**At the State House**

No hearings for this week have been scheduled as of Sunday, November 8th.

**Election Results Lead to Calls for New Initiatives in Rhode Island**

As most of us probably know by now, House Speaker Nick Mattiello lost his bid for re-election, paving the way for the current Majority Leader Joe Shekarchi to take the helm in January as the next Speaker of the House. The Democrats held a caucus – open to the media for the first time – to nominate Shekarchi for Speaker and to name Representative Chris Blazejewski as Majority Leader. With a change in leadership usually comes a change in various chairs of committees; but those changes have not been announced yet. Shekarchi stated in a press interview that the current fiscal year budget will get addressed in the coming weeks and that everything is on the table including tax increases and cuts. He also announced that the House will be looking at various House rule changes.

The Senate Democrats also caucused last week, reaffirming support for Senate President Dominick Ruggerio and Majority Leader McCaffrey. The Senate also announced new chairs of committees as well as a “bold” agenda for 2021. That plan includes an increase in the minimum wage to $15, passage of a carbon tax, an increase in the personal income tax for higher earners and legalization of marijuana. President Ruggerio was quoted, “We are in the process of developing rules changes that will enable the Senate committees to work remotely and the Senate to meet regularly so that we can pass a bold agenda early in the coming session.”

The new Senate committee chairs are:

* Senate Finance – Senator Ryan Pearson (Cumberland, Lincoln)
* Senate Judiciary – Senator Cynthia Coyne (Barrington, Bristol, East Providence)
* Senate Commerce – Senator Susan Sosnowski (New Shoreham, South Kingstown)
* Senate Environment and Agriculture – Senator Dawn Euer (Newport, Jamestown)

**November Revenue Estimating Conference Completes Work**

Rhode Island received some good news Friday night, as the Revenue Estimating Conference adopted revenue estimates for the current fiscal year (FY2021) and FY2022. The conference started at 9:00 a.m. and ended at 6:00 p.m. Key takeaways are as follows:

* FY2021 Personal Income Tax is experiencing higher than expected returns. The conference members now believes the FY2021 total will be about $1.45 billion. This amount is about $450 million more than the preliminary FY2020 (last year’s budget) close out figure.
* Business Corporation Tax is coming in higher. Rhode Island can expect to receive $151.3 million in this category – an increase of $27 million over last year.
* Sales and Use Tax looks as if it will be higher as well - about $45 million higher over last year – for a total of $1.2128 billion
* The Massachusetts ban on menthol cigarettes provided a $25 million gift to Rhode Island. The Estimating Conference members expect to collect $155 million in cigarette taxes this year – a $25 million increase over last year
* Revenue collections that are expected to be lower than FY2020 include taxes on financial institutions, racing and athletics, miscellaneous taxes, unclaimed property and lottery revenues.
* At this point, the conference members believe the lottery revenues may fall by $11.3 million over last year’s numbers. If you read the Providence Journal account of the Revenue Estimating Conference, you will see that the conference members, last May, thought the lottery revenues would be even lower at this point. Last Friday, when they adjusted the lottery estimate based on revenues received thus far, the Lottery line item was adjusted upwards $7 million over the May, 2020 estimate
* In the aggregate, total general revenue collections for FY2021 is now set at $4,056,425,000. The May Revenue Estimating Conference had anticipated collections of $3,725,850,000. For more perspective, last fiscal year the state collected $4,063,948,065.
* Total general revenue collections for FY2022 are estimated to be $4,044,950,000. As you can see, the FY2022 budget will be even more challenging to resolve as caseloads (spending) will likely increase back to a normal range following an end to the pandemic once a vaccine is distributed.

It is important to keep in mind is that FY2020 (last year’s budget) started July 1, 2019 and ended June 30, 2020. The COVID-19 pandemic took a hit on the State’s economy starting in March, 2020. The final good news is that the May, 2020 Revenue Estimating Conference anticipated deficit of $750 million has been revised via a $331 million revenue upgrade and a decrease in spending of $113 million. That still leaves a deficit to resolve.