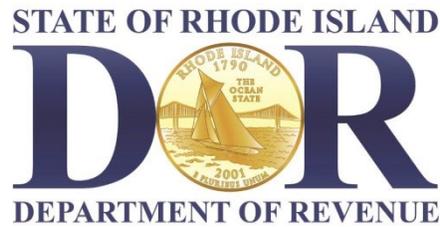


STATE OF RHODE ISLAND
GOVERNOR Daniel J. McKee



Office of Revenue Analysis

State of Rhode Island Special Report
on Preliminary FY 2025 Revenues

This special report includes information on fiscal year-end preliminary revenues for FY 2025 on an accrual basis. That is, it considers total fiscal year revenues, which are equal to cash collections plus the net accrual between consecutive fiscal years. This report's focus is on preliminary FY 2025 revenues compared to fiscal year revenue estimates as adopted in the final enacted FY 2025 budget and to audited FY 2024 revenues.

The data contained in this report is drawn from three sources, the Division of Lottery (Lottery), the Division of Taxation (Taxation), and the Office of Accounts and Controls (OAC). Component tables may not add up to the total listed due to a timing difference in when the data from each source was provided to the Office of Revenue Analysis (ORA). All totals are as reported by OAC in their preliminary FY 2025 closing statements. In addition, due to rounding, figures may also vary by a dollar or two.

This report includes two tables. The first table, *Preliminary FY 2025 to Final Enacted FY 2025*, displays the amounts, differences, and variances of preliminary FY 2025 revenues to final enacted FY 2025 revenues. The second table, *Preliminary FY 2025 to Audited FY 2024*, displays the amounts, differences, and year-over-year growth rates of preliminary FY 2025 revenues to final audited FY 2024 revenues. Following the tables, the Office of Revenue (ORA) has provided details on specific revenue items, including component data and information on the accruals, as appropriate.

STATE OF RHODE ISLAND SPECIAL REPORT ON PRELIMINARY REVENUES
Preliminary FY 2025 vs. Final Enacted FY 2025

	Preliminary Revenues FY 2025	Final Enacted Revenues FY 2025	Difference	Variance
<u>Personal Income Tax</u>	\$ 1,975,290,305	\$ 1,950,600,000	\$ 24,690,305	1.3%
<u>General Business Taxes</u>				
Business Corporations	332,787,290	345,600,000	(12,812,710)	-3.7%
Public Utilities Gross Earnings	116,322,106	115,000,000	1,322,106	1.1%
Financial Institutions	7,603,962	12,300,000	(4,696,038)	-38.2%
Insurance Companies	169,542,175	175,900,000	(6,357,825)	-3.6%
Bank Deposits	5,110,306	5,000,000	110,306	2.2%
Health Care Provider Assessment	44,764,572	44,400,000	364,572	0.8%
<u>Excise Taxes</u>				
Sales and Use *	1,672,700,564	1,682,000,000	(9,299,436)	-0.6%
Motor Vehicle ^	18,528	-	18,528	n/a
Cigarettes	117,233,396	117,600,000	(366,604)	-0.3%
Alcohol	21,849,386	21,900,000	(50,614)	-0.2%
Controlled Substances *	8,174		8,174	n/a
<u>Other Taxes</u>				
Estate and Transfer	84,884,357	80,500,000	4,384,357	5.4%
Racing and Athletics	685,745	700,000	(14,255)	-2.0%
Realty Transfer	18,764,852	16,700,000	2,064,852	12.4%
Total Taxes	\$ 4,567,565,718	\$ 4,568,200,000	\$ (634,282)	0.0%
<u>Departmental Receipts</u>	\$ 541,184,165	\$ 556,975,831	\$ (15,791,666)	-2.8%
Taxes and Departmentals	\$ 5,108,749,882	\$ 5,125,175,831	\$ (16,425,949)	-0.3%
<u>Other General Revenue Sources</u>				
Other Miscellaneous Revenues	33,395,825	34,400,000	(1,004,175)	-2.9%
Lottery Transfer	433,594,991	431,100,000	2,494,991	0.6%
Unclaimed Property	34,272,938	33,600,000	672,938	2.0%
Total Other Sources	\$ 501,263,754	\$ 499,100,000	\$ 2,163,754	0.4%
Total General Revenues	\$ 5,610,013,636	\$ 5,624,275,831	\$ (14,262,195)	-0.3%

* The OAC Revenue Report for FY 2025 includes Controlled Substances revenues in Sales and Use Tax revenues.

^ The OAC Revenue Report for FY 2025 includes Motor Vehicle revenues in Departmental Receipts.

† The Personal Income Tax total is adjusted down by \$478 to tie out to the OAC Revenue Report.

PIT Component	Preliminary FY 2025	Final Enacted FY 2025	Difference	Variance
Estimated payments	\$ 262,305,939	\$ 252,500,000	\$ 9,805,939	3.9%
Final payments	590,270,441	589,300,000	970,441	0.2%
Withholding	1,674,022,112	1,669,000,000	5,022,112	0.3%
Refunds	(505,211,415)	(513,000,000)	7,788,585	-1.5%
Net Accrual	(46,096,294)	(47,200,000)	1,103,706	-2.3%
Total †	\$ 1,975,290,305	\$ 1,950,600,000	\$ 24,690,783	1.3%

STATE OF RHODE ISLAND SPECIAL REPORT ON PRELIMINARY REVENUES
Preliminary FY 2025 vs. Audited FY 2024

	Preliminary Revenues FY 2025	Audited Revenues FY 2024	Difference	Year-over-Year Growth
<u>Personal Income Tax</u>	\$ 1,975,290,305	\$ 1,819,193,007	\$ 156,097,298	8.6%
<u>General Business Taxes</u>				
Business Corporations	332,787,290	367,504,982	(34,717,692)	-9.4%
Public Utilities Gross Earnings	116,322,106	75,169,736	41,152,370	54.7%
Financial Institutions	7,603,962	47,678,060	(40,074,098)	-84.1%
Insurance Companies	169,542,175	180,418,052	(10,875,877)	-6.0%
Bank Deposits	5,110,306	5,519,620	(409,314)	-7.4%
Health Care Provider Assessment	44,764,572	40,684,166	4,080,406	10.0%
<u>Excise Taxes</u>				
Sales and Use *	1,672,700,564	1,635,421,890	37,278,674	2.3%
Motor Vehicle ^	18,528	14,201	4,327	30.5%
Cigarettes	117,233,396	119,314,097	(2,080,701)	-1.7%
Alcohol	21,849,386	20,788,520	1,060,866	5.1%
Controlled Substances *	8,174	5,665	2,509	44.3%
<u>Other Taxes</u>				
Estate and Transfer	84,884,357	49,842,008	35,042,349	70.3%
Racing and Athletics	685,745	664,568	21,177	3.2%
Realty Transfer	18,764,852	15,731,668	3,033,184	19.3%
Total Taxes	\$ 4,567,565,718	\$ 4,377,950,240	\$ 189,615,478	4.3%
<u>Departmental Receipts</u>	541,184,165	552,303,254	(11,119,089)	-2.0%
Taxes and Departmentals	\$ 5,108,749,882	\$ 4,930,253,494	\$ 178,496,389	3.6%
<u>Other General Revenue Sources</u>				
Other Miscellaneous Revenues	33,395,825	38,439,513	(5,043,688)	-13.1%
Lottery Transfer	433,594,991	426,419,555	7,175,436	1.7%
Unclaimed Property	34,272,938	23,591,279	10,681,659	45.3%
Total Other Sources	\$ 501,263,754	\$ 488,450,347	\$ 12,813,407	2.6%
Total General Revenues	\$ 5,610,013,636	\$ 5,418,703,841	\$ 191,309,796	3.5%

* The OAC Revenue Report for FY 2025 includes Controlled Substances revenues in Sales and Use Tax revenues.

^ The OAC Revenue Report for FY 2025 includes Motor Vehicle revenues in Departmental Receipts.

† The Personal Income Tax total is adjusted down by \$478 to tie out to the OAC Revenue Report.

PIT Component	Preliminary FY 2025	Audited FY 2024	Difference	Year-over-Year Growth
Estimated payments	\$ 262,305,939	\$ 219,206,528	\$ 43,099,411	19.7%
Final payments	590,270,441	476,710,411	113,560,030	23.8%
Withholding	1,674,022,112	1,569,772,136	104,249,976	6.6%
Refunds	(505,211,415)	(480,186,563)	(25,024,852)	5.2%
<i>Net Accrual</i>	<i>(46,096,294)</i>	<i>33,690,495</i>	<i>(79,786,789)</i>	<i>-236.8%</i>
Total †	\$ 1,975,290,305	\$ 1,819,193,007	\$ 156,097,776	8.6%

Historic Structures Tax Credit Reimbursements

The breakdown of the reimbursement of redeemed HSTCs by tax type is shown in the table below:

Historic Structures Tax Credit Reimbursements by Tax Type				
Tax Type	FY 2025	FY 2024	Difference	% Change
Personal Income	\$4,406,499	\$3,973,585	\$432,914	10.9%
Business Corporation	310,817	330,626	(19,809)	-6.0%
Financial Institutions	0	0	0	n/a
Insurance	1,109,202	5,400,099	(4,290,898)	22.2%
Insurance/HMOs	5,487,500	0	5,487,500	n/a
Non-Profit Partner Refund	0	100,000	(100,000)	100.0%
Total	\$11,314,018	\$9,804,310	\$1,509,708	15.4%

Personal Income Taxes

The table below provides the component breakdown of the preliminary FY 2025 personal income tax revenues, as provided by the Division of Taxation, and the final enacted FY 2025 estimates for personal income tax revenues:

Component	FY 2025 Preliminary	FY 2025 Final Enacted	Nominal Difference	Percent Difference
Estimated Payments	\$262,305,939	\$252,500,000	\$9,805,939	3.9%
Final Payments * ^	590,270,441	589,300,000	970,441	0.2%
Withholding	1,674,022,112	1,669,000,000	5,022,112	0.3%
Refunds/Adjustments	(505,211,415)	(513,000,000)	7,788,585	-1.5%
Net Accrual	(46,096,294)	(47,200,000)	1,103,706	-2.3%
Total †	\$1,975,290,305	\$1,950,600,000	\$24,690,305	1.3%

* FY 2025 preliminary close final payments include \$4.4 million of HSTC redemptions. An undetermined amount of HSTC redemptions were also included in the FY 2025 final enacted personal income tax final payments estimate.

^ FY 2025 preliminary includes \$192.9 million of personal income tax payments from pass-through entities (PTEs) made on behalf of their shareholders that were originally deposited as business corporation tax revenues. FY 2025 final enacted final payments estimate includes expected revenues of \$198.0 million from these PTE payments.

† The total is adjusted down by \$478 to tie out to the OAC preliminary closing statement.

The table below provides the component breakdown of personal income tax revenues, as provided by the Division of Taxation, and compares preliminary FY 2025 revenues to audited FY 2024 revenues:

Component	FY 2025 Preliminary	FY 2024 Audited	Nominal Difference	Percent Difference
Estimated Payments	\$262,305,939	\$219,206,528	\$43,099,411	19.7%
Final Payments * ^	590,270,441	476,710,411	113,560,030	23.8%
Withholding	1,674,022,112	1,569,772,136	104,249,976	6.6%
Refunds/Adjustments	(505,211,415)	(480,186,563)	(25,024,852)	5.2%
Net Accrual	(46,096,294)	33,690,495	(79,786,789)	-236.8%
Total †	\$1,975,290,305	\$1,819,193,007	\$156,097,298	8.6%
* Final payments include HSTC reimbursements of \$4.4 million in FY 2025 and \$4.0 million in FY 2024.				
^ Includes PTE payments that were originally deposited as business corporation tax revenues of \$192.9 million in FY 2025 and \$186.3 million in FY 2024. Of the \$192.9 million, \$6.0 million is from PTE payments that were made in July 2024 because of the tax deadline shift from April/June 2024 to July 2024.				
† The total is adjusted down by \$478 to tie out to the OAC preliminary closing statement.				

Rhode Island delayed the personal income tax and business tax deadlines from April/June 2024 to July 2024. This led to \$37.3 million in personal income tax payments being received in July 2024 that normally would have been paid in FY 2024. These delayed payments were included in the FY 2024 audited receivable.

Business Corporation Taxes

The table below provides the component breakdown of corporate income tax revenues, as provided by the Division of Taxation, and compares preliminary FY 2025 revenues to audited FY 2024 revenues:

Component	FY 2025 Preliminary	FY 2024 Audited	Nominal Difference	Percent Difference
Estimated Payments *	\$222,653,248	\$215,803,767	\$6,849,481	3.2%
Final Payments ^	194,381,391	169,742,529	24,638,862	14.5%
Refunds/Adjustments	(89,885,771)	(29,313,388)	(60,572,383)	206.6%
Net Accrual	3,372,996	3,624,416	(251,420)	-6.9%
Total Corp. Income	\$332,787,290	\$359,857,324	\$27,070,034	7.5%
* Does not include estimated PTE payments transferred to personal income tax final payments of \$121.3 million in preliminary FY 2025 and \$120.5 million in audited FY 2024.				
^ Does not include final PTE payments that were transferred to personal income tax final payments of \$70.8 million in preliminary FY 2025 and \$71.8 million in audited FY 2024. Does include HSTC reimbursements of \$310,817 in FY 2025 and \$330,626 in FY 2024.				

The table below provides the breakdown of the two other tax types included in total business corporation tax revenues:

Component	FY 2025 Preliminary	FY 2024 Audited	Nominal Difference	Percent Difference
<u>Non-resident Contractor</u>				
Cash	\$2,546,037	\$1,644,440	\$901,597	54.8%
Net Accrual	472,309	29,871	442,438	1,481.2%
Total NR Contractor	\$3,018,346	\$1,674,311	\$1,344,035	80.3%
<u>Political Organizations</u>				
Cash	\$17,173	\$6,817	\$10,356	151.9%
Net Accrual	58	14	44	314.3%
Total Political Org.	\$17,231	\$6,831	\$10,400	152.2%

Insurance Company Gross Premiums Taxes

The tables below provide the component breakdown of insurance company gross premiums tax revenues and compare preliminary FY 2025 revenues to FY 2025 final enacted revenues and audited FY 2024 revenues.

Component	FY 2025 Preliminary *	FY 2025 Final Enacted	Nominal Difference	Percent Difference
Non-Health Insurance	\$101,142,772	\$105,000,000	\$(3,857,228)	-3.7%
Health Insurance	68,399,403	70,900,000	(2,500,597)	-3.5%
Total Insurance	\$169,542,175	\$175,900,000	\$(6,357,825)	-3.6%
* Includes HSTC reimbursements of \$1.1 million in non-health insurance tax revenues and \$5.5 million in health insurance tax revenues.				

Component	FY 2025 Preliminary	FY 2024 Audited	Nominal Difference	Percent Difference
<u>Non-Health Insurance</u>				
Cash	\$104,640,077	\$102,323,539	\$2,316,538	2.3%
Net Accrual	(3,497,305)	6,406,420	(9,903,725)	-154.6%
Total Non-Health Ins.	\$101,142,772	\$108,729,959	\$(7,587,187)	-7.0%
<u>Health Insurance</u>				
Cash	\$71,232,191	\$69,497,850	\$1,734,341	2.5%
Net Accrual	(2,832,788)	2,190,243	(5,023,031)	-229.3%
Total Health Ins.	\$68,399,403	\$71,688,093	\$(3,288,690)	-4.6%

Sales and Use Taxes

Component	FY 2025 Preliminary	FY 2024 Audited	Nominal Difference	Percent Difference
Net Taxation *	\$1,220,966,801	\$1,192,334,878	\$28,631,923	2.4%
Meal & Bev Sales Tax	282,271,500	268,223,686	14,047,814	5.2%
Motor Vehicle Use Tax	170,776,249	168,473,974	2,302,275	1.4%
Total Receipts	\$1,673,296,757	\$1,629,032,538	\$44,264,219	2.7%
Net Accrual	(596,193)	6,389,352	(6,985,545)	-109.3%
Total Revenue	\$1,672,700,564	\$1,635,421,890	\$37,278,674	2.3%
* The net taxation component includes nonsufficient funds checks of \$22,529 in preliminary FY 2025 and \$63,014 in audited FY 2024. Net taxation does not include the meal and beverage sales tax and motor vehicle use tax amounts that are separately stated.				

Cigarettes Taxes

Component	FY 2025 Preliminary	FY 2025 Final Enacted	Nominal Difference	Percent Difference
Cigarettes, incl. Floor Stock	\$105,594,370	\$106,000,000	\$(405,630)	-0.4%
Other Tobacco Products	9,487,605	9,300,000	187,605	2.0%
ENDS	2,151,421	2,300,000	(148,579)	-6.5%
Total Revenues	\$117,233,396	\$117,600,000	\$(366,604)	-0.3%

Component	FY 2025 Preliminary	FY 2024 Audited	Nominal Difference	Percent Difference
<u>Cigarettes, incl. Floor Stock</u>				
Cash	\$108,376,304	\$109,387,837	\$(1,011,533)	-0.9%
Net Accrual	(2,781,934)	(19,221)	(2,762,713)	14,373.4%
Total Cigarettes	\$105,594,370	\$109,368,616	\$(3,774,246)	-3.5%
<u>Other Tobacco Products</u>				
Cash	\$9,170,523	\$9,938,406	(767,883)	-7.7%
Net Accrual	317,082	7,075	310,007	4,381.7%
Total Other Tobacco	\$9,487,605	\$9,945,481	\$(457,876)	-4.6%
<u>Electronic Nicotine Delivery Systems (ENDS) *</u>				
Cash	\$2,086,278	n/a	n/a	n/a
Net Accrual	65,143	n/a	n/a	n/a
Total ENDS	\$2,151,421	n/a	n/a	n/a
* The tax on ENDS began on January 1, 2025, with returns due in February 2025. There was also an ENDS floor stock imposed as of January 1, 2025, with returns due in the same month.				

Total Departmental Receipts

Category	FY 2025 Preliminary	FY 2024 Audited	Nominal Difference	Percent Difference
<u>Licenses and Fees</u>				
Cash	\$282,340,509	\$330,768,025	\$(48,427,516)	-14.6%
Net Accrual	110,320,306	46,905,133	63,415,173	135.2%
Total Licenses and Fees	\$392,660,815	\$377,673,158	\$14,987,657	4.0%
<u>Fines and Penalties</u>				
Cash	\$70,127,299	\$59,769,302	\$10,357,997	17.3%
Net Accrual	(5,784)	38,371	(44,155)	-115.1%
Total Fines and Penalties	\$70,121,515	\$59,807,673	\$10,313,842	17.2%
<u>Sales and Services</u>				
Cash	\$9,380,458	\$18,467,645	\$(9,087,187)	-49.2%
Net Accrual	102,127	(54,327)	156,454	-288.0%
Total Sales and Services	\$9,482,585	\$18,413,318	\$(8,930,733)	-48.5%

Category	FY 2025 Preliminary	FY 2024 Audited	Nominal Difference	Percent Difference
<u>Miscellaneous Departmental Receipts</u>				
Cash	\$58,859,506	\$101,559,305	\$(42,699,799)	-42.0%
Net Accrual	10,059,743	(5,150,200)	15,209,943	-295.3%
Total Misc. Dept. Receipts	\$68,919,250	\$96,409,105	\$(27,489,855)	-28.5%

In the licenses and fees category of departmental receipts, the hospital licensing fee (HLF) was restructured starting in FY 2024 to have three tiers with differing fees based on inpatient and outpatient net patient-services revenue.

The preliminary FY 2025 HLF receivable was \$168.8 million, and the audited FY 2024 HLF receivable was \$58.5 million, which translates into an HLF net accrual of \$110.3 million in FY 2025. FY 2025 HLF was primarily received in July 2025, and the FY 2024 HLF was primarily received in June 2024.

Lottery Transfer

The table below provides the component breakdown of revenues from the lottery transfer, as provided by the Division of Lottery, and compares preliminary FY 2025 revenues to FY 2025 final enacted revenues:

Component	FY 2025 Preliminary	FY 2025 Final Enacted	Nominal Difference	Percent Difference
Traditional Games	\$67,768,513	\$68,500,000	\$700,835	1.0%
VLTs	313,637,975	311,300,000	(2,337,975)	-0.8%
Table Games	12,228,371	11,900,000	(328,371)	-2.8%
On-Site Sports Betting	2,398,449	2,500,000	101,551	4.1%
Remote Sports Betting	16,921,665	16,200,000	(721,665)	-4.5%
Sp. Betting Financial Protection	1,500,000	1,500,000	0	0.0%
iGaming	19,312,562	19,200,000	(112,562)	-0.6%
Net Accrual	(1,109,368)	n/a	n/a	n/a
Total Lottery	\$433,594,991	\$431,100,000	\$3,604,359	0.8%

The table below provides the component breakdown of revenues from the lottery transfer, as provided by the Division of Lottery, and compares preliminary FY 2025 revenues to audited FY 2024 revenues:

Component	FY 2025 Preliminary	FY 2024 Audited	Nominal Difference	Percent Difference
Traditional Games	\$69,126,639	\$73,805,911	\$(4,679,272)	-6.3%
VLTs	313,637,975	314,953,987	1,316,012	0.4%
Table Games	12,196,146	13,778,113	1,549,742	11.2%
On-Site Sports Betting	2,398,449	3,816,944	1,418,495	37.2%
Remote Sports Betting	16,921,665	16,095,610	(826,055)	-5.1%
Sp. Betting Financial Protection	1,500,000	0	1,500,000	n/a
iGaming	19,314,117	3,040,523	1,540,523	50.7%
Net Accrual	(1,109,368)	991,815	-2,101,183	-211.9%
Total Lottery	\$433,594,991	\$426,419,555	\$7,175,436	1.7%

Per Penny Motor Fuel Tax Yield

FY 2025	FY 2025 Preliminary	FY 2025 ORA Estimated	Nominal Difference	Percent Difference
Per Penny	\$4,354,403	\$4,432,254	\$(77,851)	-1.8%

FY 2025	FY 2025 Preliminary	FY 2024 Audited	Nominal Difference	Percent Difference
Per Penny	\$4,354,403	\$4,349,066	\$5,337	0.1%

The State's per gallon motor fuel tax was \$0.37 in FY 2024 and FY 2025. The State's motor fuel tax is dedicated to the funding of transportation. Of the \$0.37, the State's motor fuel tax is allocated as follows: Rhode Island Department of Transportation, \$0.2125; Rhode Island Public Transit Authority, \$0.0925; Department of Human Services, \$0.01 for its elderly transportation program; and Rhode Island Turnpike and Bridge Authority, \$0.035 for the maintenance and repair of the Jamestown Verrazano Bridge, the Mount Hope Bridge, the Newport Pell Bridge, and the Sakonnet River Bridge. The ORA Estimated figure above is the Office of Revenue Analysis' projection of the motor fuel tax per penny yield as it was computed in May 2025.