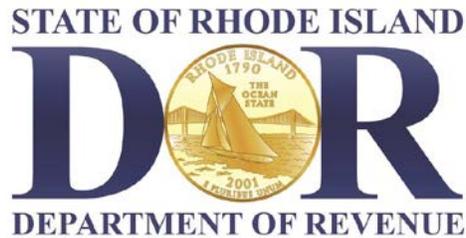


STATE OF RHODE ISLAND
GOVERNOR GINA M. RAIMONDO



Office of Revenue Analysis

State of Rhode Island Revenue Assessment Report
FY 2021 Monthly and Year-to-Date as of November 2020

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 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) (see Rhode Island General Laws § 35-16-1 et seq.) 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 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.

This monthly revenue assessment report compares adjusted revenues to expected revenues based on the revised revenue estimates adopted at the November 2020 REC. The principals of the November 2020 REC revised the FY 2021 revenue estimates up by \$330.6 million. In December 2020, the Rhode Island General Assembly will hold a special session to consider the FY 2021 budget. Upon enactment of the FY 2021 budget the basis of comparison for the December through April revenue assessment reports will be the revenue estimates included in the enacted budget. For the May 2021 Revenue Assessment Report, the basis of comparison will be revenue estimates adopted at the May 2021 REC. There is no Revenue Assessment Report issued for the month of June. Instead, a Special Report on Preliminary Revenues for FY 2021 will be prepared and issued in September 2021.

Year-to-Date Estimate to Actual

	YTD November Adjusted Revenues FY 2021		YTD November Estimate of Nov 2020 REC FY 2021 Revenues †		Difference	Variance
Personal Income Tax ‡	\$ 583,231,934	a, b, c	\$ 560,956,766		\$ 22,275,168	4.0%
General Business Taxes						
Business Corporation ‡	38,313,131	d, e, f	38,421,014		(107,883)	-0.3%
Public Utilities Gross Earnings ‡	24,126,348		24,240,940		(114,592)	-0.5%
Financial Institutions ‡	6,290,593	g, h	6,393,166		(102,573)	-1.6%
Insurance Company Gross Premiums ‡	36,874,673	i, j	37,352,943		(478,270)	-1.3%
Bank Deposits ‡	792,283	k	829,794		(37,511)	-4.5%
Health Care Provider Assessment	16,941,428		17,463,869		(522,441)	-3.0%
Excise Taxes						
Sales and Use ◊	555,727,620	l	549,451,070		6,276,550	1.1%
Motor Vehicle License and Reg Fees	372,864		409,564		(36,700)	-9.0%
Cigarettes	68,626,378		68,587,341		39,037	0.1%
Alcohol	9,838,722		9,536,686		302,036	3.2%
Controlled Substances	1,000		1,000	+	-	0.0%
Other Taxes						
Estate and Transfer	17,845,686		21,894,817		(4,049,131)	-18.5%
Racing and Athletics	139,265		143,648		(4,383)	-3.1%
Realty Transfer	7,422,363	m	7,833,309		(410,945)	-5.2%
Total Taxes	\$ 1,366,544,288		\$ 1,343,515,927		\$ 23,028,361	1.7%
Departmental Receipts †	\$ 81,340,634	n, o	\$ 76,542,506		\$ 4,798,129	6.3%
Taxes and Departmentals	\$ 1,447,884,923		\$ 1,420,058,433		\$ 27,826,490	2.0%
Other General Revenue Sources						
Other Miscellaneous Revenues	1,223,697	+	1,223,697	+	-	0.0%
Lottery Transfer	89,058,009	p	87,636,017		1,421,992	1.6%
Unclaimed Property	-	+	-	+	-	n/a
Total Other Sources	\$ 90,281,706		\$ 88,859,714		\$ 1,421,992	1.6%
Total General Revenues	\$ 1,538,166,629		\$ 1,508,918,147		\$ 29,248,482	1.9%

PIT Component	YTD November Adj. Revenues		YTD November Nov 2020 REC Estimates		Difference	Variance
Estimated payments ‡	\$ 77,304,949	a	\$ 75,338,406		\$ 1,966,543	2.6%
Final payments ‡	48,351,308	a, b	46,299,266		2,052,042	4.4%
Withholding	514,467,977		499,755,113		14,712,863	2.9%
Refunds and Adjustments ‡	(56,892,300)	a, c	(60,436,020)		3,543,721	-5.9%
Total	\$ 583,231,934		\$ 560,956,766		\$ 22,275,168	4.0%

‡ On March 20, 2020, the United States Treasury and Governor Raimondo extended the payment and filing due date for personal income tax and most general business taxes estimated and final payments from April 15, 2020 to July 15, 2020.

† FY 2021 estimated revenues are based on estimates adopted at the November 2020 Revenue Estimated Conference (REC). The estimate for departmental receipts was calculated using modified revenue flows to align expected revenues with the actual realization of revenues.

◊ Reflects June-October 2020 activity. Rhode Island entered Phase 2 of ReopeningRI on June 1, 2020 and Phase 3 on June 30, 2020. Phase 3 has been modified several times. Please see the body of the report for more information on the impact of COVID-19 on sales and use tax activity.

+ Set equal to actual amounts received.

Detailed notes on the following page

- ^a Subtracts \$29,000,000 of estimated payments received in July 2020 that were accrued back to FY 2020 due to deferral of estimated payments due dates from April 15, 2020 and June 15, 2020 to July 15, 2020. Subtracts \$150,386,000 of final and extension payments received and reduces refund payments made in July 2020 by \$19,311,000. These amounts were accrued back to FY 2020 due to deferral of the filing deadline from April 15, 2020 to July 15, 2020.
- ^b Adds \$5,794,553 of personal income tax payments made by pass-through entities on behalf of shareholders that were deposited as business corporation tax. This amount was accrued back to FY 2020 as personal income tax final/extension payments, and included in the accrual as noted in a. Adds to personal income tax final payments \$8,046,820 in personal income tax payments from pass-through entities made on behalf of shareholders received in August through November 2020 and recorded as business corporation tax payments.
- ^c An adjustment of \$3,603,233 is included in personal income tax refunds and adjustments and reflects transfer(s) from business corporation tax to correct for payments received in FY 2013 and FY 2019 - FY 2021.
- ^d Subtracts \$27,209,000 of net payments received in July 2020 that were accrued back to FY 2020 due to the delay in the tax filing deadline and estimated payments due dates to July 15, 2020.
- ^e Includes an adjustment of \$(1,810,000) in net payments received in FY 2018 - FY 2020 that were transferred between business corporation tax and financial institutions tax. Includes an adjustment of \$120,000 to capture payments received in prior periods that were transferred to business corporation tax from insurance company gross premiums tax. Includes a net adjustment of \$(2,709,393) to correct for payments received in FY 2013 and FY 2019 - FY 2021 that were transferred between business corporation tax and personal income tax.
- ^f Subtracts \$5,794,553 of payments received from pass-through entities for personal income taxes of shareholders that were deposited as business corporation tax but transferred to personal income tax final/extension payments and accrued back to FY 2020. Subtracts \$8,046,820 in business corporation tax payments made by pass-through entities for the personal income tax of shareholders received in August through November 2020 that were transferred to personal income tax final payments.
- ^g Subtracts \$347,000 of payments received in July 2020 that were accrued back to FY 2020 due to the delay in the tax filing deadline and estimated payments due dates to July 15, 2020.
- ^h Includes an adjustment of \$1,810,000 for transfers between business corporation tax and financial institutions tax for estimated payments received in FY 2018 - FY 2020.
- ⁱ Subtracts \$13,709,000 of payments received in July 2020 that were accrued back to FY 2020 due to the delay in the tax filing deadline and estimated payments due dates to July 15, 2020.
- ^j Includes an adjustment of \$(120,000) for transfer(s) to business corporation tax from insurance company gross premiums tax for payment(s) received in December 2018.
- ^k Subtracts \$111,466 of payments received in July 2020 that were accrued back to FY 2020 due to the delay in the tax filing deadline and estimated payments due dates to July 15, 2020.
- ^l Includes an adjustment of \$(333,053) for transfer(s) from sales and use tax to the compassion center surcharge in departmental receipts for payment(s) received in FY 2020.
- ^m Subtracts \$477,917 that is designated to the Housing Resources Commission. The amount reflects the November 2020 transfer that will occur in December 2020.
- ⁿ Subtracts \$174,469,230 of hospital licensing fee payments received in FY 2021 year-to-date but accrued back to FY 2020.
- ^o Includes an adjustment of \$333,053 for transfer(s) to the compassion center surcharge in departmental receipts from sales and use tax for payment(s) received in FY 2020.
- ^p Subtracts \$2,863,337 of revenues that were transferred in October 2020 but accrued back to FY 2020.

FY 2021 STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT
Monthly Estimate to Actual

	November 2020 Adjusted Revenues FY 2021		November 2020 Estimate of Nov 2020 REC FY 2021 Revenues †		Difference	Variance
Personal Income Tax ‡	\$ 124,169,364	a, b	\$ 101,894,196		\$ 22,275,168	21.9%
General Business Taxes						
Business Corporation ‡	134,673	b, d	242,556		(107,883)	-44.5%
Public Utilities Gross Earnings ‡	176,695		291,287		(114,592)	-39.3%
Financial Institutions ‡	37,484		140,057		(102,573)	-73.2%
Insurance Company Gross Premiums ‡	688,792		1,167,062		(478,270)	-41.0%
Bank Deposits ‡	(37,084)		427		(37,511)	-8,789.7%
Health Care Provider Assessment	2,960,628		3,483,069		(522,441)	-15.0%
Excise Taxes						
Sales and Use ◇	105,099,882		98,823,332		6,276,550	6.4%
Motor Vehicle License and Reg Fees	48,775		85,475		(36,700)	-42.9%
Cigarettes	13,323,376		13,284,339		39,037	0.3%
Alcohol	2,219,615		1,917,579		302,036	15.8%
Controlled Substances	-		-	+	-	n/a
Other Taxes						
Estate and Transfer	1,316,147		5,365,278		(4,049,131)	-75.5%
Racing and Athletics	30,850		35,233		(4,383)	-12.4%
Realty Transfer	944,974	d	1,355,920		(410,945)	-30.3%
Total Taxes	\$ 251,114,172		\$ 228,085,811		\$ 23,028,361	10.1%
Departmental Receipts †	\$ 18,634,061	e, f	\$ 13,835,932		\$ 4,798,129	34.7%
Taxes and Departmentals	\$ 269,748,233		\$ 241,921,743		\$ 27,826,490	11.5%
Other General Revenue Sources						
Other Miscellaneous Revenues	(23,980)	+	(23,980)	+	-	0.0%
Lottery Transfer	24,250,330		22,828,338		1,421,992	6.2%
Unclaimed Property	-	+	-	+	-	n/a
Total Other Sources	\$ 24,226,350		\$ 22,804,358		\$ 1,421,992	6.2%
Total General Revenues	\$ 293,974,583		\$ 264,726,100		\$ 29,248,482	11.0%

PIT Component	November 2020 Adj. Revenues		November 2020 Nov 2020 REC Estimates		Difference	Variance
Estimated payments ‡	\$ 5,373,638		\$ 3,407,095		\$ 1,966,543	57.7%
Final payments ‡	5,958,859	a	3,906,817		2,052,042	52.5%
Withholding	120,495,135		105,782,271		14,712,863	13.9%
Refunds and Adjustments ‡	(7,658,266)	b	(11,201,987)		3,543,721	-31.6%
Total	\$ 124,169,364		\$ 101,894,196		\$ 22,275,168	21.9%

‡ On March 20, 2020, the United States Treasury and Governor Raimondo extended the payment and filing due date for personal income tax and most general business taxes estimated and final payments from April 15, 2020 to July 15, 2020.

† FY 2021 estimated revenues are based on estimates adopted at the November 2020 Revenue Estimated Conference (REC). The estimate for departmental receipts was calculated using modified revenue flows to align expected revenues with the actual realization of revenues.

◇ Reflects October 2020 activity. Rhode Island was in a modified Phase 3 in October 2020. Please see the body of the report for more information on the impact of COVID-19 on sales and use tax activity.

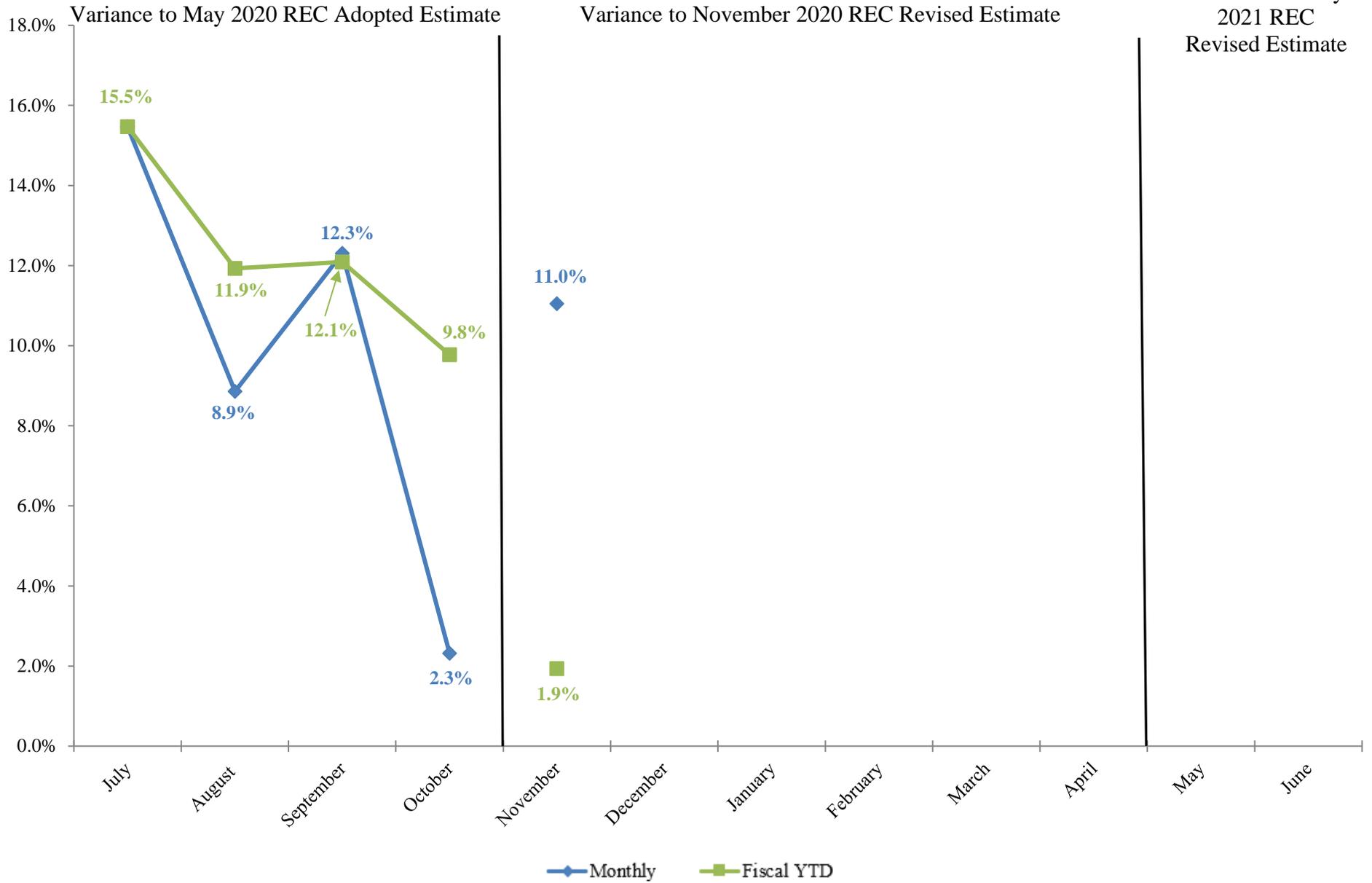
+ Set equal to actual amounts received.

Detailed notes on the following page

FY 2021 STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT
Monthly Estimate to Actual

- ^a Adds to personal income tax final payments \$445,212 in personal income tax payments from pass-through entities made on behalf of shareholders received in November 2020 and recorded as business corporation tax payments.
- ^b Includes a net adjustment of \$1,299,405 for transfer(s) to personal income tax from business corporation tax for payments received in FY 2020. The offsetting adjustment of \$(1,299,405) is included in business corporation tax.
- ^c Subtracts \$445,212 in business corporation tax payments made by pass-through entities for the personal income tax of shareholders received in November 2020 that were transferred to personal income tax final payments.
- ^d Subtracts \$477,917 that is designated to the Housing Resources Commission. The amount reflects the November 2020 transfer that will occur in December 2020.
- ^e Subtracts \$1,793,148 of hospital licensing fee payments received in November 2020 but accrued back to FY 2020.
- ^f Includes an adjustment of \$237,347 for transfer(s) to the first response surcharge in departmental receipts from E911 restricted receipts for payment(s) received in July 2020.

FY 2021 Variance of Adjusted Revenues to Estimate



Impact on General Revenues from the COVID-19 Pandemic

Due to the COVID-19 pandemic, on March 20, 2020, the Division of Taxation, in conjunction with announcements made by the United States Treasury and Governor Gina M. Raimondo, postponed the filing-and-payment deadline for income tax filings and income tax payments for individuals and certain businesses from April 15, 2020 to July 15, 2020. For the affected tax types, the change in the filing date provided taxpayers three additional months to file returns and pay balances due, and no penalties or interest would accrue on these balances if paid on or before July 15, 2020. Tax year 2019 payments made in July 2020 that normally would have been received before July 1, 2020 were booked as a FY 2020 revenue accrual. This report adjusts the cash collections received in July 2020 for these revenue accruals, both payables and receivables. The principals at the November 2020 REC incorporated the impact of these filing and payment due date changes in the FY 2021 adopted revenue estimates.

Phase 3 of Reopening RI was put in place by Governor Raimondo on June 30, 2020.¹ In Phase 3, indoor dining establishments could operate at 66% of capacity and larger crowd sizes were permitted at indoor and outdoor venues. Major League Soccer (MLS), Major League Baseball (MLB), and the National Basketball Association (NBA) started either a shortened season or a championship tournament during July 2020. On July 29, 2020, Governor Raimondo reduced the number of people who could attend catered events to 50 for indoor events and 100 for outdoor events and capped the size of informal gatherings at 15 people. The National Hockey League (NHL) resumed play in a playoff tournament format on August 1, 2020. On August 8, 2020, the Governor required bars, including those inside of restaurants, to close by 11:00 PM daily. On October 9, 2020, Governor Raimondo announced that Rhode Island will remain in Phase 3 until a COVID-19 vaccine is available. Phase 3 was further modified to cap the size of informal gatherings at 10 people on October 28, 2020.

Estimate of Revised FY 2021 Revenues Adopted at the November 2020 REC

In order to determine the expected monthly and fiscal year-to-date revenues for the fiscal year, ORA first calculated the average percentage of total adjusted revenues that occurred in a given month over the previous five fiscal years for each revenue item, except for estate and transfer taxes for which the previous ten fiscal years are used.² For business corporation tax, public utilities

¹ Due to the COVID-19 pandemic, major sporting events were cancelled or postponed beginning March 11, 2020; the Twin River and Tiverton Casino Hotels were closed at midnight on March 14, 2020; Governor Raimondo suspended dine-in service at restaurants and bars on March 17, 2020; and on March 28, 2020 the Governor issued a stay-at-home order which closed all non-essential retail and service businesses effective March 30, 2020.

Phase 1 of Reopening RI commenced on May 9, 2020, which lifted the stay-at-home order and allowed for a limited reopening of certain non-critical retail businesses. Restaurants were opened subject to limited patio seating beginning on May 18, 2020. Rhode Island entered Phase 2 of Reopening RI on June 1, 2020, which included the reopening of dine-in service at 50% capacity. The Twin River Casino Hotel and Tiverton Casino Hotel reopened on June 8, 2020, albeit with limited capacity.

² The previous five fiscal years are FY 2016 through FY 2020, and the previous ten fiscal years are FY 2011 through FY 2020. In the case of personal income tax refunds and adjustments revenues, FY 2013 through FY 2015 and FY 2018 through FY 2019 were used in computing the five-fiscal year average percentages. These fiscal years were selected due to the impact on refund processing in FY 2016 and FY 2017 that resulted from the implementation of the

gross earnings tax, financial institutions tax, insurance company gross premiums tax, and bank deposits tax revenues, ORA continued to use adjusted FY 2019 percentages to account for the change in the estimated payments schedule for these tax types and the impact of COVID-19.³ For motor vehicle license and registration fees adjusted FY 2019 percentages were used to account for the change in the transfer to the Rhode Island Highway Maintenance Account (RIHMA) and the impact of COVID-19.⁴ In prior years, ORA then applied these percentages to the revised FY 2021 revenue estimate for each revenue item. For the fiscal year-to-date estimates, the monthly percentages were summed and then applied to the revised FY 2021 revenue estimate for each revenue item.

Beginning in FY 2020, ORA adopted a new methodology to calculate expected monthly and fiscal year-to-date revenues based on the revised estimates adopted at the November REC. ORA sets expected revenues equal to adjusted revenues for the months of July through October, including all adjustments and reimbursements of redeemed tax credits, acknowledging that the revised revenue estimates adopted at the November REC are based on actual revenues through October. ORA then subtracts the actual revenues from the revised November 2020 REC estimates for FY 2021 to determine the amount of the remaining revised estimate that will be realized in November through June. ORA takes the monthly percentage noted above and divides it by the sum of the monthly percentages for November through June. This percentage is then multiplied by the amount of remaining revised estimate to yield the monthly expected revenues. Fiscal year-to-date expected revenues are then determined by summing the modified monthly percentages and applying this sum to the remaining revised estimate. For controlled substances and other miscellaneous revenues, the actual monthly and 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 average percentages used to determine expected monthly and fiscal year-to-date revenues for November. Monthly and fiscal year-to-date average percentages are based on

new personal income tax system by the Division of Taxation. For personal income tax estimated and final payment revenues, FY 2015 through FY 2019 were used in computing the five fiscal year average percentages due to the delay in the return and payment due dates to July 15, 2020 in FY 2020. FY 2015 through FY 2019 was also used to compute the five fiscal year average percentages for racing and athletics taxes and the lottery transfer due to the pandemic induced closure of the Twin River and Tiverton Casino Hotels and the cessation of thoroughbred and greyhound races and major sporting events beginning in March of FY 2020.

³ Prior to tax year 2018, these taxpayers paid 100 percent of their projected tax year liability by the sixth month of their tax year. For taxpayers with a tax year that coincided with the calendar year, this meant that 100 percent of their projected tax liability had to be paid by June of the calendar year, which was the end of the state fiscal year. Effective for tax year 2018 and beyond, these same taxpayers now pay 50 percent of their projected tax year liability by the sixth month of their tax year. For these business taxes, the delay in the return and payment due dates to July 15, 2020 impacted revenue flows in an unpredictable way in FY 2020.

⁴ In FY 2019, all motor vehicle license and registration fees were transferred to the Rhode Island Highway Maintenance Account except for duplicate license and license update fees, which were retained as general revenues. In FY 2020, operations at the Division of Motor Vehicles were interrupted by the pandemic and the federal government delayed the mandatory use of Real ID compliant credentials from October 1, 2020 to October 1, 2021. Both of these factors impacted revenue flows in FY 2020 in an atypical way. As a result, ORA chose to use the FY 2019 percentages for FY 2021 since only duplicate license and license update fees will be retained as general revenues in FY 2021 as they were in FY 2019.

the average percent received in November of the total collections using rounded five-year, or ten-year in the case of estate and transfer tax, revenues.⁵

Revenue Item	<u>Percent Received</u>		Revenue Item	<u>Percent Received</u>	
	Nov.	YTD		Nov.	YTD
Personal Income Taxes			Sales and Use Taxes	8.3 %	44.1 %
Estimated Payments	1.6 %	27.6 %	Motor Vehicles Fees	8.3 %	42.6 %
Final Payments	1.5 %	11.6 %	Cigarettes Taxes	8.7 %	43.7 %
Withholding Payments	8.3 %	38.9 %	Alcohol Excise Taxes	8.8 %	42.6 %
Refunds/Adjustments	3.0 %	11.3 %	Estate and Transfer	11.3 %	46.0 %
Business Corporation Taxes	0.2 %	34.3 %	Racing and Athletics	8.2 %	40.4 %
Utilities Gross Earnings Taxes	0.3 %	22.0 %	Realty Transfer	9.1 %	46.2 %
Financial Institutions Taxes	1.0 %	13.1 %	Departmental Receipts	6.0 %	34.2 %
Insurance Co. Gross Premiums	1.0 %	20.5 %	Lottery Transfer	8.1 %	33.0 %
Bank Deposits	0.0 %	26.7 %	Other Misc. Revenues	n/a	n/a
Health Care Provider Assessment	8.3 %	41.8 %	Unclaimed Property	0.0 %	0.0 %

The health care provider assessment consists of an assessment on nursing homes. Motor vehicle fees are comprised of fees paid to issue updated or duplicate operators' licenses. Racing and athletics taxes consist of a tax on wagers placed on out-of-state greyhound and horse races that are broadcast to Rhode Island via closed circuit television. 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. 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.

⁵ As noted previously, FY 2019 percentages were used for business corporation tax, public utilities gross earnings tax, financial institutions tax, insurance company gross premiums tax, and bank deposits tax revenues due to the change in the estimated payments schedule beginning in tax year 2018 and the impact of the pandemic on collections in FY 2020. FY 2019 percentages were also used for motor vehicle license and registration fees due to the impact of the pandemic on collections in FY 2020 and because only duplicate license and license update fees will be retained as general revenues in FY 2021, as they were in FY 2019.

The revised FY 2021 estimates by revenue item as adopted at the November 2020 REC are as follows:

Table B. FY 2021 Revised Revenue Estimates by Major Revenue Item			
Revenue Item	Nov 2020 Revised FY 2021 Estimate	Revenue Item	Nov 2020 Revised FY 2021 Estimate
Personal Income Taxes		Sales and Use Taxes	\$ 1,212,800,000
Estimated Payments †	\$ 259,300,000	Motor Vehicles Fees	1,000,000
Final Payments †	425,000,000	Cigarettes Taxes	155,000,000
Withholding Payments	1,281,800,000	Alcohol Excise Taxes	22,000,000
Refunds/Adjustments †	(410,000,000)	Estate and Transfer	58,100,000
Business Corporation Taxes	151,300,000	Racing and Athletics	400,000
Public Utilities Gross Earnings	109,600,000	Realty Transfer	15,400,000
Financial Institutions Taxes	18,500,000	Departmental Receipts ^	390,000,000
Insurance Co. Gross Premiums	133,700,000	Lottery	272,500,000
Bank Deposits	3,100,000	Other Misc. Revenues	10,325,000
Health Care Provider Assessment	42,000,000	Unclaimed Property	10,300,000
		Total General Revenues *	\$ 4,056,425,000
* Total general revenues estimate includes a personal income tax net accrual of \$(105,700,000).			
^ Includes hospital licensing fee revenues of \$161,541,471. These revenues will be booked as a receivable in June and are not included in the FY 2021 departmental receipts estimated revenues.			
† The estimates for these revenue items include cash receipts that were received or disbursed in July 2020 but were accrued back to FY 2020. Modified revenue flows were calculated by ORA and adjusted revenues were compared to these modified amounts.			

The revised estimates for personal income tax estimated and final payments and personal income tax refunds and adjustments are cash estimates as the personal income tax net accrual is estimated separately. The revenue assessment report assesses adjusted revenues versus expected revenues. In order to make this comparison properly, ORA subtracted from the cash estimates for personal income tax estimated and final payments and refunds and adjustment the cash receipts accrued back to FY 2020 to arrive at modified revenues to which adjusted revenues are compared. The following amounts were subtracted from each personal income tax item: estimated payments, \$29,000,000; final payments, \$150,386,000; refunds and adjustments, \$(19,311,000).

Results for Revised FY 2021 Revenues through November

The table, *Year-to-Date Estimate to Actual*, gives the results for FY 2021 through November. The Department of Revenue finds that FY 2021 adjusted total general revenues through November exceeded the November 2020 REC revised FY 2021 expected total general revenues estimate through November by \$29.2 million, a variance of 1.9%. In total taxes, fiscal year-to-date through November adjusted revenues were more than the revised FY 2021 year-to-date expected revenues

estimate by \$23.0 million, a difference of 1.7%. For departmental receipts, FY 2021 through November adjusted revenues led the revised FY 2021 expected fiscal year-to-date revenues estimate by \$4.8 million, a variance of 6.3%. For other general revenue sources, adjusted FY 2021 through November revenues were above the revised FY 2021 expected fiscal year-to-date revenues by \$1.4 million, a variance of 1.6%.

Four revenue items had adjusted revenues in FY 2021 through November that exceeded expected FY 2021 revenue estimates, based on the revised revenue estimates adopted at the November 2020 REC, by more than \$1.0 million.

- Personal income tax adjusted revenues through November were \$22.3 million more than expected FY 2021 through November revised personal income tax revenues, a variance of 4.0%.
 - Adjusted fiscal year-to-date personal income tax withholding payments revenues were \$14.7 million more than the \$499.8 million of expected FY 2021 year-to-date revised personal income tax withholding payments, a variance of 2.9%.
 - Personal income tax withholding tax revenues in fiscal year-to-date 2021 include withholding on the federal \$600 Pandemic Unemployment Compensation payments made to unemployment insurance recipients in July 2020.
 - FY 2021 through November revised personal income tax withholding payments include the Federal Emergency Management Agency's \$300 Lost Wages Supplemental Payment Assistance payments made to unemployment recipients in September 2020 for unemployment during the weeks ending on August 1, 2020 through September 5, 2020.
 - Personal income tax withholding payments adjusted revenues also include \$7.2 million of large, infrequently occurring payment(s) received in September 2020.
 - Adjusted FY 2021 personal income tax refunds and adjustments revenues through November were \$3.5 million less than expected fiscal year-to-date revised personal income tax refunds and adjustments revenues, a difference of -5.9%.
 - Adjusted and expected FY 2021 through November personal income tax refunds and adjustments revenues include the accrual of \$19.3 million of revenues to FY 2020.
 - Adjusted FY 2021 through November personal income tax final payments revenues were \$2.1 million, or 4.4%, more than expected FY 2021 through November personal income tax final payments revenues.
 - Adjusted FY 2021 personal income tax final payments revenues through November include \$5.8 million of reimbursed Historic Structures Tax Credits (HSTCs).

- Adjusted fiscal year-to-date personal income tax final payments revenues also include \$8.0 million of personal income tax payments received from pass-through entities on behalf of shareholders.
 - Finally, adjusted and expected FY 2021 through November personal income tax final payments revenues include the accrual of \$(150.4 million) of revenues to FY 2020.
 - Adjusted fiscal year-to-date personal income tax estimated payments revenues were \$2.0 million more than expected year-to-date FY 2021 personal income tax estimated payments, a variance of 2.6%.
 - Adjusted and expected FY 2021 through November personal income tax estimated payments revenues include the accrual of \$(29.0 million) of revenues to FY 2020.
- FY 2021 year-to-date sales and use tax adjusted revenues were \$6.3 million more than expected fiscal year-to-date sales and use tax revenues based on the revised November 2020 REC estimate, a difference of 1.1%.
 - Phase 2 of Reopening RI commenced on June 1, 2020, which included the reopening of dine-in service at a 50% capacity with the reopening of the state's two casinos on June 8, 2020 with limited capacity.
 - Phase 3 of Reopening RI commenced on June 30, 2020, which allowed indoor establishments to open at 66% capacity and larger crowd sizes at indoor and outdoor venues.
 - Governor Raimondo slowed Phase 3 of Reopening RI reducing catered events to 50 people indoors and 100 people outdoors on July 29, 2020.
 - On August 8, 2020, the Governor required bars, including those inside of restaurants, to close by 11:00 PM daily.
- Departmental receipts adjusted revenues through November were \$4.8 million more than FY 2021 through November departmental receipts expected revised revenues, a variance of 6.3%.
- Adjusted FY 2021 year-to-date lottery transfer revenues were \$1.4 million more than expected fiscal year-to-date revised lottery transfer revenues, a difference of 1.6%.

FY 2021 adjusted revenues through November for alcohol excise and cigarette and other tobacco products (OTP) taxes were above the expected FY 2021 year-to-date revised November 2020 REC revenue estimates but by less than \$1.0 million each.

On the negative side, one revenue item had adjusted revenues through November that fell short of the expected FY 2021 through November revised revenue estimate by \$1.0 million or more.

- Adjusted FY 2021 year-to-date estate and transfer tax revenues were \$4.0 million less than expected fiscal year-to-date estate and transfer tax revised revenues, a difference of -18.5%.

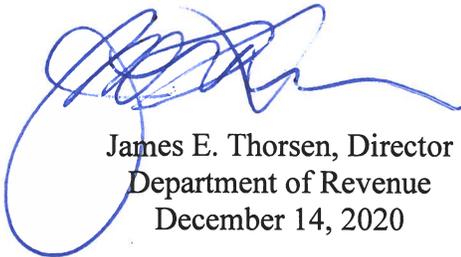
FY 2021 adjusted revenues through November for health care provider assessment, insurance company gross premiums tax, realty transfer tax, public utilities gross earnings tax, business corporation tax, financial institutions tax, bank deposits tax, motor vehicle license and registration

fees, and racing and athletics tax were below their expected FY 2021 year-to-date revised November 2020 REC revenue estimates but by less than \$1.0 million each.

Results for the Month of November 2020

The table, Monthly Estimate to Actual, gives the results for November 2020. Given that November is the first month of the fiscal year after the adoption of the revised revenue estimates at the November 2020 REC, the differences between the monthly adjusted revenues and expected revenues is the same as the above year-to-date differences. The monthly percentage changes, however, are larger than the fiscal year-to-date percentage changes due to the smaller nominal base that comprises monthly revenues.

In addition, some discrete revenue receipts included in the fiscal year-to-date revenue items are not included in the monthly revenue item counterpart due to the receipt of the revenue in a month prior to November 2020.



James E. Thorsen, Director
Department of Revenue
December 14, 2020