



Revenue Estimating Conference

Accounts & Control Financial Presentation of Accruals Effecting Revenue Projections

Nov 4, 2024

**RHODE
ISLAND**

Tax Accruals FY 2024



Impact Estimates as of June 2024

Amounts expressed in millions

All data sources for these calculations are the State accounting system or the
Division of Taxation system.

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Accrual Methodology and Amounts

Each revenue category uses a 5 year mean average methodology for both revenue and payables. This has been the standing methodology for the past four years.

Exception for June 2024:

Personal Income Taxes

Receivable: The 5 year mean average was calculated without the actual amount of extension payments received during July 2024 \$39M. The PIT known amount was added to the mean average calculated receivable accrual amount because it is a known figure and not subject to smoothing.

Payable: The 5 year mean average was calculated without the actual amount cash received during July 2024 as noted above. The change to the payables is a decrease of \$4M.

NET CHANGE: \$43M

This amount was fully vetted by Accounts and Control with the Auditor General

Personal Income

Tax Accruals – Fiscal 2024 Impact Estimate as June 2024. All \$ amounts in millions.

| | FY'24 Estimate | FY'24 Actual | Revenue Impact | |
|-----------------|----------------|--------------|----------------|--|
| Refunds Payable | \$(268.56) | \$(225.50) | \$43.06 | Decrease to liability/increase to revenue |
| Receivables | \$279.24 | \$277.72 | \$(1.52) | Decrease to receivable/decrease to revenue |
| Net Change | \$10.68 | \$52.22 | \$41.54 | Revenue Increase |

Follow up question from REC testimony

- FY 2024 Preliminary Closing Statements listed actual Personal Income Tax (PIT) revenue of \$1,780,947,118. After adjustments, the total revenue for PIT \$1,819,193,007. Please note this amount includes the latest audit adjustment for \$815,405 for rebuild RI tax credit – PIT.
- Cash collections \$1,774,980,602.00 this amount include a decrease of \$5,966,516 for PTE, reclassified to Business Corporation after the preliminary presentation.
- Adjustments to cash There isn't any other adjustments to cash. The additional cash pertaining to the PIT extension received during the month of July is not being moved to FY24.
- Current and prior year payable → see slide #6
- Current and prior year receivable → see slide #6
- Any other calculations needed to arrive at actual FY 2024 PIT revenue → see slide #7

Answer to Follow up question from REC testimony-Cont.

PIT - Current and prior year payable and receivable

| | FY'24 Actual | FY'23 Actual | Revenue Impact | |
|-----------------|--------------|--------------|----------------|--|
| Refunds Payable | \$(225.50) | \$(239.91) | \$14.41 | Decrease to liability/increase to revenue |
| Receivables | \$277.72 | \$247.73 | \$29.99 | Increase to receivable/Increase to revenue |
| Net Change | \$52.22 | \$7.82 | \$44.40 | Revenue Increase |

Answer to Follow up question from REC testimony-Cont.

- Any other calculations needed to arrive at actual FY 2024 PIT revenue

To arrive to the FY24 PIT revenue we reduced the original revenue by \$4,066,710, this amount represent the increase in revenue by including the July cash collection in the traditional methodology, which was used in the preliminary. The total PIT July cash collection \$37,327,070 was 100% accrued, in addition to another \$5,966,516 related to PTE for a total of \$39,226,876 ($37,327,070 + 5,966,516 - 4,066,710$).

In addition, the refunds payable was decreased by \$4,169,815 (by electing direct accrual).

The total impact in PIT revenue was an increase of \$43,397,000.00 ($39,226,876 + 4,169,815$).

Business Corporations

Tax Accruals – Fiscal 2024 Impact Estimate as of June 2024. All \$ amounts in millions.

| | FY'24 Estimate | FY'24 Actual | Revenue Impact | |
|-----------------|----------------|--------------|----------------|--|
| Refunds Payable | \$(34.78) | \$(33.15) | \$1.63 | Decrease to liability/increase to revenue |
| Receivables | \$34.86 | \$34.86 | - | Increase to receivable/increase to revenue |
| Net Change | \$0.08 | \$1.71 | \$1.63 | Revenue Increase |

Insurance Companies

Tax Accruals – Fiscal 2024 Impact Estimate as June 2024. All \$ amounts in millions.

| | FY'24 Estimate | FY'24 Actual | Revenue Impact | |
|-----------------|----------------|--------------|----------------|--|
| Refunds Payable | \$(1.73) | \$(1.73) | - | Decrease to liability/increase to revenue |
| Receivables | \$4.54 | \$4.77 | \$0.23 | Increase to receivable/increase to revenue |
| Net Change | \$2.81 | \$3.04 | \$0.23 | Revenue Increase |

Health Insurance Companies

Tax Accruals – Fiscal 2024 Impact Estimate as June 2024. All \$ amounts in millions.

| | FY'24 Estimate | FY'24 Actual | Revenue Impact | |
|-------------|----------------|--------------|----------------|--|
| Receivables | \$1.12 | \$1.07 | \$(0.05) | Increase to receivable/increase to revenue |
| Net Change | \$1.12 | \$1.07 | \$(0.05) | Revenue Decrease |

Public Utilities

Tax Accruals – Fiscal 2024 Impact Estimate as June 2024. All \$ amounts in millions.

| | FY'24 Estimate | FY'24 Actual | Revenue Impact | |
|-------------|----------------|--------------|----------------|--|
| Receivables | \$50.30 | \$50.32 | \$0.02 | Increase to receivable/increase to revenue |
| Net Change | \$50.30 | \$50.32 | \$0.02 | Revenue Increase |

Estate Tax

Tax Accruals – Fiscal 2024 Impact Estimate as June 2024. All \$ amounts in millions.

| | FY'24 Estimate | FY'24 Actual | Revenue Impact | |
|-------------|----------------|--------------|----------------|--|
| Receivables | \$36.00 | \$38.55 | \$2.55 | Increase to receivable/increase to revenue |
| Net Change | \$36.00 | \$38.55 | \$2.55 | Revenue Increase |

Overall Net Impact – All Taxes

Tax Accruals – Fiscal 2024 Impact Estimate as June 2024. All \$ amounts in millions.

| | FY'24 Estimate | FY'24 Actual | Revenue Impact | |
|-----------------------|----------------|--------------|----------------|-------------------------|
| Business Corporations | \$ 0.08 | \$ 1.71 | \$ 1.63 | Increase to revenue |
| Insurance Companies | \$ 2.81 | \$ 3.04 | \$ 0.23 | Increase to revenue |
| Health Ins Companies | \$ 1.12 | \$ 1.07 | \$(0.05) | Decrease to revenue |
| Public Utilities | \$ 50.30 | \$ 50.32 | \$ 0.02 | Increase to revenue |
| Personal Income | \$ 10.68 | \$ 52.22 | \$ 41.54 | Increase to revenue |
| Estate Tax | \$ 36.00 | \$ 38.55 | \$ 2.55 | No impact to revenue |
| Net impact | \$100.99 | \$146.91 | \$45.92 | Net increase to revenue |