State of Rhode Island

Revenue Estimating Conference

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November 2026 Conference Chair

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MEMORANDUM

To: The Honorable Valarie J. Lawson, President of the Senate
The Honorable Christopher R. Blazejewski, Speaker of the House
The Honorable Daniel J. McKee, Governor

From: Stephen H. Whitney, Senate Fiscal Advisor
Sharon Reynolds Ferland, House Fiscal Advisor
Joseph M. Codega Jr., State Budget Officer

Date: November 18, 2026

Subject: **November 2026 Revenue Estimating Conference**

SUMMARY

The Revenue Estimating Conference met in open public meetings on October 28, November 4, and November 10, 2026. The Conference adopted the economic forecast for both calendar and fiscal years 2027 to 2032 and issued revised revenue estimates for FY 2027 and initial revenue estimates for FY 2028. Based on collection trends through October, preliminary FY 2026 closing results and the revised economic forecast, the Conference increased the FY 2027 estimates by $108.7 million from the enacted budget to $6,154.4 million.

The Conference adopted initial general revenue estimates totaling $6,119.5 million for FY 2028. This is $34.9 million less than the revised estimate for FY 2027 but does not include the hospital licensing fee.

That fee accounts for $232.5 million in FY 2027, which cannot be included in FY 2028 because it is typically enacted annually, and revenue estimates are based only on current law.

ECONOMIC FORECAST

On October 28th, the Conference heard forecasts from Moody's Analytics on the national and Rhode Island economies, presented by Associate Director and Senior Economist, Emily Mandel. The conferees also received testimony from Lisa Dutilly, Chief of Research and Analysis for the Department of Labor and Training's Labor Market Information Division. The Conference adopted a revised economic forecast for Rhode Island based on the information presented.

Results since 2024 and the adopted forecast for calendar and fiscal years 2026 through 2032 are shown in the following table.

November 2026 Consensus Economic Forecast

	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030	CY 2031	CY 2032
Nominal Level									
Nonfarm Employment	512.8	515.4	514.4	514.6	515.1	516.0	517.1	517.9	518.2
Personal Income	79,954	83,849	86,885	90,060	93,531	97,344	101,520	105,756	109,821
Housing Starts	1.5	1.8	2.0	1.2	1.2	1.2	1.2	1.1	1.1
Annual Growth (% Year over Year)									
Nonfarm Employment Growth	1.4	0.5	-0.2	0.0	0.1	0.2	0.2	0.2	0.1
Personal Income Growth	6.1	4.9	3.6	3.7	3.9	4.1	4.3	4.2	3.8
Wage and Salaries Income Growth	5.2	4.7	2.8	3.0	2.6	3.0	3.4	3.5	3.4
Dividends, Interest, and Rent Growth	6.3	3.9	3.3	3.0	4.2	5.9	5.9	5.3	4.6
Consumer Price Index (US)	3.0	2.7	3.3	2.7	2.2	1.8	1.8	1.9	1.9
Personal Consumption Expenditures Growth	5.7	5.6	5.1	4.0	3.5	3.3	3.6	3.6	3.3
Corporate Profits Growth (US)	4.3	7.7	13.4	3.3	9.3	5.9	4.2	4.8	5.2
S&P 500 Index Growth (US)	26.7	14.5	17.8	0.0	2.5	7.7	8.1	6.1	3.4
Rates									
Unemployment Rate (RI)	4.3	4.4	4.2	4.4	4.4	4.4	4.4	4.5	4.6

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Nominal Level									
Nonfarm Employment	509.4	515.6	514.2	514.6	514.8	515.6	516.6	517.5	518.1
Personal Income	77,843	81,704	85,566	88,418	91,759	95,384	99,407	103,647	107,820
Housing Starts	1.1	1.8	2.1	1.5	1.2	1.2	1.2	1.2	1.1
Annual Growth (% Year over Year)									
Nonfarm Employment Growth	1.4	1.2	-0.3	0.1	0.0	0.1	0.2	0.2	0.1
Personal Income Growth	6.7	5.0	4.7	3.3	3.8	4.0	4.2	4.3	4.0
Wage and Salaries Income Growth	5.3	4.4	4.3	2.5	2.8	2.7	3.2	3.5	3.5
Dividends, Interest, and Rent Growth	12.8	3.9	3.4	3.5	3.0	5.4	6.0	5.7	4.9
Consumer Price Index (US)	3.3	2.6	3.0	3.1	2.5	1.9	1.8	1.9	1.9
Personal Consumption Expenditures Growth	5.4	5.9	5.4	4.6	3.6	3.4	3.5	3.6	3.4
Corporate Profits Growth (US)	5.4	4.7	12.9	6.3	7.0	7.8	4.6	4.4	5.0
S&P 500 Index Growth (US)	19.6	20.4	18.2	9.4	-1.7	5.8	8.2	7.3	4.6
Rates									
Unemployment Rate (RI)	3.6	4.4	4.4	4.1	4.5	4.4	4.4	4.5	4.6

Macro Economy: Associate Director and Senior Economist of Moody's Analytics, Ms. Emily Mandel, testified about the U.S. economy, providing projections for Gross Domestic Product (GDP), the job market, and oil prices, as well as comments on interest rate expectations and their impact on consumer and corporate spending.

Real GDP, seen as a general measure of economic health, is expected to rise 2.3 percent by the end of 2026 and taper to 1.9 percent in 2027, roughly in line with its potential, or "normal" rate. While layoffs have

been scarce, slow job growth results in an overall soft labor market. Household and corporate credit are sound, which will support consumer spending and economic expansion; however, wage growth is barely keeping pace with inflation and consumer spending is outpacing disposable income growth. Massive investment in artificial intelligence and related infrastructure is acting as a powerful tailwind for the economy, with the largest AI companies projected to invest $600.0 billion in 2026 alone.

The disruption to oil flows in the Strait of Hormuz and the Red Sea, brought on by the Iran War, has increased energy prices and inflation. Moody's baseline outlook expects oil flows to slowly normalize in the coming months, with prices and inflationary pressures receding. Home heating oil, which the Northeast is particularly reliant on, are at record highs with winter approaching.

Higher interest rates are expected to weigh on the economy's growth but not undermine it. The Federal Reserve is expected to raise the federal funds rate to a range of 4.0 to 4.25 percent at its December meeting. Stock values, many of which have doubled over the past four years, are expected to move sideways as rates rise. The recent surge in equity valuations has increased household wealth and consumer spending, both of which are expected to suffer as interest rates rise. The higher cost of borrowing will make it more difficult for consumers to purchase vehicles or other financed durables, such as home furnishings and consumer electronics.

Rhode Island Economy: Ms. Mandel's testimony on the Rhode Island economy included comments on the Ocean State's sector-specific industries, housing market, and population. After years of steady gains, the healthcare and hospitality industries have begun shedding jobs, as well as the finance and insurance sectors. However, employment in scientific research and manufacturing has increased over the past year, offsetting the softness elsewhere in the job market. While the unemployment rate is falling, it is due to declining labor force participation rather than employment growth. Housing prices are outpacing the national average as inventories remain slightly above record lows.

Rhode Island has lost a larger share of finance/insurance jobs than any other Northeast state since the start of 2025, and conditions are expected to only improve marginally next year. Rhode Island is a hub for insurance carriers and underwriting operations, with the headquarters of Citizens Financial, CVS Health, and Amica Mutual all based in the state. Profits from double-digit premium growth are expected to offset weaker enrollment in the short term, but the weaker enrollment will stymie long-term growth. Additionally, advances in technology and automation are expected to erode further back-office roles, and payrolls are not expected to return to previous highs.

Additional contracts and expansions within the defense manufacturing sector are expected to benefit the State, which hosts the Naval Undersea Warfare Center and facilities for General Dynamics Electric Boat, Raytheon, and Anduril. The expansions and sizeable backlogs are expected to support increased hiring in upcoming years.

Housing prices are projected to move sideways in the upcoming year, as weakened demand offsets the tight supply. Affordability is expected to reach its lowest level in 35 years, due to weak income growth and elevated mortgage rates. The recent surge in prices has diminished the State's long-standing cost advantage over Boston and other high-cost-of-living areas. However, the tight supply conditions are expected to keep a floor under prices and prevent a correction. As inventories are still below pre-pandemic norms, the market should absorb a modest increase in listings without weighing on prices.

Rhode Island's population demographics are expected to weigh on long-term economic potential. Nearly every year over the past two decades, the State has lost residents on net to other states. Immigration has served as a safeguard against population decline, but shifting federal policies will drag down population growth in the near term.

Rhode Island Labor Market Conditions: Chief of Research & Analysis Lisa Dutilly, from the Rhode Island Department of Labor and Training (DLT), testified on the labor market conditions in Rhode Island. Ms. Dutilly noted that the State experienced record-breaking employment, with 517,800 RI-based jobs in May 2025. That number has since contracted to 513,100 jobs in the preliminary September 2026 job report, down 4,700 from the May 2025 peak and the lowest level since July 2024. The sectors that experienced the largest decline from the May 2025 peak include Financial Activities, Arts, Entertainment, & Recreation, and Retail Trade.

Rhode Island, with an unemployment rate of 3.6 percent in September 2026, joins other New England states Vermont (2.6 percent), New Hampshire (2.6 percent), and Maine (3.3 percent), that are below the U.S. rate of 4.2 percent. Connecticut had the highest rate in New England at 5.1 percent. Through the first 42 weeks of 2026, unemployment claims data indicate that the number of initial claims processed is 1.1 percent below last year but 8.8 percent above 2024.

Echoing Ms. Mandel, Ms. Dutilly noted that labor force participation is declining in Rhode Island and nationally. While the average age of the workforce continues to grow, declining workforce participation is seen in all age groups but the 16-19, and 20-24 year old cohorts. Despite the declines, Rhode Island labor force participation remains above the national average and in the middle range of states (26th) nationally.

Wages continue to climb; Rhode Island employers paid $35.5 billion in wages last year, up $1.7 billion, or 5.1 percent, from the $33.8 billion paid in 2024. Since 2015, the annual average wage has increased by $20,538, or 40.6 percent.

REVENUES

Taxes. Revenues from taxes in FY 2027 are estimated to increase by 3.4 percent from FY 2026 preliminary collections and by 4.0 percent in FY 2028 over the revised FY 2027 estimate. Total estimated tax revenues for FY 2027 of $5,074.5 million are $95.2 million above the enacted estimate. The total estimated taxes for FY 2028 are $5,279.0 million, $204.5 million above the revised estimate for FY 2027.

Personal Income Tax. The personal income tax estimates project 0.6 percent growth in FY 2027 over the preliminary FY 2026 close. These revenues are expected to grow 4.8 percent in FY 2028 compared to the revised estimate for FY 2027. This includes the annualized impacts of several tax changes adopted in 2026, including the next increment of the high earner surtax. Withholding taxes, the largest share of this tax type, are projected to grow by 2.1 percent in FY 2027 from FY 2026 and by 2.8 percent in FY 2028.

Business Taxes. The conferees estimate total business taxes of $818.5 million in FY 2027 and $864.0 million in FY 2028. Year-over-year growth rates are 20.8 percent and 5.6 percent, respectively, as FY 2026 collections were $758.2 million. The FY 2027 revised estimate is $54.5 million more than enacted, while the FY 2028 estimate is $45.5 million more than the revised estimate.

Sales and Use Tax. Sales tax, the bulk of the consumption taxes, is estimated at $1,841.0 million for FY 2027 and $1,898.6 million for FY 2028. The FY 2027 revenues are $60.6 million above the enacted estimate, which represents growth of 5.3 percent from the preliminary FY 2026 receipts. The FY 2028 estimate is $57.6 million, or 3.1 percent, above the revised FY 2027 estimate.

Excise Taxes Other Than Sales and Use Taxes. The conferees estimate $141.3 million for revised FY 2027 and $135.3 million for FY 2028 from excise taxes other than sales and use taxes. These include taxes on alcohol, cigarettes, electronic nicotine delivery systems (ENDS), kratom, and other tobacco products. Lower revenues from the long-term decline in cigarette consumption are partially offset by recent expansion of taxes to newer products.

Other Taxes. Estate taxes, racing and athletics taxes, and realty transfer taxes are projected to generate $125.6 million in FY 2027 and $130.0 million in FY 2028. The FY 2027 revised estimate is $2.7 million lower than the enacted assumptions, mostly reflecting a decline in estate taxes.

Departmental Receipts. The conferees adopted estimates of $568.0 million for FY 2027 and $336.5 million for FY 2028 for these sources, which include licenses and fees, fines and penalties, sales and services, and miscellaneous departmental receipts deposited as general revenues.

The FY 2027 revised estimate is $6.1 million more than the enacted amount and 1.8 percent below the preliminary revenues for FY 2026. The FY 2028 estimate is $231.5 million less than the revised FY 2027 estimate, mainly due to the expiration of the hospital license fee, which accounts for $232.5 million in FY 2027. This fee is typically re-enacted on a year-to-year basis and has been extended each year since its inception. The estimators, however, must estimate revenues consistent with current law under which no fee is enacted for FY 2028.

Lottery Transfer. The lottery transfer is estimated to produce general revenue of $447.6 million in FY 2027 with $307.3 million generated from the video lottery terminals installed at the state's casinos in Lincoln and Tiverton; $69.6 million derived from combined games, which include PowerBall, Mega Millions, scratch tickets, and Keno; $10.6 million in net revenues received from the table games at the casinos; $18.0 million from sports betting at both casino locations and via the mobile application, and $42.1 million from iGaming. The FY 2027 revised estimate is $300,000 below the FY 2027 enacted level, primarily from reduced iGaming revenue. The revised estimate is $1.6 million less than the FY 2026 transfer.

The estimated transfer for FY 2028 is $447.6 million, with $301.8 million coming from video lottery terminals, $70.5 million from combined games, $10.1 million from table games, $18.3 million from sports betting, and $46.9 million from iGaming. The FY 2028 lottery transfer is equal to the FY 2027 revised estimate.

Other Sources. Other source revenue consists of transfers to the general fund from unclaimed property and other miscellaneous sources, often non-recurring. These are estimated to produce $64.3 million in FY 2027 and $56.4 million in FY 2028. The FY 2027 estimate has been revised upward by $7.7 million from the enacted amount, primarily unclaimed property transfers and bond interest earnings assumptions.

The tables that follow show the results by revenue category, along with information on the FY 2026 preliminary closing and comparison to the FY 2027 enacted estimates.

November 2026 CRE	FY 2026	FY 2027 Estimate		FY 2028 Estimate	
Personal Income Tax	$ 2,135,182,846	$ 2,148,100,000	0.6%	$ 2,251,100,000	4.8%
General Business Taxes					
Business Corporations	371,865,658	432,800,000	16.4%	458,000,000	5.8%
Public Utilities Gross	123,634,349	124,400,000	0.6%	127,200,000	2.3%
Financial Institutions	26,781,157	23,300,000	-13.0%	24,200,000	3.9%
Insurance Companies	174,615,058	174,800,000	0.1%	189,100,000	8.2%
Bank Deposits	5,325,422	5,700,000	7.0%	5,800,000	1.8%
Health Care Provider	55,978,694	57,500,000	2.7%	59,700,000	3.8%
Sales and Use Taxes					
Sales and Use	1,748,107,076	1,841,000,000	5.3%	1,898,600,000	3.1%
Cigarettes	121,204,560	119,500,000	-1.4%	113,300,000	-5.2%
Alcohol and Other Excise	21,381,675	21,800,000	2.0%	22,000,000	0.9%
Other Taxes					
Estate and Transfer	93,228,598	92,800,000	-0.5%	93,800,000	1.1%
Racing and Athletics	712,596	700,000	-1.8%	700,000	0.0%
Realty Transfer	27,728,704	32,100,000	15.8%	35,500,000	10.6%
Total Taxes	*$ 4,905,746,392*	*$ 5,074,500,000*	*3.4%*	*$ 5,279,000,000*	*4.0%*
Departmental Receipts	578,352,874	568,000,000	-1.8%	336,500,000	-40.8%
Other Miscellaneous	28,757,252	22,300,000	-22.5%	22,700,000	1.8%
Lottery	449,172,804	447,600,000	-0.4%	447,600,000	0.0%
Unclaimed Property	58,248,484	42,000,000	-27.9%	33,700,000	-19.8%
Total General Revenues	**$ 6,020,277,806**	**$ 6,154,400,000**	**2.2%**	**$ 6,119,500,000**	**-0.6%**

November 2026 CRE	FY 2027 Enacted	FY 2027 Revised Estimate	Change to Enacted	FY 2028 Estimate	Change to FY 2027 Rev. Est.
Personal Income Tax	$ 2,173,008,991	$ 2,148,100,000	$ (24,908,991)	$ 2,251,100,000	$ 103,000,000
General Business Taxes					
Business Corporations	383,316,963	432,800,000	49,483,037	458,000,000	25,200,000
Public Utilities Gross	123,173,717	124,400,000	1,226,283	127,200,000	2,800,000
Financial Institutions	16,777,224	23,300,000	6,522,776	24,200,000	900,000
Insurance Companies	181,346,391	174,800,000	(6,546,391)	189,100,000	14,300,000
Bank Deposits	5,700,000	5,700,000	-	5,800,000	100,000
Health Care Provider	53,699,061	57,500,000	3,800,939	59,700,000	2,200,000
Sales and Use Taxes					-
Sales and Use	1,780,362,121	1,841,000,000	60,637,879	1,898,600,000	57,600,000
Cigarettes	112,969,584	119,500,000	6,530,416	113,300,000	(6,200,000)
Alcohol and Other Excise	20,600,000	21,800,000	1,200,000	22,000,000	200,000
Other Taxes			-		-
Estate and Transfer	94,325,325	92,800,000	(1,525,325)	93,800,000	1,000,000
Racing and Athletics	700,000	700,000	-	700,000	-
Realty Transfer	33,300,000	32,100,000	(1,200,000)	35,500,000	3,400,000
Total Taxes	*$ 4,979,279,377*	*$ 5,074,500,000*	*$ 95,220,623*	*$ 5,279,000,000*	*$ 204,500,000*
Departmental Receipts	561,935,550	568,000,000	6,064,450	336,500,000	(231,500,000)
Other Miscellaneous	19,000,000	22,300,000	3,300,000	22,700,000	400,000
Lottery	447,900,000	447,600,000	(300,000)	447,600,000	-
Unclaimed Property	37,600,000	42,000,000	4,400,000	33,700,000	(8,300,000)
Total General Revenues	**$ 6,045,714,927**	**$ 6,154,400,000**	**$ 108,685,073**	**$ 6,119,500,000**	**$ (34,900,000)**

NEXT MEETING

The next required meeting of the conference is May 2027.

cc: The Honorable Louis P. DiPalma, Chairman
Senate Finance Committee

The Honorable Marvin L. Abney, Chairman
House Finance Committee