



Revenue Estimating Conference

Accounts & Control Financial Presentation of Accruals Effecting Revenue Projections

November 4, 2022

**RHODE
ISLAND**

Tax Accruals FY 2022

Impact Estimates as of June 30, 2022

All data for these calculations originated 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 June 2022. All \$ amounts in millions.

	FY'22 Actual	FY'22 Estimated	Estimated Revenue Impact	
Refunds Payable	\$34.41	\$30.03	\$4.38	Increase to liability/Decrease to revenue
Receivables	\$24.58	\$24.58	\$ –	No change
Net Change	<hr/> \$(9.83)	<hr/> \$(5.45)	<hr/> \$4.38	Revenue Decrease

Insurance Companies

Tax Accruals – Fiscal 2022 Impact Estimate as of June 2022. Amounts in millions.

	FY'22 Actual	FY'22 Estimated	Estimated Revenue Impact	
Refunds Payable*	\$1.98	\$1.98	\$ –	No change
Receivables	\$2.86	\$3.01	\$0.15	Decrease to receivable/Decrease to revenue
Net Change	\$0.88	\$1.03	\$0.15	Revenue Decrease

*Refunds Payable is based upon the calendar year 2021

Health Insurance Companies

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

	FY'22 Actual	FY'22 Estimated	Estimated Revenue Impact	
Receivables*	\$1.97	\$1.82	\$ 0.15	increase to receivable/increase to revenue
Net Change	\$1.97	\$1.82	\$ 0.15	Revenue Increase

Public Utilities

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

	FY'22 Actual	FY'22 Estimated	Estimated Revenue Impact	
Receivables	\$51.16	\$51.16	\$ –	No change
Net Change	\$51.16	\$51.16	\$ –	

Personal Income

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

	FY'22 Actual	FY'22 Estimated	Estimated Revenue Impact	
Refunds Payable *	\$ 241.83	\$276.76	\$34.93	Decrease to liability/increase to revenue
Receivables**	\$257.39	\$280.77	\$23.38	Decrease to receivable/decrease to revenue
Net Change	\$15.56	\$4.01	\$11.55	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 June 2022. All \$ amounts in millions.

	FY'22 Actual	FY'22 Estimated	Estimated Revenue Impact	
Receivables	\$30.00	\$32.10	\$2.10	Decrease to receivable/Decrease to revenue
Net Change	\$30.00	\$32.10	\$2.10	Revenue Decrease

Supplemental information

Methodology Change to Accrual Calculation

Method Prior to May 2022

- 3-year average calculated to project 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 2020, 2021 & 2022)

Current Method Going Forward

- 5-year mean average calculated to project 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 2018, 2019, 2020, 2021, 2022)

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.