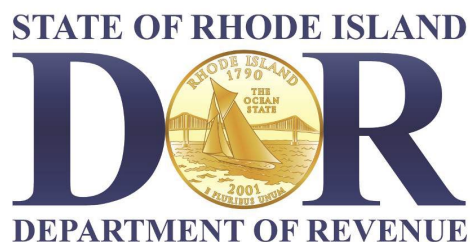


STATE OF RHODE ISLAND
GOVERNOR DANIEL J. MCKEE



Office of Revenue Analysis

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

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 January

ORA finds that FY 2026 adjusted general revenues through January led the revised FY 2026 estimates through January by \$14.2 million, a variance of 0.5%.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$27.1 million less than expected, which is a variance of -2.2%. Final payments and withholding payments were down \$20.3 million and \$21.0 million compared to the estimate. Partially offsetting this negative variance were estimated payments and refunds and adjustments, which were net positive \$7.2 million and \$7.0 million, respectively. On a cash basis, withholding payments grew by 3.7% year-to-date. Weakness in final payments is largely due to lower-than-expected elective pass-through entity tax payments.
- Combined, business taxes exceeded estimates by \$42.8 million with business corporation tax, financial institutions tax, and insurance company gross premiums tax up by \$30.6 million, \$4.1 million, and \$7.9 million, respectively.

- Sales and use tax revenue led the estimate by \$1.1 million, or 0.1%. On a year-to-date cash basis, sales and use tax grew by 1.9%.
- The lottery transfer had a positive variance to estimates of \$3.4 million, or 1.5%. This reflects strength in sports betting and iGaming.

Results for Month of January

ORA finds that January 2026 adjusted general revenues trailed the revised estimates through by \$13.7 million, a variance of -2.7%.

Some notable variances to expected revenues are as follows:

- Personal income tax revenue was \$20.3 million less than expected, which is a variance of 9.1%. Final payments and withholding payments were down \$6.1 million and \$25.8 million compared to the estimate. Partially offsetting this negative variance were estimated payments and refunds and adjustments, which were net positive \$7.2 million and \$4.4 million, respectively. On a cash basis, withholding payments declined by -7.8% year-over-year. January is typically the largest month for estimated payments, with January 2026 the final due date for estimated payments related to tax year 2025.
- Business corporation tax revenue led the estimate by \$5.9 million, or 55.5%.
- Sales and use tax revenue led the estimate by \$0.8 million, or 0.5%. On a year-to-date cash basis, sales and use tax grew by 4.9%. January receipts reflect December activity; December holiday sales make January the largest month for sales and use tax collections.
- Estate and transfer tax was below the year-to-date estimate with a variance of \$3.4 million, or -110.1%, primarily due to a larger than usual transfer for interest and penalty collections of \$3.7 million. This transfer is positively reflected in departmental receipts.
- Departmental receipts were above the monthly estimate by \$2.4 million, or 4.5%.

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
 February 18, 2026

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

	YTD January Adjusted Revenues FY 2026		YTD January Estimate of Revised FY 2026 Revenues †		Difference	Variance
Personal Income Tax	\$ 1,209,613,403	a, b, c	\$ 1,236,692,743		\$ (27,079,340)	-2.2%
General Business Taxes						
Business Corporation †	155,821,995	a, b, c	125,258,182		30,563,813	24.4%
Public Utilities Gross Earnings	54,484,867	a	53,895,561		589,306	1.1%
Financial Institutions †	11,751,511	a	7,683,782		4,067,728	52.9%
Insurance Company Gross Premiums †	83,369,620	c	75,458,238		7,911,381	10.5%
Bank Deposits	2,523,956	a	2,536,488		(12,533)	-0.5%
Health Care Provider Assessment	26,610,284		26,888,889		(278,606)	-1.0%
Excise Taxes						
Sales and Use †	1,040,586,859		1,039,499,057		1,087,802	0.1%
Cigarettes, OTP, and ENDS †	67,989,832		67,680,602		309,231	0.5%
Alcohol	12,116,209		11,813,325		302,884	2.6%
Controlled Substances	-		-	+	-	n/a
Other Taxes						
Estate and Transfer	53,798,160	d	58,279,762		(4,481,602)	-7.7%
Racing and Athletics	378,357		385,343		(6,986)	-1.8%
Realty Transfer	17,788,583		18,165,635		(377,052)	-2.1%
Total Taxes	\$ 2,736,833,634		\$ 2,724,237,608		\$ 12,596,026	0.5%
Departmental Receipts †	\$ 175,566,706	a, c	\$ 177,303,810		\$ (1,737,104)	-1.0%
Taxes and Departmentals	\$ 2,912,400,340		\$ 2,901,541,419		\$ 10,858,921	0.4%
Other General Revenue Sources						
Other Miscellaneous Revenues	3,080,560		3,080,560	+	-	0.0%
Lottery Transfer	222,616,149	f	219,246,974		3,369,175	1.5%
Unclaimed Property	-		-	+	-	n/a
Total Other Sources	\$ 225,696,709		\$ 222,327,535		\$ 3,369,175	1.5%
Total General Revenues	\$ 3,138,097,049		\$ 3,123,868,953		\$ 14,228,096	0.5%

PIT Component	YTD January Adjusted Revenues		YTD January Revised Estimates		Difference	Variance
Estimated payments	\$ 176,149,169	a	\$ 168,962,718		\$ 7,186,452	4.3%
Final payments †	145,148,361	a, b, c	165,466,558		(20,318,197)	-12.3%
Withholding	997,772,997		1,018,723,485		(20,950,488)	-2.1%
Refunds and Adjustments	(109,457,124)	a	(116,460,017)		7,002,893	-6.0%
Total	\$ 1,209,613,403		\$ 1,236,692,743		\$ (27,079,340)	-2.2%

† FY 2026 expected revenues are based on the estimates adopted at the November 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 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 \$79,274,675 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 FY 2026 Rebuild Rhode Island reimbursements accrued back to FY 2025 as follows:
 - personal income tax final payments - \$1,170,467
 - business corporation - \$263,466
 - insurance premiums gross earnings tax - \$4,749,238
 - sales and use tax - \$1,610,127
- ^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.

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

	January 2026 Adjusted Revenues FY 2026		January 2026 Estimate of FY 2025 Enacted Revenues †		Difference	Variance
Personal Income Tax	\$ 201,837,107	a, b, c	\$ 222,157,089		\$ (20,319,982)	-9.1%
General Business Taxes						
Business Corporation †	16,651,727	a, b	10,706,358		5,945,369	55.5%
Public Utilities Gross Earnings	82,230		110,453		(28,224)	-25.6%
Financial Institutions †	(51,989)		1,045		(53,034)	-5,075.0%
Insurance Company Gross Premiums †	361,090		419,592		(58,502)	-13.9%
Bank Deposits	103,926		235,332		(131,406)	-55.8%
Health Care Provider Assessment	3,926,090		3,866,127		59,963	1.6%
Excise Taxes						
Sales and Use †	156,668,088	c	155,888,778		779,311	0.5%
Cigarettes, OTP, and ENDS †	9,170,096		9,085,771		84,325	0.9%
Alcohol	1,870,644		1,896,987		(26,343)	-1.4%
Controlled Substances	-		-	+	-	n/a
Other Taxes						
Estate and Transfer	(312,356)		3,087,850		(3,400,206)	-110.1%
Racing and Athletics	46,162		52,437		(6,275)	-12.0%
Realty Transfer	2,463,274		2,425,329		37,946	1.6%
Total Taxes	\$ 392,816,089		\$ 409,933,147		\$ (17,117,059)	-4.2%
Departmental Receipts †	\$ 56,496,952		\$ 54,073,055		\$ 2,423,897	4.5%
Taxes and Departmentals	\$ 449,313,040		\$ 464,006,203		\$ (14,693,162)	-3.2%
Other General Revenue Sources						
Other Miscellaneous Revenues	2,324,638		2,324,638	+	-	0.0%
Lottery Transfer	38,360,907		37,326,914		1,033,993	2.8%
Unclaimed Property	-		-	+	-	n/a
Total Other Sources	\$ 40,685,545		\$ 39,651,553		\$ 1,033,993	2.6%
Total General Revenues	\$ 489,998,585		\$ 503,657,755		\$ (13,659,170)	-2.7%

PIT Component	January 2026 Adj. Revenues		January 2026 Revised Estimates		Difference	Variance
Estimated payments	\$ 67,552,388	a	\$ 60,371,471		\$ 7,180,917	11.9%
Final payments †	18,720,083	b, c	24,865,434		(6,145,351)	-24.7%
Withholding	130,775,478		156,545,421		(25,769,943)	-16.5%
Refunds and Adjustments	(15,210,843)	a	(19,625,238)		4,414,395	-22.5%
Total	\$ 201,837,107		\$ 222,157,089		\$ (20,319,982)	-9.1%

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

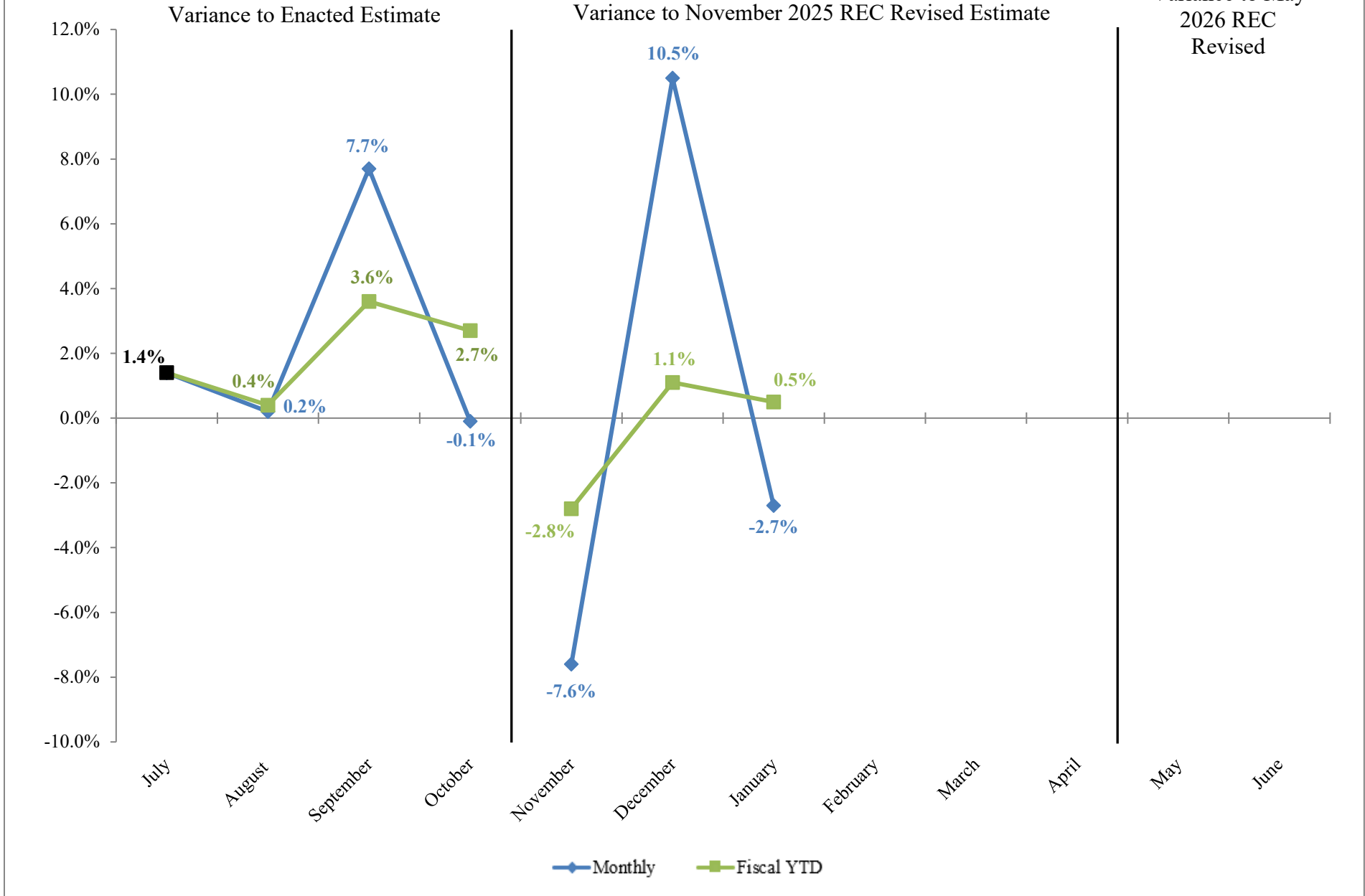
+ Set equal to actual amounts received.

Detailed notes on the following page

FY 2026 STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT
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 - \$(379,000)
 - business corporation tax - \$379,000
- ^b Adds to personal income tax final payments \$11,542,943 in net revenues from pass-through entities made on behalf of shareholders received in January 2026 and recorded as business corporation tax payments. The offsetting amount was subtracted from business corporation tax.
- ^c Rebuild Rhode Island reimbursements included in January 2026 adjusted revenues are as follows:
 - personal income tax final payments - \$264,366

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>	
	Jan.	YTD		Jan.	YTD
Personal Income Taxes			Sales and Use Taxes	9.1%	60.0%
Estimated Payments	23.9%	61.5%	Cigarettes Taxes	8.0%	59.5%
Final Payments	4.3%	30.3%	Alcohol Excise Taxes	9.0%	61.1%
Withholding Payments	9.0%	57.4%	Estate and Transfer	3.9%	62.0%
Refunds/Adjustments	3.8%	21.4%	Racing and Athletics	7.4%	55.6%
Business Corporation Taxes	3.3%	41.1%	Realty Transfer	9.4%	67.8%
Utilities Gross Earnings Taxes	0.1%	45.2%	Departmental Receipts	16.2%	50.6%
Financial Institutions Taxes	0.0%	52.8%	Lottery Transfer	8.3%	48.8%
Insurance Co. Gross Premiums	0.3%	39.4%	Other Misc. Revenues	n/a	n/a
Bank Deposits	4.3%	51.0%	Unclaimed Property	0.0%	0.0%
Health Care Provider Assessment	8.1%	58.5%			

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.			