



State of Rhode Island
Revenue Estimating Conference

SHARON REYNOLDS FERLAND
House Fiscal Advisor
November 2025 Conference Chair

JOSEPH M. CODEGA JR.
State Budget Officer

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Senate Fiscal Advisor

MEMORANDUM

To: The Honorable K. Joseph Shekarchi, Speaker of the House
The Honorable Daniel McKee, Governor
The Honorable Valarie J. Lawson, President of the Senate

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

Date: November 17, 2025

Subject: **November 2025 Revenue Estimating Conference**

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[Handwritten signature of Daniel McKee]
[Handwritten signature of Valarie J. Lawson]
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SUMMARY

The Revenue Estimating Conference met on October 29, November 5, and November 10, 2025, in open public meetings. The Conference adopted the economic forecast for both calendar and fiscal years 2026 to 2031 and issued revised estimates for FY 2026 and initial estimates for FY 2027 revenues. Based on collection trends through October, preliminary FY 2025 closing results, federal tax law changes enacted in H.R. 1, and the revised economic forecast, the Conference increased the FY 2026 estimates by \$29.2 million from the enacted budget to \$5,795.8 million.

The Conference adopted initial general revenue estimates totaling \$5,706.6 million for FY 2027. This is \$89.2 million less than the revised estimate for FY 2026 but does not include the hospital licensing fee. That fee accounts for \$232.5 million in FY 2026, which cannot be included in FY 2027 because it is typically enacted annually, and revenue estimates are based only on current law.

ECONOMIC FORECAST

On October 29, the Conference heard forecasts for the national and Rhode Island economies from Moody's Analytics, presented by Senior Economist Emily Mandel. The conferees also received testimony from Lisa Dutilly, Chief of Research and Statistics, of 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. The forecast and two years of historical data are shown in the following table.

November 2025 Consensus Economic Forecast									
	CY2023	CY2024	CY2025	CY2026	CY2027	CY2028	CY2029	CY2030	CY2031
Nominal Level									
Nonfarm Employment (000's)	506.0	512.1	514.3	513.3	512.7	512.9	513.8	515.8	517.5
Personal Income (mil.)	\$74,777.8	\$78,553.7	\$82,018.8	\$85,423.4	\$88,777.8	\$91,729.7	\$94,984.9	\$ 98,602.7	\$102,394.6
Housing Starts (thous.)	1.1	1.5	1.6	1.3	1.3	1.3	1.3	1.3	1.2
Annual Growth %									
Nonfarm Employment Growth	1.6	1.2	0.4	-0.2	-0.1	0.0	0.2	0.4	0.3
Personal Income Growth	5.5	5.0	4.4	4.2	3.9	3.3	3.5	3.8	3.8
Wage and Salaries Income	3.5	4.7	3.9	3.6	3.3	2.7	3.0	3.6	3.7
Dividends, Interest and Rent	13.0	5.2	2.2	1.8	1.8	4.1	5.2	5.0	4.8
Consumer Price Index (US)	4.1	3.0	2.8	3.5	2.7	2.1	1.8	1.8	1.8
Personal Consumption Growth	6.5	5.7	5.3	4.4	3.8	3.5	3.5	3.8	3.7
Corporate Profits Growth (US)	7.6	5.1	7.3	1.8	4.4	6.1	5.4	4.9	6.3
S&P 500 Index Growth (US)	4.5	26.7	13.3	1.8	0.5	5.6	7.3	7.8	5.9
Rates (%)									
Unemployment Rate	3.0	4.3	4.8	5.1	5.2	5.0	4.8	4.6	4.4
Nominal Level	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
Nonfarm Employment (000's)	502.6	509.5	514.0	513.6	512.9	512.8	513.3	514.7	516.8
Personal Income (mil.)	\$72,754.8	\$76,768.9	\$80,306.2	\$83,584.2	\$87,189.6	\$90,254.5	\$93,305.7	\$ 96,760.0	\$100,484.8
Housing Starts (thous.)	1.3	1.1	1.7	1.4	1.3	1.3	1.3	1.3	1.2
Annual Growth %									
Nonfarm Employment Growth	2.5	1.4	0.9	-0.1	-0.1	0.0	0.1	0.3	0.4
Personal Income Growth	5.2	5.5	4.6	4.1	4.3	3.5	3.4	3.7	3.8
Wage and Salaries Income	4.0	4.9	4.2	3.4	3.7	2.9	2.7	3.3	3.7
Consumer Price Index (US)	6.3	3.3	2.6	3.2	3.3	2.3	1.9	1.8	1.8
Personal Consumption Growth	6.3	6.0	5.6	4.9	4.0	3.7	3.4	3.7	3.8
Dividends, Interest and Rent	13.0	9.2	2.9	1.9	1.7	2.7	5.0	5.1	4.9
Corporate Profits Growth (US)	7.6	6.7	4.6	7.3	1.1	5.7	5.9	4.9	5.5
S&P 500 Index Growth (US)	-8.9	19.6	20.4	10.7	-2.4	3.1	7.0	7.7	7.1
Rates (%)									
Unemployment Rate	3.0	3.7	4.6	4.9	5.2	5.1	4.9	4.7	4.5

Forecast revisions from May also include underlying revisions to data that cover multiple prior years and impact growth calculations. The table below shows the change on a fiscal year basis.

November 2025 Consensus Economic Forecast Change to May 2025											
Metrics	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
Nonfarm Employment (000's)	0.0	0.0	0.0	0.0	0.0	-0.2	-1.6	-0.7	-0.8	-0.8	-0.9
Nonfarm Employment Growth (%)	0.0	0.0	0.0	0.0	0.0	0.0	-0.3	0.2	0.0	0.0	0.0
Personal Income (mil.)	-19.2	143.1	365.7	557.1	674.3	1006.1	703.1	763.3	783.1	864.7	890.0
Personal Income Growth %	0.0	0.3	0.3	0.3	0.1	0.4	-0.4	0.0	0.0	0.1	0.0
Wage and Salaries Income Growth	0.0	0.2	-0.2	-0.6	-0.6	0.6	-0.4	0.4	0.3	0.1	-0.2
Dividends, Interest and Rent Growth %	0.0	0.7	1.9	1.6	1.7	0.5	-0.2	-0.4	-0.9	-0.3	0.3
Corporate Profits Growth(US) %	-0.2	0.4	1.7	0.6	-1.9	0.2	9.9	-5.7	-1.0	0.2	1.3
S&P 500 Index Growth (US)%	0.0	0.0	0.0	0.0	0.0	2.6	12.2	-5.7	-1.7	-0.6	0.2
Unemployment Rate %	0.0	0.0	0.0	0.0	0.0	0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Consumer Price Index (US) %	0.0	0.0	0.0	0.0	0.0	-0.2	-0.3	1.1	0.5	0.0	-0.2
Personal Consumption Growth %	0.0	0.0	0.0	0.0	0.1	-0.3	0.0	0.5	0.2	0.1	-0.1
Housing Starts (thous.)	0.0	0.0	0.0	0.0	0.1	0.4	0.1	-0.1	-0.1	-0.1	-0.1

Ms. Emily Mandel gave testimony on both the U.S. and Rhode Island economies. She noted that while the U.S. economy continues to grow, federal policies, especially those related to trade and immigration, are slowing that growth. Job creation slowed significantly over the summer, with only 22,000 new jobs added in August before the federal government shutdown halted data releases. Most new jobs are in lower-paying industries such as healthcare, retail, and leisure, while manufacturing, construction, and mining are losing ground.

Restrictive immigration policies are a growing drag on the economy, with net foreign immigration expected to fall from over two million people in 2024 to below 500,000 next year. This will limit labor supply, slow consumer spending, and reduce real GDP growth by about half a percentage point through 2026. Demographics were already a challenge as baby boomers retire.

Consumer spending has been weak this year as uncertainty over tariffs, immigration, and fiscal policy unsettles households. Ms. Mandel noted that this year has been among the weakest for spending outside of recession years. Spending in August increased by only about 1 percent from last December, and she pointed out that most of the spending is coming from higher-income households.

So far, businesses have been slow to pass higher tariffs on to consumers, with about half passing the higher costs along and another third planning to do so. The economic forecast does not assume that companies move production overseas to the U.S. It predicts that inflation peaks just above 4 percent in the summer. The Federal Reserve is expected to gradually cut short-term interest rates through early 2026 to support economic growth. The ongoing government shutdown threatens to worsen conditions if it continues, with furloughs, decreased consumer spending, and potential fallout in financial markets.

Ms. Mandel then discussed the Rhode Island economy. Rhode Island's economy is also slowing down and faces an increasing risk of recession. Employment has decreased since the beginning of the year, with losses in healthcare, finance, and government only partly offset by gains in professional and business services. Layoffs spiked early in the year but have since stabilized. The housing market has leveled off, although new multifamily construction keeps builders busy in the near term.

Healthcare and life sciences remain important to the state's economy, but they face financial challenges. Hospitals are dealing with losses from recent acquisitions and rising staffing costs, which heighten the risk of layoffs or closures. Research and life sciences are doing somewhat better, supported by restored federal funding and major institutions like Brown University, though they remain susceptible to future federal budget shifts. The finance and insurance sectors are stagnant, with weak loan demand and lower interest rates squeezing profits and limiting hiring. Meanwhile, defense-related manufacturing stands out as a bright spot. Although tariffs might raise costs, the long-term nature of defense work offers some protection from broader economic weakness.

Overall, Rhode Island is expected to lose jobs over the coming year, with unemployment projected to rise to around 5.3 percent by 2026. As federal policy stabilizes and interest rates normalize, modest improvement is expected, but high costs and a shrinking population will keep the state's performance below the national average.

Ms. Lisa Dutilly testified on Rhode Island labor market conditions, noting that labor force and job count statistics are only available through August 2025 because of the federal government shutdown. She testified that the state recovered the 109,200 jobs lost during the COVID-19 pandemic by December 2023 and reached an all-time high of 515,800 jobs in April 2025. It experienced modest declines in May and June but stabilized in July. As of August 2025, the total job count was 2,100 below the April peak. Recent losses

have been concentrated in the Accommodation & Food Services, Health Care & Social Assistance, and Arts, Entertainment & Recreation sectors.

Rhode Island's unemployment rate was 4.6 percent in August 2025, somewhat above the national rate of 4.3 percent. It was higher than all the New England states except Massachusetts, which had a rate of 4.8 percent. Although the rate has edged slightly higher over the past year, from 4.4 percent in August 2024, it remains below 5.0 percent, a level typically associated with full employment by economists. The state's twelve-month average unemployment rate increased from 4.4 percent to 4.5 percent, with women experiencing a higher rate at 4.6 percent than men at 4.4 percent, reversing the trend from the previous year.

Labor force participation in Rhode Island continues to decline, reaching 63.7 percent in August. The aging population is a key factor in this trend, with residents aged 55 and older now accounting for 33.1 percent of the state's population, up from 27 percent in 2010. Ms. Dutilly indicated that most of the decline in employed residents results from people leaving the labor force due to retirement or relocation, rather than an increase in unemployment, which grew by only 700 individuals over the year.

Unemployment insurance claims data show that job separations are increasing, with initial claims up 10.4 percent from last year and 9.6 percent above pre-pandemic levels. Benefit weeks claimed and final payments have also gone up, indicating that more people are staying unemployed longer and exhausting their benefits. Despite these issues, wages are still growing. In 2024, Rhode Island employers paid \$33.8 billion in wages, a 4.7 percent rise from 2023, while the average annual wage increased 3.1 percent to \$68,284.

Ms. Dutilly concluded her testimony by discussing federal employment in Rhode Island. Federal employment makes up 2.3 percent of the state's total workforce. The largest federal employers in Rhode Island include the Department of Defense, U.S. Postal Service, and Veterans Administration, which together account for 85 percent of civilian federal jobs. Around 17,500 federal positions, both civilian and military, are affected by the ongoing federal government shutdown. Notably, Postal Service employees are not affected by the shutdown. Rhode Island also hosts 3,776 active-duty military personnel and 4,334 members of the National Guard and Reserve.

REVENUES

Taxes. Revenues from taxes in FY 2026 are estimated to increase by 3.2 percent from FY 2025 preliminary collections and by 3.2 percent in FY 2027 over the revised FY 2026 estimate. Total estimated tax revenues for FY 2026 of \$4,715.3 million are \$20.1 million above the enacted estimate. The total estimated taxes for FY 2027 are \$4,867.9 million, \$152.6 million above the revised estimate for FY 2026.

These estimates include the projected state revenue losses from federal tax law changes enacted in H.R. 1. Testimony from the Department of Revenue provided detailed explanations and estimates of these changes, suggesting that the combined reductions to personal income and corporate tax collections would be approximately \$36 million per year.

The state decoupled from H.R. 1 changes to federal tax law for tax years 2025 and earlier in the FY 2026 enacted budget. Absent this decoupling, the Office of Revenue Analysis reports that FY 2026 revenues would have been reduced by another \$78.8 million.

Personal Income Tax. The personal income tax estimates project 4.1 percent growth in FY 2026 over the preliminary FY 2025 close. These revenues are expected to grow 3.6 percent in FY 2027 compared to the revised estimate for FY 2026. Withholding taxes, the largest share of this tax type, are projected to grow by 5.1 percent in FY 2026 from FY 2025 and by 4.2 percent in FY 2027. The estimates for final payments incorporate testimony from the Department of Revenue regarding the projected reductions to state income

tax collections from provisions of H.R. 1. These total \$8.0 million for FY 2026 and \$9.8 million for FY 2027. The estimates also incorporate the observed lower use of the pass-through entity provision in state tax law, which allows businesses to maximize federal deductions for state and local taxes.

Business Taxes. The conferees estimate total business taxes of \$672.4 million in FY 2026 and \$705.6 million in FY 2027. Year-over-year growth rates are -0.6 percent and 4.9 percent, respectively, as FY 2025 collections were \$676.1 million. The FY 2026 revised estimate is \$44.2 million less than enacted, while the FY 2027 estimate is \$33.2 million more than the revised estimate.

Business corporations comprise the largest share of this category, and these estimates incorporate testimony from the Department of Revenue regarding the projected reductions in collections resulting from the provisions of H.R. 1. These total \$27.6 million for FY 2026 and \$26.5 million for FY 2027. The business tax estimates also include expectations of significant usage of the Motion Picture Production Tax Credit.

Sales and Use Tax. Sales tax, the bulk of the consumption taxes, is estimated at \$1,726.0 million for FY 2026 and \$1,774.4 million for FY 2027. The FY 2026 revenues are \$0.6 million below the enacted estimate, which represents growth of 3.2 percent from the preliminary FY 2025 receipts. The FY 2027 estimate is \$48.4 million, or 2.8 percent, above the revised FY 2026 estimate.

Excise Taxes Other Than Sales and Use Taxes. The conferees estimate \$134.5 million for revised FY 2026 and \$130.9 million for FY 2027 from excise taxes other than sales and use taxes. These include taxes on alcohol, cigarettes, electronic nicotine delivery systems (ENDS), 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. The estimate also accounts for approximately \$0.2 million in FY 2027 from a newly authorized excise tax on Kratom.

Other Taxes. Estate taxes, racing and athletics taxes, and realty transfer taxes are projected to generate \$126.0 million in FY 2026 and \$126.2 million in FY 2027. The FY 2026 revised estimate is \$15.9 million higher than the enacted assumptions, most of which comes from estate taxes. Realty transfer taxes for FY 2027 account for the annualized impact of a tax increase that took effect on October 1.

Departmental Receipts. The conferees adopted estimates of \$574.9 million for FY 2026 and \$341.0 million for FY 2027 for these sources, which include licenses and fees, fines and penalties, sales and services, and miscellaneous departmental receipts deposited as general revenues.

The FY 2026 revised estimate is \$0.6 million more than the enacted amount and 6.2 percent above the preliminary revenues for FY 2025. The FY 2027 estimate is \$233.9 million less than the revised FY 2026 estimate, mainly due to the expiration of the hospital license fee, which accounts for \$232.5 million in FY 2026. This fee is renewed 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 2027.

Lottery Transfer. The lottery transfer is estimated to produce general revenue of \$451.3 million in FY 2026 with \$317.6 million generated from the video lottery terminals installed at the state's casinos in Lincoln and Tiverton; \$71.4 million derived from combined games, which include PowerBall, Mega Millions, scratch tickets, and Keno; \$11.2 million in net revenues received from the table games at the casinos; \$19.3 million from sports betting at both casino locations and via the mobile application, and \$31.8 million from iGaming. The FY 2026 revised estimate is \$10.3 million above the FY 2026 enacted level, primarily from video lottery activity. The revised estimate is \$17.7 million above the FY 2025 transfer.

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The estimated transfer for FY 2027 is \$453.1 million, with \$310.5 million coming from video lottery terminals, \$71.8 million from combined games, \$10.3 million from table games, \$20.1 million from sports betting, and \$40.4 million from iGaming. The FY 2027 lottery transfer is expected to be \$1.8 million above the FY 2026 revised estimate, as reductions in video lottery terminal activity are offset by an increase in iGaming. The growth estimates for FY 2027 for all but traditional games are based on an updated assessment of how regional gaming expansions affect the Rhode Island markets.

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 \$54.3 million in FY 2026 and \$44.6 million in FY 2027. The FY 2026 estimate has been revised downward by \$1.8 million from the enacted amount, primarily reflecting changes in bond interest earnings assumptions.

The tables that follow show the results by revenue category, along with information on the FY 2025 preliminary closing and comparison to the FY 2026 enacted estimates.

November 2025 CRE	FY 2025	FY 2026 Estimate		FY 2027 Estimate	
Personal Income Tax	\$ 1,975,290,305	\$ 2,056,400,000	4.1%	\$ 2,130,800,000	3.6%
General Business Taxes					
Business Corporations	332,787,290	317,000,000	-4.7%	332,000,000	4.7%
Public Utilities Gross	116,322,106	115,000,000	-1.1%	117,800,000	2.4%
Financial Institutions	7,603,962	11,500,000	51.2%	16,700,000	45.2%
Insurance Companies	169,542,175	176,900,000	4.3%	185,200,000	4.7%
Bank Deposits	5,110,306	5,200,000	1.8%	5,400,000	3.8%
Health Care Provider	44,764,572	46,800,000	4.5%	48,500,000	3.6%
Sales and Use Taxes					
Sales and Use	1,672,708,738	1,726,000,000	3.2%	1,774,400,000	2.8%
Cigarettes	117,233,396	114,500,000	-2.3%	110,700,000	-3.3%
Alcohol & Other Excise	21,849,386	20,000,000	-8.5%	20,200,000	1.0%
Other Taxes					
Estate and Transfer	84,884,357	98,800,000	16.4%	95,400,000	-3.4%
Racing and Athletics	685,745	700,000	2.1%	700,000	0.0%
Realty Transfer	18,764,852	26,500,000	41.2%	30,100,000	13.6%
Total Taxes	\$ 4,567,547,190	\$ 4,715,300,000	3.2%	\$ 4,867,900,000	3.2%
Departmental Receipts	541,202,692	574,900,000	6.2%	341,000,000	-40.7%
Other Miscellaneous	33,395,825	25,300,000	-24.2%	20,100,000	-20.6%
Lottery	433,594,991	451,300,000	4.1%	453,100,000	0.4%
Unclaimed Property	34,272,938	29,000,000	-15.4%	24,500,000	-15.5%
Total General Revenues	\$ 5,610,013,636	\$ 5,795,800,000	3.3%	\$ 5,706,600,000	-1.5%

November 2025 CRE	FY 2026 Enacted	FY 2026 Revised Estimate	Change to Enacted	FY 2027 Estimate	Change to FY 2026 Rev. Est.
Personal Income Tax	\$ 2,000,882,929	\$ 2,056,400,000	\$ 55,517,071	\$ 2,130,800,000	\$ 74,400,000
General Business Taxes					
Business Corporations	350,360,028	317,000,000	(33,360,028)	332,000,000	15,000,000
Public Utilities Gross	112,500,000	115,000,000	2,500,000	117,800,000	2,800,000
Financial Institutions	21,200,000	11,500,000	(9,700,000)	16,700,000	5,200,000
Insurance Companies	180,217,698	176,900,000	(3,317,698)	185,200,000	8,300,000
Bank Deposits	5,200,000	5,200,000	-	5,400,000	200,000
Health Care Provider	47,170,185	46,800,000	(370,185)	48,500,000	1,700,000
Sales and Use Taxes					
Sales and Use	1,726,581,707	1,726,000,000	(581,707)	1,774,400,000	48,400,000
Cigarettes	119,100,000	114,500,000	(4,600,000)	110,700,000	(3,800,000)
Alcohol	21,900,000	20,000,000	(1,900,000)	20,200,000	200,000
Other Taxes					
Estate and Transfer	83,600,000	98,800,000	15,200,000	95,400,000	(3,400,000)
Racing and Athletics	700,000	700,000	-	700,000	-
Realty Transfer	25,764,646	26,500,000	735,354	30,100,000	3,600,000
Total Taxes	\$ 4,695,177,193	\$ 4,715,300,000	\$ 20,122,807	\$ 4,867,900,000	\$ 152,600,000
Departmental Receipts	574,268,879	574,900,000	631,121	341,000,000	(233,900,000)
Other Miscellaneous	27,337,022	25,300,000	(2,037,022)	20,100,000	(5,200,000)
Lottery	441,000,000	451,300,000	10,300,000	453,100,000	1,800,000
Unclaimed Property	28,800,000	29,000,000	200,000	24,500,000	(4,500,000)
Total General Revenues	\$ 5,766,583,094	\$ 5,795,800,000	\$ 29,216,906	\$ 5,706,600,000	\$ (89,200,000)

NEXT MEETING

The next required meeting of the conference is in May 2026.

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

The Honorable Marvin L. Abney, Chairman
House Finance Committee

