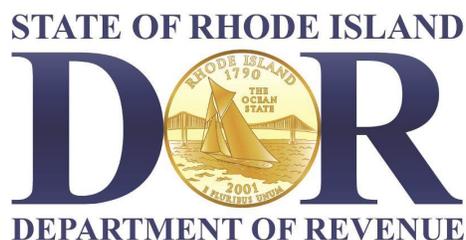


STATE OF RHODE ISLAND
GOVERNOR DANIEL J. MCKEE



Office of Revenue Analysis

State of Rhode Island Revenue Assessment Report
FY 2026 Monthly and Year-to-Date as of December 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 10, 2025.

Results for FY 2026 Revenues through December

ORA finds that FY 2026 adjusted general revenues through December led the revised FY 2026 estimates through November by \$28.4 million, a variance of 1.1%.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$6.8 million less than expected, which is a variance of -0.7%. Final payments were down \$14.2 million compared to the estimate, mainly due to lower payments under the elective pass-through entity tax. Partially offsetting this are withholding payments exceeding the estimate by \$4.8 million. On a cash basis, withholding payments grew 5.7% year-to-date through December.
- Combined, business taxes exceeded estimates by \$37.1 million with business corporation tax, financial institutions tax, and insurance company gross premiums tax up by \$24.6 million, \$4.1 million, and \$8.0 million, respectively.
- Sales and use tax revenue was in line with the estimate. On a year-to-date cash basis, sales and use tax grew by 1.4%. Sales and use tax was depressed by declining tax on motor vehicles, which fell 2.1% year-to-date through December.

Results for Month of December

ORA finds that December 2025 adjusted general revenues led the revised estimates through by \$55.9 million, a variance of 10.5%.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$15.5 million more than expected, which is a variance of 7.1%. Final payments were down \$11.3 million compared to the estimate, mainly due to lower payments under the elective pass-through entity tax. Offsetting this are withholding payments exceeding the estimate by \$15.5 million. On a cash basis, withholding payments grew 6.3% year-over-year in December.
- Combined, business taxes exceeded estimates by \$30.9 million with business corporation tax, financial institutions tax, and insurance company gross premiums tax up by \$20.5 million, \$2.9 million, and \$8.0 million, respectively. December is an estimated payment month for most business taxes. Business corporation tax revenue was aided by a reduction in refunds and adjustments, which were \$19.6 million to the positive in December 2025 compared to December 2024.
- Sales and use tax revenue exceeded the estimate by 2.2%. On a year-over-year cash basis, sales and use tax grew by 1.9%. December sales tax reflects November activity.
- The lottery transfer led the estimate by \$2.2 million, or 6.4%. About half of the surplus was from stronger-than-expected iGaming revenues, with video lottery terminals (slots) and sports betting also showing strength.

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
January 21, 2026

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

	YTD December Adjusted Revenues FY 2026		YTD December Estimate of Revised FY 2026 Revenues †	Difference	Variance
Personal Income Tax	\$ 1,007,776,297	a, b, c	\$ 1,014,535,654	\$ (6,759,358)	-0.7%
General Business Taxes					
Business Corporation †	139,170,268	a, b, c	114,551,824	24,618,444	21.5%
Public Utilities Gross Earnings	54,402,638	a	53,785,108	617,530	1.1%
Financial Institutions †	11,803,500	a	7,682,737	4,120,763	53.6%
Insurance Company Gross Premiums †	83,008,530	c	75,038,647	7,969,883	10.6%
Bank Deposits	2,420,030	a	2,301,156	118,874	5.2%
Health Care Provider Assessment	22,684,194		23,022,762	(338,568)	-1.5%
Excise Taxes					
Sales and Use †	883,918,770		883,610,279	308,491	0.0%
Cigarettes, OTP, and ENDS †	58,819,736		58,594,831	224,905	0.4%
Alcohol	10,245,564		9,916,338	329,226	3.3%
Controlled Substances	-		-	-	n/a
Other Taxes					
Estate and Transfer	54,110,516	d	55,191,912	(1,081,397)	-2.0%
Racing and Athletics	332,195		332,907	(712)	-0.2%
Realty Transfer	15,325,308		15,740,306	(414,998)	-2.6%
Total Taxes	\$ 2,344,017,545		\$ 2,314,304,461	\$ 29,713,084	1.3%
Departmental Receipts †	\$ 119,535,559	a, e, f	\$ 123,230,755	\$ (3,695,196)	-3.0%
Taxes and Departmentals	\$ 2,463,553,105		\$ 2,437,535,216	\$ 26,017,889	1.1%
Other General Revenue Sources					
Other Miscellaneous Revenues	755,922		755,922	-	0.0%
Lottery Transfer	184,255,242	g	181,920,060	2,335,182	1.3%
Unclaimed Property	-		-	-	n/a
Total Other Sources	\$ 185,011,164		\$ 182,675,982	\$ 2,335,182	1.3%
Total General Revenues	\$ 2,648,564,269		\$ 2,620,211,198	\$ 28,353,071	1.1%

PIT Component	YTD December Adjusted Revenues		YTD December Revised Estimates	Difference	Variance
Estimated payments	\$ 108,596,781	a	\$ 108,591,246	\$ 5,535	0.0%
Final payments †	126,428,278	a, b, c	140,601,124	(14,172,846)	-10.1%
Withholding	866,997,519		862,178,064	4,819,455	0.6%
Refunds and Adjustments	(94,246,281)	a	(96,834,779)	2,588,498	-2.7%
Total	\$ 1,007,776,297		\$ 1,014,535,654	\$ (6,759,358)	-0.7%

† FY 2026 expected revenues are based on the estimates adopted at the November 2025 Revenue Estimating Conference. The estimates for personal income tax final payr 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 - \$(2,780,488)
 - business corporation tax - \$1,910,488
 - 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 \$67,731,732 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 \$168,820,351 of FY 2025 hospital licensing fee payment(s) received in FY 2026 and accrued back to FY 2025.
- ^f Adds \$1,602,433 to departmental receipts sales and services for late deposits.
- ^g Subtracts \$5,119,003 of lottery transfer revenues that were transferred in FY 2026 but accrued back to FY 2025.

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

	December 2025 Adjusted Revenues FY 2026		December 2025 Estimate of FY 2025 Enacted Revenues †	Difference	Variance
Personal Income Tax	\$ 233,249,929	b	\$ 217,782,602	\$ 15,467,326	7.1%
General Business Taxes					
Business Corporation †	64,335,269	b	43,789,524	20,545,745	46.9%
Public Utilities Gross Earnings	26,090,157		23,163,070	2,927,087	12.6%
Financial Institutions †	1,155,656		1,598,297	(442,641)	-27.7%
Insurance Company Gross Premiums †	39,789,513		31,809,737	7,979,777	25.1%
Bank Deposits	1,214,503		1,273,420	(58,917)	-4.6%
Health Care Provider Assessment	3,821,573		3,914,286	(92,713)	-2.4%
Excise Taxes					
Sales and Use †	137,882,585	a	134,893,677	2,988,908	2.2%
Cigarettes, OTP, and ENDS †	10,499,679	a	9,795,067	704,613	7.2%
Alcohol	1,389,487		1,780,066	(390,579)	-21.9%
Controlled Substances	-		-	-	n/a
Other Taxes					
Estate and Transfer	10,228,813		7,448,840	2,779,973	37.3%
Racing and Athletics	54,244		44,854	9,390	20.9%
Realty Transfer	4,143,194		2,003,652	2,139,542	106.8%
Total Taxes	\$ 533,854,602		\$ 479,297,092	\$ 54,557,510	11.4%
Departmental Receipts †	\$ 16,918,763	c, d	\$ 17,780,579	\$ (861,816)	-4.8%
Taxes and Departmentals	\$ 550,773,365		\$ 497,077,672	\$ 53,695,693	10.8%
Other General Revenue Sources					
Other Miscellaneous Revenues	483,787		483,787	-	0.0%
Lottery Transfer	37,434,024		35,197,673	2,236,351	6.4%
Unclaimed Property	-		-	-	n/a
Total Other Sources	\$ 37,917,811		\$ 35,681,460	\$ 2,236,351	6.3%
Total General Revenues	\$ 588,691,176		\$ 532,759,132	\$ 55,932,044	10.5%

PIT Component	December 2025 Adj. Revenues		December 2025 Revised Estimates	Difference	Variance
Estimated payments	\$ 16,082,221		\$ 16,201,540	\$ (119,319)	-0.7%
Final payments †	46,352,878	b	57,626,680	(11,273,802)	-19.6%
Withholding	177,525,831		161,977,263	15,548,568	9.6%
Refunds and Adjustments	(6,711,002)		(18,022,881)	11,311,879	-62.8%
Total	\$ 233,249,929		\$ 217,782,602	\$ 15,467,326	7.1%

† FY 2026 expected revenues are based on the estimates adopted at the November 2025 Revenue Estimating Conference. The estimates for personal income tax final payr 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.

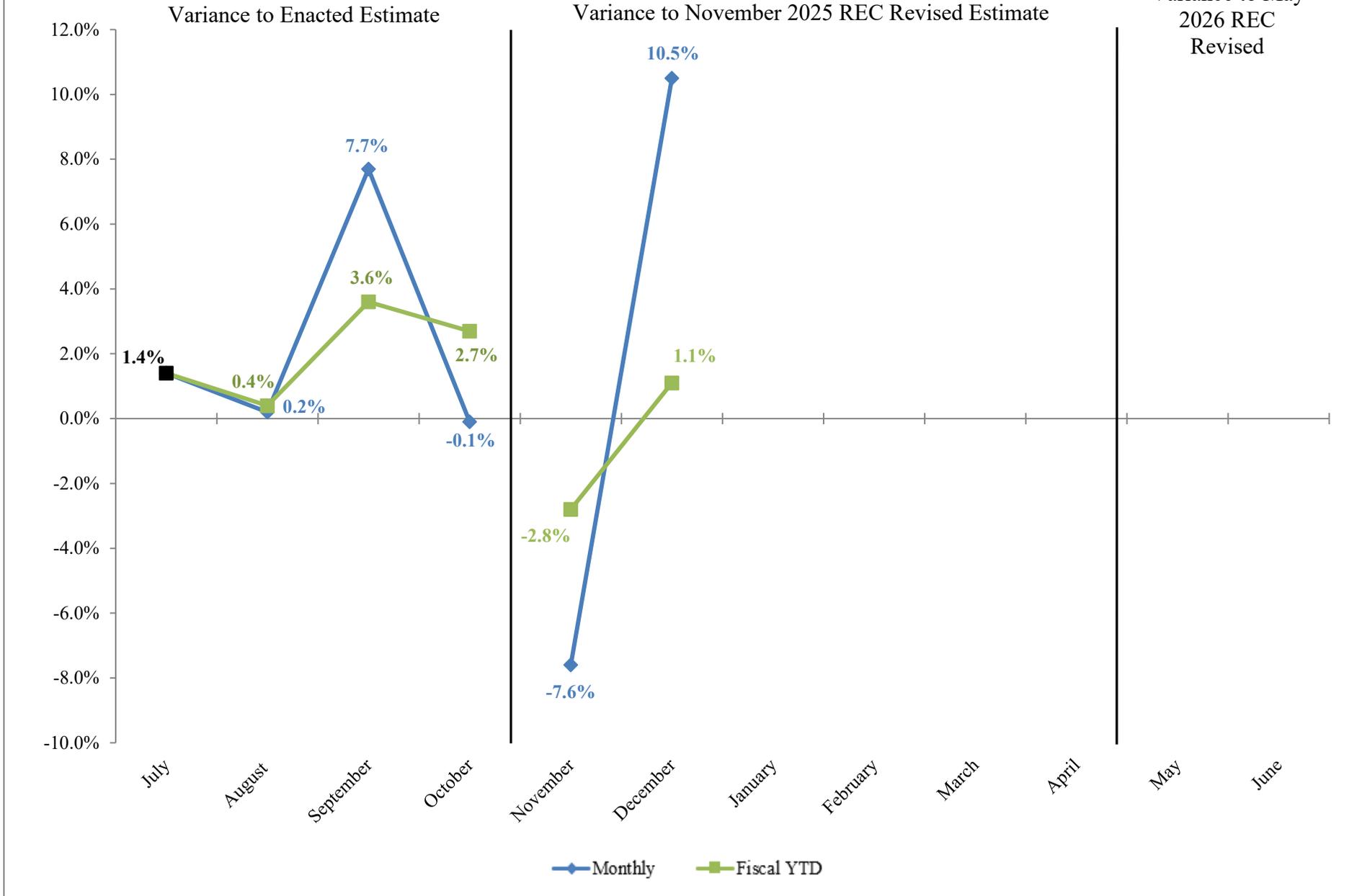
+ Set equal to actual amounts received.

Detailed notes on the following page

FY 2026 STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT
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.
 - sales and use tax - \$297,000
 - cigarette tax - \$(297,000)
- ^b Adds to personal income tax final payments \$39,108,853 in net revenues from pass-through entities made on behalf of shareholders received in December 2025 and recorded as business corporation tax payments. The offsetting amount was subtracted from business corporation tax.
- ^c Subtracts \$10,207,228 of FY 2025 hospital licensing fee payment(s) received in December 2025 and accrued back to FY 2025.
- ^d Adds \$360,407 to departmental receipts sales and services for late deposits.

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>	
	Dec.	YTD		Dec.	YTD
Personal Income Taxes			Sales and Use Taxes	7.9%	51.0%
Estimated Payments	6.4%	37.6%	Cigarettes Taxes	8.6%	51.6%
Final Payments	9.9%	26.0%	Alcohol Excise Taxes	8.5%	52.1%
Withholding Payments	9.3%	48.4%	Estate and Transfer	9.4%	58.1%
Refunds/Adjustments	3.5%	17.6%	Racing and Athletics	6.3%	48.2%
Business Corporation Taxes	13.6%	37.8%	Realty Transfer	7.7%	58.4%
Utilities Gross Earnings Taxes	20.8%	45.1%	Departmental Receipts	5.3%	34.4%
Financial Institutions Taxes	19.8%	52.8%	Lottery Transfer	7.9%	40.4%
Insurance Co. Gross Premiums	18.9%	39.2%	Other Misc. Revenues	n/a	n/a
Bank Deposits	23.4%	46.7%	Unclaimed Property	0.0%	0.0%
Health Care Provider Assessment	8.2%	50.4%			

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 Revised Revenue Estimates

The FY 2026 estimates by revenue item as adopted at the November 2025 REC are as follows:

Table B. FY 2026 Revised Revenue Estimates by Major Revenue Item			
Revenue Item	Revised FY 2026 Estimate	Revenue Item	Revised FY 2026 Estimate
Personal Income Taxes		Sales and Use Taxes	\$1,726,000,000
Estimated Payments	\$266,300,000	Cigarettes Taxes	114,500,000
Final Payments	555,600,000	Alcohol Excise Taxes	20,000,000
Withholding Payments	1,760,200,000	Estate and Transfer	98,800,000
Refunds/Adjustments	(526,500,000)	Racing and Athletics	700,000
Business Corporation Taxes	317,000,000	Realty Transfer	26,500,000
Public Utilities Gross Earnings	115,000,000	Departmental Receipts	574,900,000
Financial Institutions Taxes	11,500,000	Lottery	451,300,000
Insurance Co. Gross Premiums	176,900,000	Other Misc. Revenues	25,300,000
Bank Deposits	5,200,000	Unclaimed Property	29,000,000
Health Care Provider Assessment	46,800,000		
		Total General Revenues *	\$5,795,800,000

* The total general revenues estimate includes a personal income tax net accrual of \$800,000.