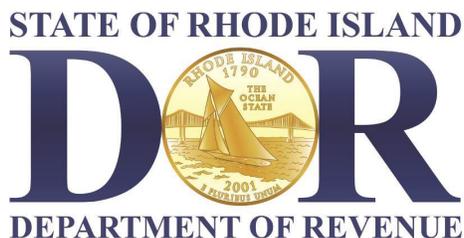


STATE OF RHODE ISLAND
GOVERNOR DANIEL J. MCKEE



Office of Revenue Analysis

State of Rhode Island Revenue Assessment Report
FY 2026 Monthly and Year-to-Date as of September 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.

Results for FY 2026 Revenues through September

ORA finds that FY 2026 adjusted general revenues through September were above the enacted FY 2026 expected estimates through September by \$45.8 million, a variance of 3.6%.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$21.7 million more than expected, a variance of 4.5%.
- Business corporation tax and financial institution tax were below the estimate by \$3.7 million and \$2.7 million respectively. Offsetting this were public utilities gross earnings tax and insurance company gross premiums tax, which exceeded estimates by \$2.9 million and \$6.2 million respectively.
- Sales and use tax was above the estimate by \$6.7 million while cigarette, OTP, and ENDS was below the estimate by \$2.0 million.
- Estate and transfer tax exceeded the estimate by \$10.2 million due to large payment(s) of \$11.5 million.

- Departmental receipts exceeded estimates by \$3.9 million through September. This is partially due to greater-than-expected interest earnings on the state's general fund.

Results for Month of September

ORA finds that September 2025 adjusted total general revenues were above the enacted monthly expected estimates for September by \$42.5 million, a variance of 7.7%.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$24.0 million more than expected, a variance of 11.6%. This is mostly due to larger estimated and withholding payments being received than expected. Quarterly estimated payments are due in September.
- Business corporation tax, public utilities gross earnings tax, and insurance company gross premiums tax exceeded the estimate by \$3.5 million, \$2.6 million, and \$5.2 million respectively. Offsetting this is financial institution tax, which fell below the estimate by \$3.8 million. Quarterly estimated payments are due in September for most business taxes.
- Sales and use tax revenue exceeded estimates in September by \$6.1 million. Sales and use tax grew at 5.0% in September 2025 on a cash basis compared to September 2024.
- The September 2025 lottery transfer was above the estimate by \$3.5 million or 9.9% after being below estimate the prior month.

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
October 23, 2025

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

	YTD September Adjusted Revenues FY 2026		YTD September Estimate of Enacted FY 2026 Revenues †	Difference	Variance
Personal Income Tax	\$ 503,823,441	a, b, c	\$ 482,139,304	\$ 21,684,138	4.5%
General Business Taxes					
Business Corporation †	69,997,052	a, b, c	73,662,612	(3,665,560)	-5.0%
Public Utilities Gross Earnings	27,474,574	a	24,569,019	2,905,555	11.8%
Financial Institutions †	3,500,296	a	6,245,970	(2,745,674)	-44.0%
Insurance Company Gross Premiums †	41,555,921	c	35,309,370	6,246,551	17.7%
Bank Deposits	1,344,611	a	1,512,913	(168,303)	-11.1%
Health Care Provider Assessment	10,968,134		12,036,035	(1,067,900)	-8.9%
Excise Taxes					
Sales and Use †	460,571,295		453,851,646	6,719,649	1.5%
Cigarettes, OTP, and ENDS †	28,383,081		30,386,179	(2,003,098)	-6.6%
Alcohol	5,458,810		6,015,591	(556,781)	-9.3%
Controlled Substances	-		-	-	n/a
Other Taxes					
Estate and Transfer	29,857,657	d	19,653,556	10,204,101	51.9%
Racing and Athletics	172,203		171,380	823	0.5%
Realty Transfer	8,403,201		5,931,999	2,471,203	41.7%
Total Taxes	\$ 1,191,510,277		\$ 1,151,485,573	\$ 40,024,704	3.5%
Departmental Receipts †	\$ 53,203,737	a, c	\$ 49,320,951	\$ 3,882,786	7.9%
Taxes and Departmentals	\$ 1,244,714,014		\$ 1,200,806,524	\$ 43,907,489	3.7%
Other General Revenue Sources					
Other Miscellaneous Revenues	(990,691)		(990,691)	-	0.0%
Lottery Transfer	74,112,836		72,263,132	1,849,704	2.6%
Unclaimed Property	-		-	-	n/a
Total Other Sources	\$ 73,122,145		\$ 71,272,441	\$ 1,849,704	2.6%
Total General Revenues	\$ 1,317,836,159		\$ 1,272,078,966	\$ 45,757,193	3.6%

PIT Component	YTD September Adjusted Revenues		YTD September Enacted Estimates	Difference	Variance
Estimated payments	\$ 76,795,895	a	\$ 62,541,848	\$ 14,254,047	22.8%
Final payments †	49,441,447	a, b, c	56,714,570	(7,273,124)	-12.8%
Withholding	415,975,783		396,318,164	19,657,619	5.0%
Refunds and Adjustments	(38,389,684)	a	(33,435,279)	(4,954,405)	14.8%
Total	\$ 503,823,441		\$ 482,139,304	\$ 21,684,138	4.5%

† 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

- ^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 - \$(2,366,488)
 - business corporation tax - \$(1,496,488)
 - public utilities gross earnings tax - \$(180,000)
 - financial institutions tax - \$1,250,000
 - bank deposits tax - \$(200,000)
 - departmental receipts - \$272,278
- ^b Adds to personal income tax final payments \$25,202,478 in net revenues from pass-through entities made on behalf of shareholders received in YTD FY 2026 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 Includes large estate and transfer tax payment(s) of \$11.5 million received in FY 2026.
- ^e Subtracts \$138,198,667 of FY 2025 hospital licensing fee payment(s) received in July 2025 and accrued back to FY 2025.

FY 2026 STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT
Monthly Estimate to Actual

	September 2025 Adjusted Revenues FY 2026		September 2025 Estimate of FY 2026 Enacted Revenues †	Difference	Variance
Personal Income Tax	\$ 230,081,604	a, b	\$ 206,113,921	\$ 23,967,683	11.6%
General Business Taxes					
Business Corporation †	60,331,048	a, b	56,847,427	3,483,621	6.1%
Public Utilities Gross Earnings	27,581,829	a	25,029,300	2,552,529	10.2%
Financial Institutions †	2,261,812	a	6,029,733	(3,767,921)	-62.5%
Insurance Company Gross Premiums †	39,895,423		34,693,205	5,202,218	15.0%
Bank Deposits	1,482,366	a	1,578,276	(95,910)	-6.1%
Health Care Provider Assessment	3,437,318		3,970,355	(533,036)	-13.4%
Excise Taxes					
Sales and Use †	152,939,260	a	146,808,244	6,131,016	4.2%
Cigarettes, OTP, and ENDS †	9,387,779	a	9,927,892	(540,114)	-5.4%
Alcohol	1,733,889		1,962,856	(228,967)	-11.7%
Controlled Substances	-		-	-	n/a
Other Taxes					
Estate and Transfer	10,597,270	c	6,463,412	4,133,857	64.0%
Racing and Athletics	49,763		55,666	(5,903)	-10.6%
Realty Transfer	2,210,493		1,844,183	366,310	19.9%
Total Taxes	\$ 541,989,853		\$ 501,324,471	\$ 40,665,383	8.1%
Departmental Receipts †	\$ 16,712,641		\$ 18,371,568	\$ (1,658,928)	-9.0%
Taxes and Departmentals	\$ 558,702,494		\$ 519,696,039	\$ 39,006,455	7.5%
Other General Revenue Sources					
Other Miscellaneous Revenues	(1,307,667)		(1,307,667)	-	0.0%
Lottery Transfer	38,922,313		35,400,676	3,521,637	9.9%
Unclaimed Property	-		-	-	n/a
Total Other Sources	\$ 37,614,646		\$ 34,093,010	\$ 3,521,637	10.3%
Total General Revenues	\$ 596,317,141		\$ 553,789,049	\$ 42,528,092	7.7%

PIT Component	September 2025 Adj. Revenues		September 2025 Enacted Estimates	Difference	Variance
Estimated payments	\$ 63,847,455	a	\$ 50,230,466	\$ 13,616,989	27.1%
Final payments †	31,757,717	a, b	38,738,350	(6,980,633)	-18.0%
Withholding	147,871,367		127,692,011	20,179,355	15.8%
Refunds and Adjustments	(13,394,935)	a	(10,546,906)	(2,848,029)	27.0%
Total	\$ 230,081,604		\$ 206,113,921	\$ 23,967,683	11.6%

† 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, 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.

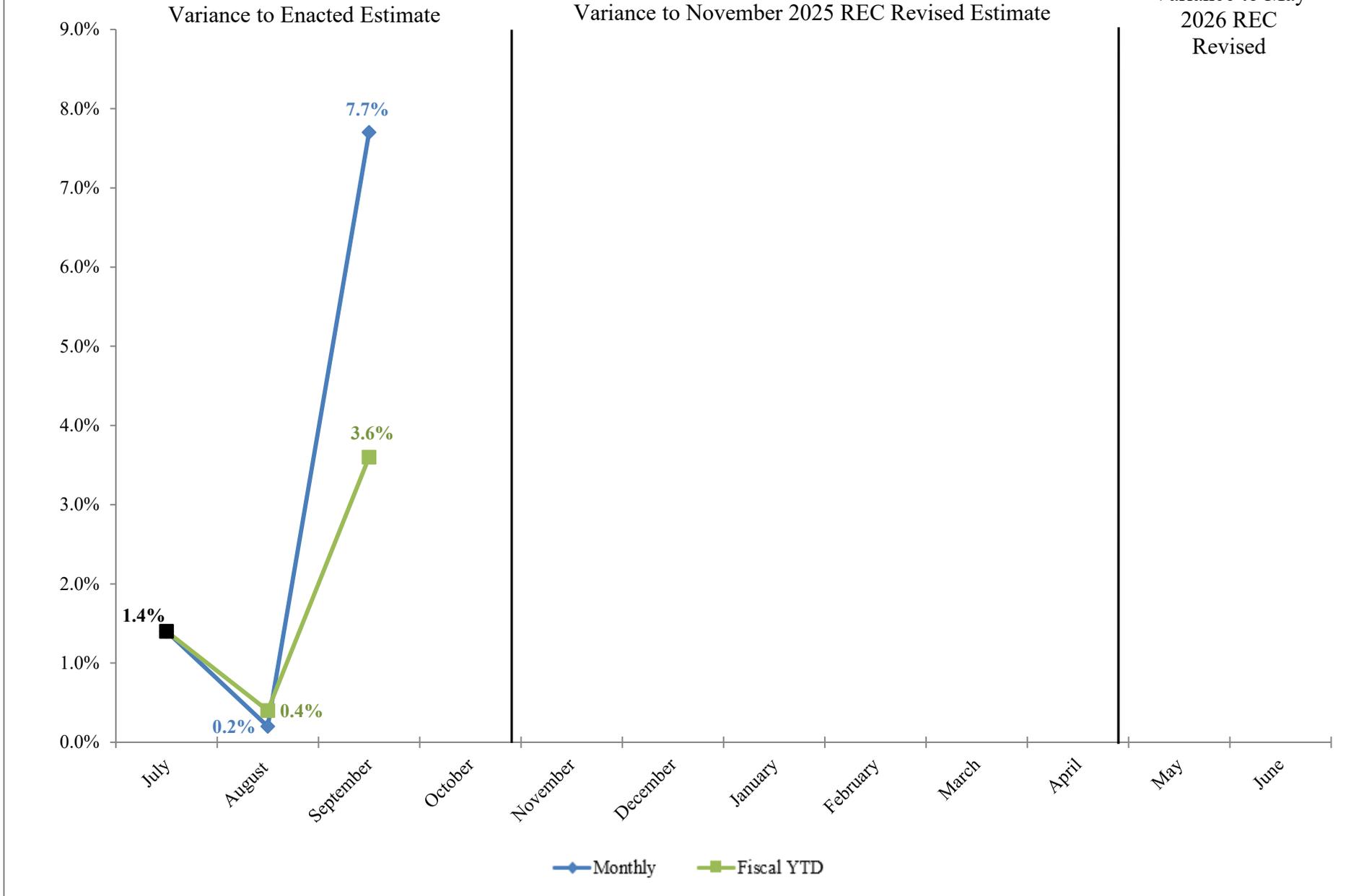
+ Set equal to actual amounts received.

Detailed notes on the following page

FY 2026 STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT
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 - \$(2,042,488)
 - business corporation tax - \$(2,042,488)
 - cigarette tax - \$(351,000)
 - sales and use tax - \$351,000
- ^b Adds to personal income tax final payments \$22,124,391 in net revenues from pass-through entities made on behalf of shareholders received in September 2025 and recorded as business corporation tax payments. The offsetting amount was subtracted from business corporation tax.
- ^c Includes large estate and transfer tax payment(s) of \$6.4 million received in September 2025.

FY 2026 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/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. 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>	
	Sept.	YTD		Sept.	YTD
Personal Income Taxes			Sales and Use Taxes	8.5%	26.3%
Estimated Payments	20.3%	25.3%	Cigarettes Taxes	8.4%	25.7%
Final Payments	6.9%	10.2%	Alcohol Excise Taxes	9.0%	27.5%
Withholding Payments	7.4%	22.9%	Estate and Transfer	8.6%	26.2%
Refunds/Adjustments	2.0%	6.3%	Racing and Athletics	8.0%	24.5%
Business Corporation Taxes	16.4%	21.2%	Realty Transfer	10.6%	34.1%
Utilities Gross Earnings Taxes	22.2%	21.8%	Departmental Receipts	5.4%	14.4%
Financial Institutions Taxes	28.4%	29.5%	Lottery Transfer	8.0%	16.4%
Insurance Co. Gross Premiums	19.3%	19.6%	Other Misc. Revenues	n/a	n/a
Bank Deposits	30.4%	29.1%	Unclaimed Property	0.0%	0.0%
Health Care Provider Assessment	8.5%	25.7%			

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).			