.6%
Utilities Gross Earnings Taxes	-0.2%	-0.2%	Departmental Receipts	3.2%	3.2%
Financial Institutions Taxes	-0.1%	-0.1%	Lottery Transfer	0.0%	0.0%
Insurance Co. Gross Premiums	0.1%	0.1%	Other Misc. Revenues	n/a	n/a
Bank Deposits	-0.8%	-0.8%	Unclaimed Property	0.0%	0.0%
Health Care Provider Assessment	8.6%	8.6%			

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/fy26-state-revenue-data>.

FY 2026 Enacted Revenue Estimates

The FY 2026 estimates by revenue item as enacted in the FY 2026 budget are as follows:

Table B. FY 2026 Enacted Revenue Estimates by Major Revenue Item			
Revenue Item	Enacted FY 2026 Estimate	Revenue Item	Enacted FY 2026 Estimate
Personal Income Taxes		Sales and Use Taxes	\$1,726,581,707
Estimated Payments	\$247,200,000	Cigarettes Taxes	119,100,000
Final Payments	558,582,929	Alcohol Excise Taxes	21,900,000
Withholding Payments	1,733,500,000	Estate and Transfer	83,600,000
Refunds/Adjustments	(531,100,000)	Racing and Athletics	700,000
Business Corporation Taxes	350,360,028	Realty Transfer	25,764,646
Public Utilities Gross Earnings	112,500,000	Departmental Receipts	574,268,879
Financial Institutions Taxes	21,200,000	Lottery	441,000,000
Insurance Co. Gross Premiums	180,217,698	Other Misc. Revenues	27,337,022
Bank Deposits	5,200,000	Unclaimed Property	28,800,000
Health Care Provider Assessment	47,170,185		
Total General Revenues *			\$5,766,583,094
* The total general revenues estimate includes a personal income tax net accrual of \$(7,300,000).			

FY 2026 Variance of Adjusted Revenues to Estimate

