



# OFFICE OF MANAGEMENT & BUDGET

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## State Budget Office

One Capitol Hill  
Providence, RI 02908-5890

Office: (401) 222-6300

*State Fiscal Note for Bill Number:*

**2025-H 5685**

**Date of State Budget Office Approval:** Friday, May 23, 2025

**Date Requested:** Wednesday, May 14, 2025

**Date Due:** Saturday, May 24, 2025

| <i>Impact on Expenditures</i> |     | <i>Impact on Revenues</i> |                |
|-------------------------------|-----|---------------------------|----------------|
| <b>FY 2025</b>                | \$0 | <b>FY 2025</b>            | N/A            |
| <b>FY 2026</b>                | N/A | <b>FY 2026</b>            | Indeterminable |
| <b>FY 2027</b>                | N/A | <b>FY 2027</b>            | Indeterminable |

**Explanation by State Budget Office:**

This bill would allow casino workers to receive overtime wages for working Sundays and holidays.

**Summary of Facts and Assumptions:**

RI Gen. Laws § 25-3-3 allows for “employees” who perform work on Sundays and holidays to be paid at least one and one-half (1.5) times their normal rate of pay for the work performed, also known as overtime wages. RI Gen. Laws § 25-3-1 includes exemptions for individuals in certain lines of work, such as but not limited to, individuals employed in the agriculture or maritime trades, dentists, or attorneys. H-5685 would amend RI Gen. Laws § 25-3-1(3) to exclude casino workers from the list of exempted trades, effectively allowing casino workers to be paid overtime wages for work performed on Sundays and holidays. The bill would take effect upon passage, therefore the Budget Office assumes the effective date to be July 1, 2025.

The state is not an entity within the definition of employer, as defined under RI Gen. Laws § 25-3-1(4). As the state does not meet the definition of an employer, the Lottery Division would not need to comply with H-5685. If the Lottery Division were to meet the definition of employer, their employees across the physical casinos would need to be compensated with overtime wages for Sunday and holiday hours worked. Then the Lottery Division’s personnel expenditures may increase, while the general revenues received from the Lottery would be reduced by the amount of the extra compensation. However, since the Lottery Division does not meet the definition of employer, there would be no fiscal impact on the Lottery Division.

In addition to revenue-sharing agreements with the Lottery Division, the casinos contribute to state revenues in at least two additional ways. Both private-sector employees and employers pay taxes in the state, in the form of personal income taxes and corporate income taxes respectively. It is possible that by allowing casino workers to receive overtime wages during Sundays and holidays, employee compensation will increase, which may result in increased personal income tax revenue. However, whether personal income tax revenues increase is dependent upon several factors, including but not limited to, employer behavior and the number of casino employees eligible for increased compensation under H-5685. The Budget Office has estimated a range of fiscal impacts, in light of the absence of reliable data.



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The Department of Labor and Training's (DLT) Labor Market Information (LMI) Division provides employment and wage data for Rhode Island's industries. There are two casinos in Rhode Island, and both are casino hotels. The most appropriate North American Industry Classification System (NAICS) code for the casino hotel industry is 721120. The LMI Division produces the Quarterly Census of Employment and Wages (QCEW) report at the 3-digit level of specificity (721), to protect employer information. Annualizing the four 2024 QCEW reports, the average hourly wage for a casino hotel worker was \$19.67 in 2024, assuming a 40-hour work week. There are several disadvantages to using this methodology. First, NAICS codes at the 3-digit level of specificity contain a broader number of industries than at the 6-digit level of specificity. This means that there may be businesses, employees, and wages, included within this category that are not part of the casino hotel industry. Second, the casino industry is a seasonal industry, with a small downturn in employment in the fall and winter months, with an upturn in employment in the spring and summer months. By annualizing the data, this analysis attempts to smooth over seasonal differences. However, it is possible that seasonal variations could cause wages to deviate farther from the yearly average, which may cause the true fiscal impact of this bill to differ from the provided fiscal impact.

There are approximately 52 Sundays in a calendar year, and there are 11 specified holidays, for a total of 63 days that casinos would be required to pay their employees overtime wages. The average wage for an employee employed in a casino hotel was \$19.67 in the calendar year 2024. Using the estimates for the Consumer Price Index (CPI) as adopted during the May 2025 Revenue Estimating Conference, the average mean hourly wage is estimated to equal \$20.91 in the calendar year 2026. The average hourly overtime wage is 1.5 times the average hourly wage, or an estimated \$31.37. For a single employee who works 8 hours every single Sunday and holiday, their annual income would increase by \$5,199 in fiscal year 2026.

For the most recent tax year for which there is personal income tax data, tax year 2022, the effective tax rate was 3.13%. This rate is assumed to be consistent for tax years 2025, 2026, and 2027. For a single employee who works every Sunday and holiday, the employee would pay an additional \$163 in personal income tax in fiscal year 2026. However, the total fiscal impact resulting from an increase in personal income tax revenue needs to account for all casino employees. The 2022 agreement between International Game Technology (IGT) and the Rhode Island Lottery agreement specified that IGT would maintain 1,100 jobs or full-time equivalents (FTEs) in the state over 3 years. While awaiting FTE data to determine the most recent number of employees employed in the casino industry, the Budget Office assumes there are currently 1,100 employees employed by the casino industry in the state. The Budget Office assumes some number of the 1,100 FTEs are not directly casino workers, such as workers that perform back-office functions, and that the true number of employees that would be eligible as casino workers to receive overtime wages and would be available to work Sundays and holidays is less than 1,100. In light of the absence of data to support an estimate of the number of private sector casino workers that would be eligible to receive overtime wages, the Budget Office will provide a range of estimates, assuming that 20% to 40% of the casino industry workforce is eligible to receive overtime wages and works every Sunday and holiday. Wages were adjusted by CPI for estimates in fiscal year 2027.



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If 20% of the casino workforce were eligible to receive overtime wages, then this is equivalent to 220 workers working every Sunday and holiday and receiving overtime wages. In fiscal year 2026, the state would be estimated to collect \$35,798 in additional personal income tax revenue, and in fiscal year 2027, the state would collect \$36,627. If 40% of the casino workforce were eligible to receive overtime wages, then this is equivalent to 440 workers working every Sunday and holiday and receiving overtime wages. In fiscal year 2026, the state would be estimated to collect \$71,597 in additional personal income tax revenue, and in fiscal year 2027, the state would collect \$73,255.

If employees are legally required to be compensated with overtime wages on Sundays and holidays, private businesses may limit the number of hours employees work on days for which they would be required to pay overtime wages or reduce the number of employees working on those days. If this were to occur, then the true fiscal impact may differ then the estimate provided above. Additionally, if employee compensation increases, it may lead to a decrease in corporate income, and the state may see a resulting decrease in corporate income tax revenue from the casinos.

The number of private-sector casino employees that would be eligible for overtime wages, the total amount of hours worked during days for which employers would be required to pay overtime wages, employee's average wages, and employer behavior is currently unknown. Therefore, the effect that H-5685 would have on state revenues is indeterminable.

### Comments on Sources of Funds:

Expenditures incurred by the Lottery Division are considered Other Funds. The Lottery Division uses the revenues received from lottery and gaming activity to finance their operational expenditures, before transferring the surplus to the General Fund. Before the transfer occurs, these funds are considered Lottery Funds, or Other Funds.

Revenues received by the state from either personal income taxes, corporate income taxes, or the Lottery Division's transfers to the General Fund would be collected and recorded as general revenues.

### Summary of Fiscal Impact:

FY 2025: N/A

Due to the effective date of the bill.

FY 2026: Indeterminate

In light of the absence of data regarding the true number of employees who would be eligible for overtime wages under H-5685, the fiscal impact of this bill is indeterminate. Please see the discussion above for a more detailed discussion of the potential fiscal impacts of this bill.



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FY 2027: Indeterminate

In light of the absence of data regarding the true number of employees who would be eligible for overtime wages under H-5685, the fiscal impact of this bill is indeterminate. Please see the discussion above for a more detailed discussion of the potential fiscal impacts of this bill.

Budget Office Signature: \_\_\_\_\_

Digitally signed by Joseph  
Codega Jr.  
Date: 2025.05.28 08:38:58 -0400

Fiscal Advisor Signature: \_\_\_\_\_