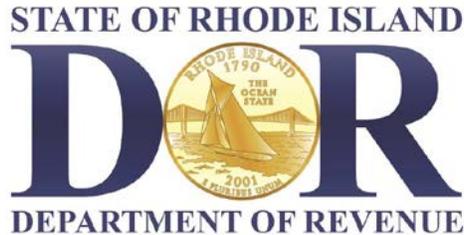


STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
GOVERNOR GINA M. RAIMONDO



Office of Revenue Analysis

State of Rhode Island Revenue Assessment Report
Monthly and Year-to-Date FY 2016 as of August 2015

The monthly revenue assessment report compares adjusted revenues, on a monthly and fiscal year-to-date basis, to the Office of Revenue Analysis' monthly and fiscal year-to-date estimate of expected revenues based on the current fiscal year revenue estimate. It should be noted that the fiscal year revenue estimate will vary over the course of the fiscal year as the Revenue Estimating Conference (see Rhode Island General Laws § 35-16-1) convenes and modifies the fiscal year revenue estimates as enacted by the General Assembly.

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 estimate was 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 trail the fiscal year-to-date revenue estimates, it is possible for the fiscal year-end accrual to make up any shortfall.

Law Changes Enacted in the 2015 Session That Impact General Revenues

In the 2015 session, the General Assembly enacted several changes to the state's general laws that impact general revenues. These changes can be categorized as follows: (1) changes that reclassify revenues that were previously considered to be general revenues to other funds; (2) changes that impact FY 2016 general revenues that will be realized through monthly revenue flows; and (3) changes that impact FY 2016 general revenues that will be realized through fiscal year end accruals. Those changes in state law that impact monthly revenue flows will generally

exhibit seasonality in the receipt of the revenue. The Office of Revenue Analysis attempts to model the seasonality in such revenue flows in order to better align the expected receipt of revenues with the actual receipt of revenues. A more specific discussion of these items is provided in the paragraphs that follow.

Revenue Changes That Reclassify General Revenues

In the 2014 session, the General Assembly passed legislation that reclassified 25.0 percent of all motor vehicle operator license and vehicle registration fees from general revenues to other funds effective July 1, 2015. The reclassification of these general revenue flows does not have any impact on expected FY 2016 enacted general revenues as these revenues are not included in either the adjusted revenue calculations contained in this report or the enacted FY 2016 general revenue estimates.

In addition, during the 2015 session, the General Assembly accepted the Governor's proposal to transfer the state's share and the statewide tourism district's share of the state 5.0 percent hotel tax from general revenues to the Rhode Island Commerce Corporation for a state level tourism promotion and business attraction campaign. The transfer of these revenues flows is in effect for all returns and payments received after June 30, 2015 regardless of when the underlying activity that generated the revenue occurred. The transfer of these hotel tax revenue flows from general revenues to the Rhode Island Commerce Corporation will have no impact on expected FY 2016 enacted general revenues as these revenues are not included in either the adjusted revenue calculations contained in this report or the enacted FY 2016 general revenue estimates.

Revenue Changes That Will Be Realized Through Monthly Revenue Flows¹

In the 2015 session, the General Assembly enacted legislation to fully exempt the sale of electricity, heating fuel, and natural gas for non-manufacturing commercial use from the state's 7.0 percent sales and use tax effective July 1, 2015. This enactment was a modification of the Governor's proposal to phase-in this exemption over a five year period beginning on July 1, 2015. Previously, the sales and use tax exemption for electricity, heating fuel, and natural gas only applied to consumption by occupants of residential premises or if it was used in the manufacturing process. The expected decrease in FY 2016 sales and use tax revenues from the exemption will generally be realized in the August 2015 to June 2016 period with a greater impact for electricity in August, September, and February. For heating fuel and natural gas in the greatest impacts are in December through April.

¹ The 2015 General Assembly made permanent, effective July 1, 2015, the increased excise taxes on beer and malt, still wine, and high proof spirits and the exemption of all wine and spirits from the sales and use tax that were passed initially in the 2013 session of the General Assembly. Originally the increased excise taxes on beer and malt, still wine, and high proof spirits and the sales and use tax exemption for the sale of wine and spirits by holders of Class A liquor licenses was to expire after June 30, 2015. The permanent enactment of these changes will have no impact on the assessment of the state's adjusted general revenues versus the expected general revenues as these revenue changes are already incorporated in the Office of Revenue Analysis' adjusted revenue calculations and the enacted FY 2016 general revenues based on prior enactments.

The 2015 General Assembly concurred with the Governor's recommendation to extend the sales and use tax to the unlicensed rental of lodging via on-line hosting platforms, the resale of rental accommodations by on-line travel companies, and the rental of vacation homes for less than one consecutive month by owners of such properties.² The effective date of the application of the 7.0 percent sales and use tax to these types of rentals is July 1, 2015. The expected increase in sales and use tax revenues from the expansion of the sales and use tax to unlicensed rentals, the resale of lodging accommodations, and the rental of vacation homes is expected to be realized in the August 2015 to June 2016 period.³ The greatest impacts from these changes are generally expected in July through September and May through June.

The 2015 General Assembly also approved the Governor's proposal to increase the cigarette excise tax rate by 25 cents per pack of 20 cigarettes from \$3.50 to \$3.75 effective August 1, 2015. The increased cigarette excise tax impacts both sales and use tax and cigarettes tax revenues. The expected increase in these two revenue sources from this change will be realized primarily in the months of September 2015 through June of 2016. The distribution of the impact of this revenue change is similar to that of sales and use taxes in general.

Finally, in the 2015 session, the General Assembly adopted the Governor's recommendation to defer the reissuance of motor vehicle license plates commencing in September 2015 to commencing in July 2016. The deferral of the motor vehicle plate reissuance reduces motor vehicle operator license and vehicle registration fees in FY 2016. The expected decrease in revenue from this legislative enactment is expected to be realized in the September 2015 through June 2016 period with the largest impacts in January and March.

Revenue Changes That Will Be Realized Through Fiscal Year End Accruals

The 2015 General Assembly enacted new legislation that impacts FY 2016 general revenues primarily through the fiscal year end accrual process. The new legislation enacted during the 2015 session impacts the personal income tax, the business corporation tax, and the estate and transfer tax. The effective date of the new legislation is January 1, 2016.

With respect to the personal income tax, the 2015 General Assembly enacted legislation that restructured the state's earned income credit (EIC). For tax years beginning on or after January 1, 2016, the state EIC will be equal to 12.5 percent of the federal EIC claimed by a taxpayer with the amount of the state EIC greater than the taxpayer's state personal income tax liability fully refundable. This change in the state EIC is expected to increase FY 2016 personal income tax refund revenues. Since TY 2016 personal income tax returns will not be filed until after January

² The state's 5.0 percent hotel tax is also applied to unlicensed rentals and the resale of lodging accommodations. The local 1.0 percent occupancy tax is applied to these types of rentals as well as the rental of vacation homes. Neither the state hotel tax nor the local occupancy tax are considered to be general revenues.

³ The Department of Revenue's Division of Taxation has promulgated rules that allow for such rentals to not be subject to the sales and use tax provided that the contracts for said rentals were entered into prior to July 1, 2015.

1, 2017, which is in FY 2017, little or no impact on FY 2016 personal income tax refund revenue flows is expected. There is, however, an expected increase in the refunds payable portion of the FY 2016 personal income tax accrual to align anticipated future refunds with the time period in which the income was earned that generated these refunds. As a result, personal income tax refund revenue flows will be higher than final personal income tax refund revenues until the close of the fiscal year.

Further, the 2015 General Assembly enacted new legislation that exempts from state personal income taxes taxable Social Security benefits for taxpayers with federal adjusted gross income of \$80,000 or less if filing as an individual or \$100,000 or less if filing a joint return. This exemption is provided only to those taxpayers that have reached full Social Security retirement age.⁴ Since TY 2016 personal income tax returns will not be filed until after January 1, 2017, which is in FY 2017, little or no impact on FY 2016 personal income tax final payments is expected. There is, however, an expected decrease in the final payments receivable portion of the FY 2016 personal income tax accrual to align anticipated future final payments with the time period in which the income was earned that generated these payments. As a result, personal income tax final payments revenue flows will be higher than fiscal year end personal income tax final payments revenues until the close of the fiscal year.

In addition, during the 2015 session, the General Assembly passed legislation that reduces the annual minimum corporate tax by 10.0 percent, to \$450. This change is expected to decrease FY 2016 business corporation tax revenues. Business entities that pay the minimum corporate tax include all for profit enterprises except for sole proprietorships and general partnerships. Minimum corporate tax filers that have January to December taxable years are required to pay the minimum tax by March 15th of the following calendar year. For calendar year minimum corporate tax filers, final TY 2016 returns are not due until March 15, 2017, which is in FY 2017 even though one-half of the business activity which generated the tax liability occurred in January to June which is in FY 2016. To align the tax paid to the business activity that generated the tax liability, 50.0 percent of minimum corporate tax payments expected to be received for TY 2016 are accrued back to FY 2016. Since the minimum corporate tax in TY 2016 is less than for TY 2015, a reduction in FY 2016 business corporations tax revenues will result on a net accrual basis. As a result, business corporations tax revenue flows will be higher than final business corporations tax revenues until the net accrual is determined after the close of FY 2016.

Finally, the 2014 General Assembly enacted a restructuring of the estate and transfer tax.⁵ This restructuring of the estate and transfer tax impacted estate and transfer tax revenues in FY 2015

⁴ For TY 2016, persons born before 1951 will be eligible for a modification reducing federal Adjusted Gross Income subject to Rhode Island income tax.

⁵ The restructuring of the estate and transfer tax involved replacing the estate and transfer tax threshold exemption amount with a credit against estate and transfer taxes owed. Under a threshold exemption amount structure, any estate with a gross taxable estate value greater than the threshold exemption amount was subject to tax on the full taxable value of the estate while an estate with a gross taxable estate value less than the threshold exemption amount was exempt from the estate tax. Under a credit amount structure, all estates regardless of their gross taxable estate value must compute the estate tax owed on the estate and then subtract the credit amount from the tax owed. If the

and will lower FY 2016 estate and transfer tax revenues. By law, the tax due on the estate of a decedent is not payable until nine months after the decedent's date of death, which is in FY 2017 for decedents who die after January 1, 2016 but before July 1, 2016. To account for this filing provision, at the fiscal year end close, 75.0 percent of the estimated FY 2017 estate and transfer tax revenues are accrued back to FY 2016. As a result, estate and transfer tax revenue flows will be higher than final estate and transfer tax revenues until the close of the fiscal year.

Due to these revenue changes, the methodology used in the *Revenue Assessment Report* for FY 2016 will be similar to that used in the FY 2015 reports. For most revenue items, the assessment of FY 2016 adjusted revenues will be made vis-à-vis the FY 2016 enacted (or revised) revenue estimates. For some revenue items, however, the assessment of FY 2016 adjusted revenues will be made vis-à-vis FY 2016 enacted (or revised) revenue flows as estimated by the Office of Revenue Analysis.

Estimate of Enacted FY 2016 Revenues

In order to determine the expected monthly and fiscal year-to-date revenue estimates based on the enacted FY 2016 budget signed into law by Governor Raimondo on June 25, 2015, the Office of Revenue Analysis (ORA) first calculates the average percentage of total adjusted revenues that occurred in a given month over the previous five fiscal years for each revenue item. For estate and transfer taxes the previous ten fiscal years are used. For monthly estimates, these percentages are applied to the enacted FY 2016 revenue estimate for each revenue item. For the fiscal year-to-date estimates, the monthly percentages are summed and then applied to the enacted FY 2016 revenue estimate for each revenue item. This methodology is used for all revenue items except personal income tax final payments, personal income tax withholding payments, personal income tax refunds and adjustments revenues, business corporations tax revenues, sales and use tax revenues, motor vehicle license and registration fees, cigarette excise tax revenues and estate and transfer tax revenues. For these eight revenue items, the monthly percentage, or the sum of the monthly percentages, will be applied to the enacted FY 2016 modified cash revenue flows as estimated by ORA. In the case of other miscellaneous revenues, the actual fiscal year-to-date revenues are used in place of an estimate due to the discrete and unpredictable nature in the timing of these receipts.

Table A provides the rounded five-year or ten-year average percentages used to determine expected monthly and fiscal year-to-date revenues for August. It should be noted that ORA has made adjustments to these percentages based on the estimated flow of revenues that result from the changes in law enacted by the 2015 General Assembly.

credit amount exceeds the tax owed, then no estate tax is due. If the estate tax owed exceeds the credit amount, then the difference is the estate tax due. The estate and transfer tax restructuring applies to the estates of decedents who die on or after January 1, 2015.

Revenue Item	<u>Percent Received</u>		Revenue Item	<u>Percent Received</u>	
	August	YTD		August	YTD
Personal Income Taxes			Motor Vehicles Fees	7.6 %	14.3 %
Estimated Payments	1.6 %	3.2 %	Motor Carrier Fuel Use	16.4 %	21.8 %
Final Payments	1.5 %	3.2 %	Cigarettes Taxes	9.0 %	17.7 %
Withholding Payments	8.1 %	15.2 %	Alcohol Excise Taxes	8.3 %	19.0 %
Refunds/Adjustments	1.7 %	3.6 %	Estate and Transfer	9.4 %	17.0 %
Business Corporations Taxes	1.8 %	5.4 %	Racing and Athletics	9.0 %	17.0 %
Utilities Gross Earnings Taxes	0.1 %	0.7 %	Realty Transfer	10.6 %	19.4 %
Financial Institutions Taxes	3.0 %	1.2 %	Departmental Receipts	6.6 %	12.0 %
Insurance Co. Gross Premiums	0.0 %	0.3 %	Lottery Transfer	8.5 %	8.5 %
Bank Deposits	0.0 %	0.0 %	Other Misc. Revenues	n/a	n/a
Health Care Provider Assessment	8.3 %	16.4 %	Unclaimed Property	0.0 %	0.0 %
Sales and Use Taxes †	9.1 %	18.4 %			

† Percentages are a weighted average of the monthly and fiscal year-to-date percentages for the “base” sales and use tax adjusted revenues and the monthly and fiscal year-to-date percentages calculated by ORA for both foregone sales and use tax revenues projected from the exemption of heating fuels, electricity and natural gas from the sales and use tax and enhanced sales and use tax revenues projected from the cigarette excise tax rate increase and the expansion of the sales and use tax to unlicensed rentals, room resellers and vacation home rentals. See the body of the report for a more detailed discussion of this methodology.

The health care provider assessment consists only of an assessment on nursing homes. Motor vehicle fees are comprised only of fees paid for operator’s licenses and motor vehicle registrations. Racing and athletics taxes consist of a tax on simulcast wagering. The “Percent Received” for monthly and year-to-date departmental receipts is calculated excluding hospital licensing fee revenues, which are large, generally made only once in the fiscal year, and not always at the same time each fiscal year. Finally, the lottery transfer does not begin in a given fiscal year until August, while the unclaimed property transfer occurs only in June of each fiscal year.

As of August 2014, Rhode Island remains out-of-compliance with the Streamlined Sales and Use Tax Agreement (SSUTA). A potential impact of this non-compliance is that the State will no longer receive voluntary remittances of sales and use tax revenues from remote sellers that are parties to the SSUTA. To date, these voluntary remittances have continued to be made and the FY 2016 enacted budget includes continued receipt of voluntary sales and use tax payments. The FY 2016 enacted sales and use tax revenue estimate incorporates an enhancement derived from the increase of the cigarette excise tax rate to \$3.75 per pack of 20 cigarettes. In addition,

the application of the state's sales and use tax on rental properties was expanded, while electricity, heating fuel, and natural gas were exempted for commercial users. ORA has taken into account these anticipated changes in sales and use tax revenues when determining the average percentages used to calculate expected FY 2016 sales and use tax revenues.

Due to the unusual characteristics of the enacted legislative changes for personal income tax final payments, personal income tax refunds and adjustments, business corporations tax, and estate and transfer tax revenues, ORA had to adjust the revenue bases against which FY 2016 adjusted revenues would be assessed for these revenue items. Specifically, significant impacts on revenue will be realized through the accrual component of these revenue items and thus not recorded until the end of the fiscal year. ORA will use modified cash revenue flows for expected FY 2016 revenues to gauge the sufficiency of adjusted FY 2016 revenues in meeting estimated revenues. To do otherwise would result in the understatement of expected FY 2016 revenues on a monthly and fiscal year-to-date basis relative to actual FY 2016 adjusted revenues on the same basis. The footnotes in Table B detail the breakdown of cash receipts and accruals for each of these revenue items and indicate the modified cash revenue flows against which FY 2016 adjusted revenues will be assessed.

The FY 2016 estimates by revenue item as enacted by the General Assembly and signed into law by Governor Raimondo are as follows:

Table B. FY 2016 Enacted Revenue Estimates by Major Revenue Item			
Revenue Item	Enacted FY 2016 Estimate		Enacted FY 2016 Estimate
Revenue Item	Estimate	Revenue Item	Estimate
Personal Income Taxes		Motor Vehicles	\$ 36,538,048
Estimated Payments	\$ 222,500,000	Motor Carrier Fuel	500,000
Final Payments ‡	177,404,637	Cigarettes Taxes	140,780,254
Withholding Payments	1,107,400,000	Alcohol Excise Taxes	18,839,500
Refunds/Adjustments †	(288,567,512)	Estate and Transfer *	20,400,000
Business Corporations Taxes ^	136,380,000	Racing and Athletics	1,100,000
Public Utilities Gross Earnings	104,700,000	Realty Transfer	10,210,937
Financial Institutions Taxes	16,500,000	Departmental Receipts ‡	357,236,271
Insurance Co. Gross Premiums	125,228,416	Lottery	331,740,000
Bank Deposits	2,000,000	Other Misc. Revenues	1,397,000
Health Care Provider Assessment	44,936,976	Unclaimed Property	10,000,000
Sales and Use Taxes	969,531,938		
		Total General Revenues **	\$ 3,543,756,465
<p>‡ Personal income tax final payments revenues estimate includes an estimated revenue accrual of \$(9,357,863) from the exemption of taxable Social Security benefits for eligible taxpayers. The estimated accrual will not impact FY 2016 revenues until the end of the fiscal year. As a result, ORA will assess adjusted FY 2016 revenues against a “base” FY 2016 revenue estimate of \$186,762,500 instead of the \$177,404,637 FY 2016 enacted estimate.</p> <p>† Personal income tax refunds and adjustments revenues estimate includes an estimated revenue accrual of \$(3,067,512) from the enhanced Rhode Island earned income tax credit. The realization of this revenue accrual will not occur until the end of FY 2016. As a result, ORA will assess adjusted FY 2016 personal income tax refunds and adjustments revenues against a “base” FY 2016 revenue estimate of \$(285,500,000), instead of the \$(288,567,512) FY 2016 enacted estimate.</p> <p>^ Business corporations tax revenues estimate of \$136,380,000 includes an estimated decrease in revenue from the reduction of the minimum business corporations tax of \$(1,620,000). As a result, ORA will assess adjusted FY 2016 revenues against a “base” FY 2016 revenue estimate of \$138,000,000, instead of the \$136,380,000 FY 2016 enacted estimate.</p> <p>* Estate and transfer tax revenues estimate of \$20,400,000 includes an estimated accrual impact of \$(4,900,000) to account for the filing behavior of decedents who die on or after January 1, 2016. The estimated accrual will not affect FY 2016 revenues until the end of the fiscal year. As a result, ORA will assess adjusted FY 2016 revenues against a “base” FY 2016 revenue estimate of \$25,300,000, instead of the \$20,400,000 FY 2016 enacted estimate.</p> <p>‡ Departmental Receipts figure includes estimated hospital licensing fee revenues of \$169,050,449.</p> <p>** Total general revenues estimate includes the personal income tax net accrual of \$(3,000,000).</p>			

The enacted FY 2016 estimate for sales and use taxes is \$969.5 million. ORA estimated that this figure is comprised of \$986.2 million of “base” sales and use tax revenues. The calculation of “base” sales and use tax revenues attempts to determine recurring sales and use tax revenues in the absence of current legislative changes. “Base” sales and use tax revenues controls for the \$24.4 million of foregone sales and use tax revenues included in the enacted FY 2016 budget for the exemption of heating fuels, electricity and natural gas for all purposes; the \$7.1 million of new sales and use tax revenues resulting from the expansion of the state sales and use tax to short term rental properties previously exempt; and the \$656,228 in sales and use tax revenues due to the increase in the cigarette excise tax rate. ORA adjusted the methodology for determining the percentages used to calculate expected FY 2016 enacted revenues to incorporate the timing of these changes.

Results for FY 2016 through August

The table, *Year-to-Date Estimate to Actual*, gives the results for FY 2016 through August. As is apparent from the table, the Department of Revenue finds that fiscal year-to-date adjusted total general revenues through August exceed the expected FY 2016 enacted total tax revenues through August by \$10.7 million or 2.3 percent. In total taxes, the fiscal year-to-date adjusted revenues through August are greater than the expected FY 2016 enacted total tax revenues through August by \$6.9 million or 1.7 percent. For departmental receipts, the difference between the fiscal year-to-date adjusted revenues through August and the expected FY 2016 enacted departmental receipts through August is \$1.3 million or 5.9 percent. For other general revenue sources, fiscal year-to-date adjusted revenues through August exceed the expected FY 2016 enacted other general revenue sources revenues through August by \$2.5 million or 8.7 percent.

In addition to departmental receipts, three revenue items’ have fiscal year-to-date adjusted revenues through August that exceed the enacted FY 2016 expected revenues by \$1.0 million or more.

- Business corporations tax adjusted revenues for FY 2016 through August are \$4.7 million or 63.0 percent more than the year-to-date enacted FY 2016 expected business corporations tax revenues of \$7.5 million.
- The lottery transfer adjusted revenues through August are \$2.5 million or 8.7 percent more than the year-to-date enacted FY 2016 expected lottery transfer revenues of \$28.2 million.
- Sales and use tax adjusted revenues through August are \$1.9 million or 1.1 percent more than the year-to-date enacted FY 2016 expected sales and use tax revenues of \$178.6 million.

Fiscal year-to-date estate and transfer tax, insurance companies gross premiums tax, personal income tax, public utilities gross earnings tax, healthcare provider assessment, realty transfer tax, and bank deposits tax adjusted revenues are greater than the enacted FY 2016 expected revenues through August, but by less than \$1.0 million.

No revenue items have adjusted revenues through August that fall short of the expected FY 2016 enacted revenue estimate through August by \$1.0 million or more.

Fiscal year-to-date cigarette excise tax, motor vehicle operator's license and vehicle registration fees, financial institutions tax, motor carrier fuel use tax, alcohol excise tax, and racing and athletics tax adjusted revenues through August are below the year-to-date enacted FY 2016 expected revenues, but by less than \$1.0 million each.

Results for the Month of August 2015

The table, *Monthly Estimate to Actual*, gives the results for August 2015. As is apparent from the table, the Department of Revenue finds that August adjusted total general revenues lead the expected FY 2016 enacted total general revenues estimate for August by \$1.8 million or 0.7 percent. In total taxes, August adjusted revenues are more than the expected FY 2016 enacted monthly revenues by \$38,292 or 0.0 percent. For departmental receipts, August adjusted revenues trailed the enacted FY 2016 expected monthly revenues estimate by \$727,904 or -5.9 percent. For other general revenue sources, August adjusted revenues are greater than the expected FY 2016 enacted monthly revenues by \$2.5 million or 8.7 percent.

One revenue item has adjusted revenues in August that exceed the expected FY 2016 enacted monthly estimate by \$1.0 million or more.

- Lottery transfer adjusted revenues for August are \$2.5 million or 8.7 percent more than the enacted FY 2016 expected monthly revenue estimate of \$28.2 million.

August adjusted revenues for business corporation tax, sales and use tax, public utility gross earnings tax, alcohol excise tax, the health care provider assessment, and racing and athletics tax revenues are greater than the enacted FY 2016 expected monthly revenue estimates for August, but by less than \$1.0 million each.

On the negative side, one revenue item has adjusted revenues in August that fall short of the expected FY 2016 enacted monthly revenue estimate by \$1.0 million or more.

- Estate and transfer tax adjusted revenues for August are \$1.3 million or -53.6 percent less than the enacted FY 2016 expected monthly revenue estimate of \$2.4 million.

August adjusted revenues for departmental receipts, financial institution tax, motor vehicle license and registration fees, cigarette excise tax, personal income tax, realty transfer tax, motor carrier fuel use tax, and bank deposits tax revenues are below the expected FY 2016 enacted revenues for August, but by less than \$1.0 million each.

A handwritten signature in black ink, appearing to read 'DMS', with a long horizontal flourish extending to the left.

David M. Sullivan, Acting Director
Department of Revenue
September 14, 2015

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

	YTD August Adjusted Revenues FY 2016		YTD August Estimate of Enacted FY 2016 Revenues †	Difference	Variance	
Personal Income Tax	\$ 171,350,301	^a	\$ 171,198,606	\$ 151,695	0.1%	
General Business Taxes						
Business Corporations	12,167,355		7,463,658	4,703,697	63.0%	
Public Utilities Gross Earnings	858,202		725,435	132,767	18.3%	
Financial Institutions	75,888		205,653	(129,765)	-63.1%	
Insurance Companies	838,362	^b	319,649	518,713	162.3%	
Bank Deposits	28,508		862	27,646	3206.3%	
Health Care Provider Assessment	7,429,269		7,391,501	37,768	0.5%	
Excise Taxes						
Sales and Use	180,569,837		178,643,473	1,926,364	1.1%	
Motor Vehicle	4,883,239		5,232,483	(349,244)	-6.7%	
Motor Carrier Fuel Use	(9,934)		109,047	(118,981)	-109.1%	
Cigarettes	24,271,514		24,741,084	(469,570)	-1.9%	
Alcohol	3,477,098		3,577,067	(99,969)	-2.8%	
Controlled Substances						
Other Taxes						
Estate and Transfer	4,828,588		4,302,710	525,878	12.2%	
Racing and Athletics	174,632		187,349	(12,717)	-6.8%	
Realty Transfer	2,007,757		1,977,100	30,657	1.6%	
Total Taxes	\$ 412,950,616		\$ 406,075,679	\$ 6,874,937	1.7%	
Departmental Receipts	\$ 23,818,303	^c	\$ 22,490,310	\$ 1,327,993	5.9%	
Taxes and Departmentals	\$ 436,768,919		\$ 428,565,989	\$ 8,202,930	1.9%	
Other General Revenue Sources						
Other Miscellaneous Revenues	5,444		5,444	+	-	0.0%
Lottery Transfer *	30,690,626		28,239,730	2,450,896	8.7%	
Unclaimed Property	-		-	+	-	n/a
Total Other Sources	\$ 30,696,070		\$ 28,245,174	\$ 2,450,896	8.7%	
Total General Revenues	\$ 467,464,989		\$ 456,811,163	\$ 10,653,826	2.3%	

PIT Component	YTD August Adj. Revenues		YTD August Estimates	Difference	Variance
Estimated payments	\$ 9,219,201		\$ 7,129,312	\$ 2,089,889	29.3%
Final payments †	5,568,141		6,003,412	(435,271)	-7.3%
Withholding †	166,322,759		168,319,963	(1,997,205)	-1.2%
Refunds †	(9,759,800)	^a	(10,254,081)	494,282	-4.8%
Total	\$ 171,350,301		\$ 171,198,606	\$ 151,695	0.1%

† Revised FY 2016 adopted revenues for personal income tax final payments, withholding, and refunds and adjustments, sales and use taxes, business corporation taxes, motor vehicle registration and license fees, cigarette excise taxes and estate and transfer taxes are calculated using modified cash based revenue flows to align expected revenues with the actual realization of revenues.

+ Set equal to actual amounts received.

^a Subtracts \$1,355,142 in personal income tax refunds and adjustment revenues for historic structure tax credit (HSTC) reimbursements that were recorded in July but accrued back to FY 2015. Adds \$113,214 in personal income tax final payment revenues for HSTC reimbursements that were received in August but not recorded.

^b Subtracts \$4,450,735 in insurance companies gross premium tax revenues for historic structure tax credit (HSTC) reimbursements which were recorded in July but accrued back to FY 2015. Adds \$1,418,112 for HSTC reimbursements which were received in August but not recorded.

^c Deducts \$146.2 million for Hospital Licensing Fees received in July but accrued back to FY 2015.

STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT
Monthly Estimate to Actual

	August Adjusted Revenues FY 2016		August Estimate of Enacted FY 2016 Revenues †		Difference	Variance
Personal Income Tax	\$ 91,327,370	^a	\$ 91,458,837		\$ (131,467)	-0.1%
General Business Taxes						
Business Corporations	3,352,932		2,427,504		925,428	38.1%
Public Utilities Gross Earnings	615,846		129,321		486,525	376.2%
Financial Institutions	148		488,074		(487,926)	-100.0%
Insurance Companies	226,093	^b	1,717		224,376	13065.7%
Bank Deposits	-		862		(862)	n/a
Health Care Provider Assessment	3,739,371		3,714,587		24,784	0.7%
Excise Taxes						
Sales and Use	88,806,842		88,044,532		762,310	0.9%
Motor Vehicle	2,485,848		2,761,041		(275,193)	-10.0%
Motor Carrier Fuel Use	53,465		81,925		(28,460)	-34.7%
Cigarettes	12,387,432		12,579,615		(192,183)	-1.5%
Alcohol	1,652,856		1,569,329		83,527	5.3%
Controlled Substances						
Other Taxes						
Estate and Transfer	1,107,038		2,383,838		(1,276,800)	-53.6%
Racing and Athletics	101,842		99,476		2,366	2.4%
Realty Transfer	999,648		1,077,779		(78,131)	-7.2%
Total Taxes	\$ 206,856,731		\$ 206,818,440		\$ 38,291	0.0%
Departmental Receipts	\$ 11,711,965		\$ 12,439,869		\$ (727,904)	-5.9%
Taxes and Departmentals	\$ 218,568,696		\$ 219,258,308		\$ (689,612)	-0.3%
Other General Revenue Sources						
Other Miscellaneous Revenues	4,823	+	4,823	+	-	0.0%
Lottery Transfer	30,690,626		28,239,730		2,450,896	8.7%
Unclaimed Property	-	+	-	+	-	n/a
Total Other Sources	\$ 30,695,449		\$ 28,244,553		\$ 2,450,896	8.7%
Total General Revenues	\$ 249,264,145		\$ 247,502,861		\$ 1,761,284	0.7%

PIT Component	August Adj. Revenues		August Estimates		Difference	Variance
Estimated payments	\$ 3,342,133		\$ 3,464,579		\$ (122,446)	-3.5%
Final payments †	2,469,635	^a	2,871,143		(401,507)	-14.0%
Withholding †	91,754,967		89,880,165		1,874,802	2.1%
Refunds †	(6,239,365)		(4,757,049)		(1,482,316)	31.2%
Total	\$ 91,327,370		\$ 91,458,837		\$ (131,467)	-0.1%

† Revised FY 2016 adopted revenues for personal income tax final payments, withholding, and refunds and adjustments, sales and use taxes, business corporation taxes, motor vehicle registration and license fees, cigarette excise taxes and estate and transfer taxes are calculated using modified cash based revenue flows to align expected revenues with the actual realization of revenues.

+ Set equal to actual amounts received.

^a Adds \$113,214 in personal income tax final payment revenues for HSTC reimbursements that were received in August but not recorded.

^b Adds \$1,481,112 in insurance companies gross premium tax revenues for HSTC reimbursements that were received in August but not recorded.

FY 2016 Variance of Adjusted Revenues to Estimate

