



# Revenue Estimating Conference

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Accounts & Control Financial Presentation of Accruals Effecting Revenue Projections

May 4, 2022

**RHODE  
ISLAND**

# Accrual Calculation Methodology Changes

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# Methodology Change to Accrual Calculation

## Previous Method

- 3-year average calculated to project annual cash amounts for May-June.
- This average calculated amount is added to 2022 April YTD Actual amount to project current year total.
- 5-year average or 5 year mean average taken for previous four years and the current year.

(Years encompassed in average: FY 2018, 2019, 2020, 2021 & projected 2022)

## New Method

- 5-year mean average calculated to project annual cash amounts for April-June (May-June for PIT).
- This average calculated amount is added to 2022 YTD actual amount to project the current year total.

(Years encompassed in average for April - June: FY 2017, 2018, 2019, 2020, 2021)

**This change affects four accrual calculations: Business Corporations Refunds Payable, Insurance Companies Refunds Payable, Personal Income Tax Refunds Payable, and Personal Income Tax Receivable for Final Payments. Refer to appendix for comparison of Previous vs New methodology comparison.**

# Tax Accruals FY 2022

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## Impact Estimates as of April 2022

All data for these calculations was pulled from the State accounting system as available or supplied by reports from the Division of Taxation.

# Business Corporations

Tax Accruals – Fiscal 2022 Impact Estimate as of April 2022. All \$ amounts in millions.

	FY'21 Actual	FY'22 Estimated	Estimated Revenue Impact	
Refunds Payable	\$(35.71)	\$(30.03)	\$(5.68)	increase to liability/decrease to revenue
Receivables*	\$21.74	\$24.58	\$ 2.84	increase to receivable/increase to revenue
Net Change	\$(13.97)	\$(5.45)	\$(2.84)	Revenue Decrease

\*Receivable for final payments to be paid in April 2022 for CY2021

# Insurance Companies

Tax Accruals – Fiscal 2022 Impact Estimate as of April 2022. All \$ amounts in millions.

	FY'21 Actual	FY'22 Estimated	Estimated Revenue Impact	
Refunds Payable	\$(1.60)	\$(1.98)	\$(0.38)	increase to liability/decrease to revenue
Receivables*	\$2.38	\$3.01	\$0.63	increase to receivable/increase to revenue
Net Change	\$0.78	\$1.03	\$0.25	Revenue Increase

\*Receivable for final payments to be paid in April 2022 for CY2021

# Health Insurance Companies

Tax Accruals – Fiscal 2022 Impact Estimate as of April 2022. All \$ amounts in millions.

	FY'21 Actual	FY'22 Estimated	Estimated Revenue Impact	
Receivables*	\$2.00	\$1.82	\$(0.18)	increase to receivable/increase to revenue
Net Change	\$2.00	\$1.82	\$(0.18)	Revenue Decrease

\*Receivable for final payments to be paid in April 2022 for CY2021

# Public Utilities

Tax Accruals – Fiscal 2022 Impact Estimate as of April 2022. All \$ amounts in millions.

	FY'21 Actual	FY'22 Estimated	Estimated Revenue Impact	
Receivables*	\$51.78	\$51.16	\$(0.62)	increase to receivable/increase to revenue
Net Change	\$51.78	\$51.16	\$(0.62)	Revenue Decrease

\*Receivable for final payments to be paid in April 2022 for CY2021



# Personal Income

Tax Accruals – Fiscal 2022 Impact Estimate as of April 2022. All \$ amounts in millions.

	FY'21 Actual	FY'22 Estimated	Estimated Revenue Impact	
Refunds Payable *	\$(210.69)	\$(276.76)	\$(66.07)	increase to liability/decrease to revenue
Receivables**	\$213.73	\$280.77	\$67.04	increase to receivable/increase to revenue
Net Change	\$3.04	\$4.01	\$0.97	Revenue Increase

\*For balance of CY2021 refunds and ½ of CY2022 refunds

\*\*Primarily ½ of payments expected with returns in Spring 2023 for CY2022

# Inheritance

Tax Accruals – Fiscal 2022 Impact Estimate as of April 2022. All \$ amounts in millions.

	FY'21 Actual	FY'22 Estimated	Estimated Revenue Impact	
Receivables*	\$31.35	\$32.10	\$0.75	increase to receivable/increase to revenue
Net Change	\$31.35	\$32.10	\$0.75	Revenue Increase

\*Receivable for final payments to be paid in April 2022 for CY2021

# Appendix

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Difference in Accruals  
due to  
Methodology Change

# Accrual Methodology Comparison

Illustration of the effect of change in methodology. Previous vs New. All \$ amounts in millions.

	FY 2021 Actuals	FY 2022 Using Previous Method	FY 2022 Using New Method	Methodology Change Effect
<b>Business Corporations</b>				
Refunds Payable	\$28.91	\$34.41	\$30.03	\$4.38
<b>Insurance Companies</b>				
Refunds Payable	\$1.77	\$1.98	\$1.98	\$ 0
<b>Personal Income Tax</b>				
Refunds Payable	\$210.69	\$241.14	\$276.76	\$(35.62)
Receivables	\$213.73	\$249.04	\$280.77	<u>\$31.73</u>
			PIT Total Net Effect	\$(3.89)