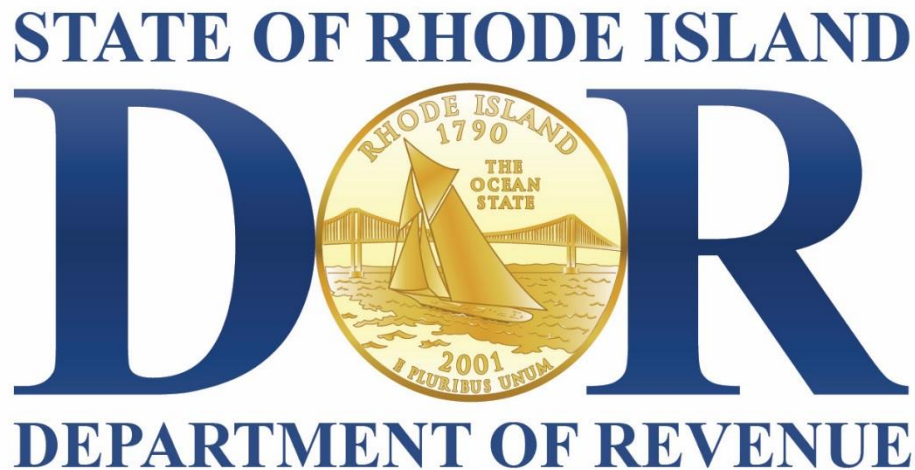


STATE OF RHODE ISLAND
GOVERNOR DANIEL J. MCKEE

2022

TAX EXPENDITURES
REPORT



Office of Revenue Analysis

Issue Date: January 14, 2022

Acknowledgements

The *2022 Tax Expenditures Report* was prepared at the request of Paul L. Dion, Ph.D., former Chief of the Office of Revenue Analysis, and Madiha Zaffou, Ph.D., Acting Chief of the Office of Revenue Analysis, in accordance with Rhode Island General Law Chapter 44-48.1. Bethany Scanlon, Principal Economic and Policy Analyst and Stephanie Hume, Senior Economic and Policy Analyst in the Office of Revenue Analysis were the project leaders for the production and writing of this report, under the guidance of Mr. Dion and Dr. Zaffou. Ms. Scanlon and Ms. Hume were assisted by Emily Fazio, Senior Economic and Policy Analyst in the Office of Revenue Analysis.

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I. Executive Summary

I. Executive Summary

Tax expenditures are legal mandates that provide preferential tax treatment to taxpayers that meet the requirements of the mandates. The *2022 Tax Expenditures Report* contains information on 227 tax expenditure items enacted in the Rhode Island General Laws as of January 1, 2022, however not all items were in effect for the years reported. For tax expenditure items that did have reliable data from which to estimate revenue forgone, the estimated total revenue forgone was \$2.35 billion in 2018 and \$2.42 billion in 2019.

The *2022 Tax Expenditures Report* continues to use the reliability index that was developed in the *2010 Tax Expenditures Report*. The Index of Reliability is shown below:

<u>Index of Reliability</u>	<u>Interpretation</u>
Level One (1)	Estimate is from actual Rhode Island tax return data
Level Two (2)	Estimate is extrapolated from Rhode Island source data
Level Three (3)	Estimate is from Rhode Island tax simulation model
Level Four (4)	Estimate is federal/national data scaled for Rhode Island
Level Five (5)	No reliable data exists from which to derive an estimate

The following table shows the number of tax expenditure items by tax expenditure category, the revenue forgone by tax expenditure category, and the average reliability index level by tax expenditure category for 2018:

Summary Table by Tax Expenditure Category for 2018			
Tax Expenditure Category	Number of Items in Each Category	Tax Year 2018 Revenue Forgone¹	Average Reliability Index Level
Credits	32	\$ 301,548,581	1.3
Deductions	22	242,655,703	2.6
Exclusions	24	250,013,768	4.0
Exemptions	103	1,508,545,568	3.2
Modifications	28	41,243,073	1.6
Other Items	6	---	5.0

¹ Revenue forgone amounts are a mix of fiscal year and tax year periodicities depending on the tax expenditure category in question. Mixed fiscal year/tax year tax expenditure categories, the number of individual FY 2018 items, the FY 2018 revenue forgone amount, the number of individual TY 2018 items, the TY 2018 revenue forgone amount, the number of individual FY 2019 items and the FY 2019 revenue forgone amount in order by tax expenditure item are: Exclusions, 22 for \$219,864,153, one for \$18,408,008 and one for \$11,741,607; Exemptions, 66 for \$605,001,209, five for \$118,649,353 and 33 for \$784,895,006; Modifications, one for \$5,474,231 and 27 for \$35,768,842; and Tax Abatements, two for \$1,734,551 and one for \$81,470.

I. Executive Summary

Summary Table by Tax Expenditure Category for 2018			
Tax Expenditure Category	Number of Items in Each Category	Tax Year 2018 Revenue Forgone¹	Average Reliability Index Level
Preferential Tax Rates	2	7,863,215	3.0
Tax Abatements	3	1,816,021	2.3
Tax Deferrals	2	0	3.0
2018 TOTAL	222	\$ 2,353,685,929	2.8

The tax expenditure category with the highest number of tax expenditure items in 2018 was Exemptions with 103. Exemptions also had the highest number of items for which no reliable data exists from which to estimate revenue forgone with 33, or 32.0% of all Exemptions. Finally, Exemptions are also the tax expenditure category with the largest amount of revenue forgone at \$1.51 billion or 64.1% of the estimated total revenue forgone for 2018. Excluding categories that reported no revenue forgone, the tax expenditure category with the smallest amount of revenue forgone was Tax Abatements at \$1,816,021 or 0.08% of the estimated total revenue forgone.

The revenue forgone for each of the tax expenditure items is assigned a reliability index level on a scale of one to five, with one meaning the calculated revenue forgone is the most reliable possible and five meaning that it is not possible to calculate the revenue forgone for the tax expenditure item. A total of 90 or 40.5% of all 2018 tax expenditure items received a reliability index level score of one, while 67 or 30.2% of the 222 tax expenditure items were assigned a reliability index score of five. The remaining 65 tax expenditure items were assigned a reliability index level score of two, three, or four with 32 of the remaining 65 tax expenditure items receiving a reliability index level of three.

The following table shows the number of tax expenditure items by tax expenditure category, the revenue forgone by tax expenditure category, and the average reliability index level by tax expenditure category for 2019:

I. Executive Summary

Summary Table by Tax Expenditure Category for 2019			
Tax Expenditure Category	Number of Items in Each Category	Tax Year 2019 Revenue Forgone²	Average Reliability Index Level
Credits	32	\$ 288,359,153	1.3
Deductions	21	244,740,832	2.7
Exclusions	24	284,115,649	4.0
Exemptions	103	1,547,048,692	3.2
Modifications	28	43,689,686	1.6
Other Items	6	---	5.0
Preferential Tax Rates	2	11,526,556	3.0
Tax Abatements	3	1,707,931	2.3
Tax Deferrals	2	0	3.0
2019 TOTAL	221	\$ 2,421,188,499	2.8

The tax expenditure category with the highest number of tax expenditure items in 2019 was Exemptions with 103. Exemptions also had the highest number of items for which no reliable data exists from which to estimate revenue forgone with 33, or 32.0% of all Exemptions. Finally, Exemptions are also the tax expenditure category with the largest amount of revenue forgone at \$1.55 billion or 63.9% of the estimated total revenue forgone for 2019. Excluding categories that reported no revenue foregone, the tax expenditure category with the smallest amount of revenue forgone was Tax Abatements at \$1,707,931 or 0.07% of the estimated total revenue forgone.

A total of 89 or 40.1% of all tax expenditure items in 2019 received a reliability index level score of one, while 67 or 30.2% of the 221 tax expenditure items were assigned a reliability index score of five. The remaining 65 tax expenditure items were assigned a reliability index level score of two, three or four with 32 of the remaining 65 tax expenditure items receiving a reliability index level of three.

The following table shows the number of tax expenditure items grouped by tax type, the revenue forgone grouped by tax type, and the average reliability index level grouped by tax type for 2018:

² Revenue forgone amounts are a mix of fiscal year and tax year periodicities depending on the tax expenditure category in question. Mixed fiscal year/tax year tax expenditure categories, the number of individual FY 2019 items, the FY 2019 revenue forgone amount, the number of individual TY 2019 items, the TY 2019 revenue forgone amount, the number of individual FY 2020 items and the FY 2020 revenue forgone amount in order by tax expenditure item are: Exclusions, 22 for \$261,356,902, one for \$11,546,212 and one for \$11,212,535; Exemptions, 66 for \$598,140,016, five for \$122,192,998 and 33 for \$826,715,678; Modifications, one for \$5,208,182 and 27 for \$38,481,504; and Tax Abatements, two for \$1,625,306 and one for \$82,625.

I. Executive Summary

Summary Table by Tax Type for 2018			
Tax Type	Number of Items *	Tax Year 2018 Revenue Forgone³	Average Reliability Index Level
Alcoholic Beverage Tax	4	\$ 119,034	3.0
Bank Deposits Tax	4	0	2.0
Bank Tax	24	23,487,821	1.5
Beverage Containers Tax	2	178,268	3.5
Business Corporation Tax	53	45,820,306	2.7
Cigarettes Tax	4	4,556,810	2.3
Estate and Transfer Tax	3	0	3.7
Generation Skipping Transfer Tax	1	0	1.0
Hotel Tax	1	3,819,029	1.0
Ins Co Gross Premiums Tax	22	15,185,445	1.5
Motor Carrier Fuel Use Tax	1	3,409,372	1.0
Motor Fuel Tax	3	219,337,808	1.3
Non-Profit Refund	1	8,757,801	1.0
Personal Income Tax	58	623,765,218	1.7
Public Service Corporation Tax	24	1,739,998	2.2
Real Estate Conveyance Tax	5	121,645	3.6
Refund Option	3	1,302,204	1.0
Rental Vehicle Surcharge	1	5,474,231	1.0
Sales and Use Tax	88	1,396,610,939	3.3
2018 TOTAL	302	\$ 2,353,685,929	2.5

* The number of items by tax type will exceed the number of items by tax expenditure category due to individual tax expenditure items spanning more than one tax type.

³ Revenue forgone amounts are a mix of fiscal year and tax year periodicities depending on the tax type in question. Mixed fiscal year/tax year tax types, the number of individual FY 2018 items, the FY 2018 revenue forgone amount, the number of individual TY 2018 items, the TY 2018 revenue forgone amount, the number of individual FY 2019 items and the FY 2019 revenue forgone amount in order by tax type are: Alcoholic Beverage Tax, three for \$43,434, one for \$75,600; Bank Tax, three for \$6,481,710 and 21 for \$17,006,111; Beverage Containers Tax, one for indeterminate an amount and one for \$178,268; Business Corporation Tax, 20 for \$1,414,740 and 33 for \$44,405,566; Cigarettes Tax, three for \$4,556,810 and one for \$0; Estate and Transfer Tax, two for \$0 and one for an indeterminate amount; Insurance Company Gross Premiums Tax, three for \$418,397 and 19 for \$14,767,048; Personal Income Tax, two for indeterminate amounts and 56 for \$623,765,218; Public Service Corporation Tax, five for indeterminate amounts and 19 for \$1,739,998; and Sales and Use Tax, 52 for \$589,213,873, 1 for \$918,019, and 35 for \$806,479,047.

I. Executive Summary

The tax type with the highest number of tax expenditure items in 2018 was the Sales and Use Tax with 88. The tax type with the largest amount of revenue forgone in 2018 was also the Sales and Use Tax at \$1.40 billion or 59.3% of the estimated total revenue forgone. Finally, the tax type with the highest number of tax expenditure items for which no reliable data existed was again the Sales and Use Tax at 27 items, or 30.3% of all tax expenditure items in this tax type. Several tax types had the smallest amount of revenue forgone at \$0 for tax expenditure items for which revenue forgone could be determined.

The individual tax expenditure with the largest amount of revenue forgone is the sales and use tax exemption for purchases used for manufacturing purposes at nearly \$402.3 million or 17.1% of the estimated total revenue forgone. This tax expenditure item was assigned a reliability index level of two. There were 77 individual tax expenditure items which had the smallest possible revenue forgone of \$0 and all were assigned a reliability index level of one.

The following table shows the number of tax expenditure items grouped by tax type, the revenue forgone grouped by tax type, and the average reliability index level grouped by tax type for 2019:

Summary Table by Tax Type for 2019				
Tax Type	Number of Items *	Tax Year 2019 Revenue Forgone⁴	Average Reliability Index Level	
Alcoholic Beverage Tax	4	\$ 196,792	3.0	
Bank Deposits Tax	4	0	2.0	
Bank Tax	22	15,125,514	1.4	
Beverage Containers Tax	2	260,529	3.5	
Business Corporation Tax	51	36,343,381	2.7	
Cigarettes Tax	4	4,597,102	2.3	
Estate and Transfer Tax	3	0	3.7	
Generation Skipping Transfer Tax	1	0	1.0	

⁴ Revenue forgone amounts are a mix of fiscal year and tax year periodicities depending on the tax type in question. Mixed fiscal year/tax year tax types, the number of individual FY 2019 items, the FY 2019 revenue forgone amount, the number of individual TY 2019 items, the TY 2019 revenue forgone amount, the number of individual FY 2020 items and the FY 2020 revenue forgone amount in order by tax type are: Alcoholic Beverage Tax, three for \$169,792, one for \$27,000; Bank Tax, three for \$9,956,752 and 19 for \$5,168,762; Beverage Containers Tax, one for indeterminable amounts and one for \$260,529; Business Corporation Tax, 20 for \$1,569,804 and 31 for \$34,773,577; Cigarettes Tax, three for \$4,597,102 and one for \$0; Estate and Transfer Tax, two for \$0 and one for an indeterminate amount; Insurance Company Gross Premiums Tax, three for \$466,291 and 19 for \$9,056,516; Personal Income Tax, two for indeterminable amounts and 56 for \$645,105,256; Public Service Corporation Tax, five for indeterminable amounts and 19 for \$1,571,958; and Sales and Use Tax, 52 for \$584,035,351, one for \$1,005,943, and 35 for \$847,770,495.

I. Executive Summary

Summary Table by Tax Type for 2019			
Tax Type	Number of Items *	Tax Year 2019 Revenue Forgone⁴	Average Reliability Index Level
Hotel Tax	1	3,674,039	1.0
Ins Co Gross Premiums Tax	22	9,522,807	1.5
Motor Carrier Fuel Use Tax	1	3,680,495	1.0
Motor Fuel Tax	3	259,890,730	1.3
Non-Profit Refund	1	197,050	1.0
Personal Income Tax	57	645,105,256	1.8
Public Service Corporation Tax	23	1,571,958	2.2
Real Estate Conveyance Tax	5	113,592	3.6
Refund Option	3	2,889,283	1.0
Rental Vehicle Surcharge	1	5,208,182	1.0
Sales and Use Tax	88	1,432,811,789	3.3
2019 TOTAL	297	\$ 2,421,188,499	2.5

* The number of items by tax type will exceed the number of items by tax expenditure category due to individual tax expenditure items spanning more than one tax type.

The tax type with the largest number of 2019 tax expenditure items for which no reliable data existed was the Sales and Use tax at 27 items, or 30.3% of all tax expenditure items in this tax type. The tax type with the largest amount of revenue forgone was the Sales and Use Tax at \$1.43 billion, or 59.2% of the estimated total revenue forgone. Several tax types had the smallest amount of revenue forgone at \$0 for tax expenditure items for which revenue forgone could be determined.

The largest amount of calculated revenue forgone for an individual tax expenditure item for 2019 is the sales and use tax exemption for purchases used for manufacturing purposes at nearly \$395.6 million or 16.3% of the total calculated revenue forgone. This tax expenditure item was assigned a reliability index level of two. There were 71 tax expenditure items in total which had the smallest possible revenue forgone of \$0 and all were assigned a reliability index level of one.

II. Foreword

The *2022 Tax Expenditures Report* generally uses data for 2018 as its base year and includes estimates of forgone revenue for 2018 through 2023. The year reference can be either calendar year or fiscal year and is dependent on the tax expenditure item. For example, the tax expenditure amount for the exclusion of the biodiesel portion of a blended gallon of diesel fuel is reported on a fiscal year basis for 2013 through 2023 while the tax expenditure amount for the tax credit received for the provision of accommodations under Americans with Disabilities Act is reported on a calendar year basis for 2018 through 2023. The Office of Revenue Analysis (ORA) has tried to make it clear throughout the report when a tax expenditure amount is for a fiscal year versus a calendar year and when a summary tax expenditure amount is provided by tax expenditure category or by tax type a note is provided that breaks out the tax expenditure amount by fiscal and calendar year.

Whenever more recent data was available for subsequent years, be it for fiscal years or tax years, the latest data was included in the report rather than an estimate. It should be noted that more recent data may have become available for some tax expenditure items during the preparation of this report but is not reflected in this report.

The *2020 Tax Expenditures Report* included information on tax expenditure items for Tax Years 2016 through 2021, with Tax Year 2016 as its base tax year. Technically, the *2022 Tax Expenditures Report* is mandated to provide information on all tax expenditure items in effect on January 1, 2021, as well as an estimate of forgone revenue for 2022 and 2023. For a complete and more accurate picture for 2018 through 2020 forgone revenue to be provided, ORA reported current data or an updated estimate of forgone revenue as appropriate.

As always, constructive comments are welcome and any errors or omissions in the report are the responsibility of the Chief of the Office of Revenue Analysis.

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III. Introduction

Purpose of the Tax Expenditures Report

The purpose of the *Tax Expenditures Report* is to provide information on the cost of tax preference items that are mandated under Rhode Island law, federal law, or other legal mandates. Tax expenditure items are not subject to the same public scrutiny as spending appropriations that are made through the budget process. Oftentimes, the estimated cost of a tax expenditure item is made only once — at the time it is passed into law. The *Tax Expenditures Report* provides for an accounting of the cost of tax expenditure items on an ongoing basis. By providing this cost information, the *Tax Expenditures Report* allows these expenditures to be assessed on par with appropriated expenditures. Absent a *Tax Expenditures Report*, it would be extremely difficult to assess the cost effectiveness of a tax expenditure vis-à-vis an appropriated expenditure. As the Center on Budget and Policy Priorities notes, tax expenditures are simply “spending by another name.”⁵

Current Rhode Island Law on Tax Expenditures Reporting

*R.I. Gen. Laws Chapter 44-48.1 – Tax Expenditure Reporting*⁶

R.I. Gen. Laws § 44-48.1-1(a) mandates that the Chief of the Office of Revenue Analysis deliver to the General Assembly by the second Tuesday in January of each even numbered year a tax expenditure report. The tax expenditure report must include the minimum information for 100% of the tax expenditures in place on January 1 of the odd numbered year preceding the report’s publication. Thus, the *2022 Tax Expenditures Report* covers the tax expenditures that were in place on January 1, 2021.

R.I. Gen. Laws § 44-48.1-1(b) defines a tax expenditure as “any tax credit, deduction, exemption, exclusion, credit preferential tax rate, tax abatement, and tax deferral that provides preferential treatment to selected taxpayers.” The term “credit preferential tax rate” is not defined in the statute. The Chief of the Office of Revenue Analysis has chosen to interpret this item to mean a “modification” or “preferential tax rate” and reports on each of these tax expenditure items separately. The Office of Revenue Analysis has determined that as of January 1, 2021 there were 230 tax expenditure items in effect in 2018 either “directly through Rhode Island General Laws or constitutional provisions or indirectly through adoption of other tax codes.”

R.I. Gen. Laws § 44-48.1-1(c) delineates the information on each tax expenditure item that must be included in the report. This information includes: (1) the legal reference of the tax expenditure items, “including whether the tax expenditure is the result of a federal or state constitutional, judicial, or statutory mandate;” (2) the actual amount of revenue forgone or an estimate for the calendar year in which the report is published and the year following the report’s publication, and an index of the reliability of each estimate that ranges in value from one to five, with level one being the most reliable; (3) the identification of the beneficiaries of the tax expenditure by

⁵ Levitis, Jason, Nicholas Johnson, and Jeremy Koulish, *Promoting State Budget Accountability Through Tax Expenditure Reporting*. Center on Budget and Policy Priorities: Washington, D.C., April 2009, page 5.

⁶ A full copy of the statute governing tax expenditure reporting is contained in Appendix A.

III. Introduction

“number, income, class and industry;” (4) a comparison of the Rhode Island tax expenditure items to tax expenditure items of the other New England states, but particularly Connecticut and Massachusetts; (5) “the data source(s) and analysis methodology” for each tax expenditure item estimate; and (6) “identification of similar taxpayers or industries” that do not benefit from the tax expenditure item. To the greatest extent possible, the Office of Revenue Analysis has tried to comply with each of these informational mandates.

R.I. Gen. Laws § 44-48.1-1(d) requires that each report contain a section comprised of recommendations to improve the effectiveness of the tax expenditures report as a tax policy tool. The recommendations are to be accompanied with an identification of the resources needed to implement the recommendations and an estimate of the costs associated with the recommendations.

*R.I. Gen. Laws Chapter 44-48.2 – Rhode Island Economic Development Tax Incentives Evaluation Act of 2013*⁷

On July 11, 2013, R.I. Gen. Laws Chapter 44-48.2 entitled the “Rhode Island Economic Development Tax Incentives Evaluation Act of 2013” was enacted into law. R.I. Gen. Laws § 44-48.2-4(a) states that the Tax Expenditure Report produced pursuant to R.I. Gen. Laws § 44-48.1-1 “shall include an additional analysis component, . . . produced in consultation with the director of the economic development corporation, the director of the office of management and budget, and the director of the department of labor and training.” A total of 21 tax expenditure economic development incentives are to be analyzed “at least once between July 1, 2014, and June 30, 2017, and no less than once every three (3) years thereafter” while the analysis of any tax expenditure economic development incentives enacted into law after July 1, 2013 “shall be completed within five (5) years of taking effect and no less than once every three (3) years thereafter”. The statutory references for the 21 economic development tax incentives are listed in R.I. Gen. Laws § 44-48.2-3(a)(1). The additional analysis component that must be included in the tax expenditure report for these tax expenditure economic development incentives is detailed in R.I. Gen. Laws § 44-48.2-5(a).

The Office of Revenue Analysis produced reports containing the analysis required in R.I. Gen. Laws § 44-48.2-5(a) for all 21 of the tax expenditure economic development incentives listed in R.I. Gen. Laws § 44-48.2-3(a)(1) between March 2018 and July 2018. In addition, the Office of Revenue Analysis has completed tax incentive evaluation reports for the Musical and Theatrical Productions Tax Credit (R.I. Gen. Laws Chapter 44-31.3, unpublished), the Stay Invested in RI Wavemaker Fellowship (R.I. Gen. Laws Chapter 42-64.26, published on June 30, 2020), and the New Qualified Jobs Incentive Act of 2015 (R.I. Gen. Laws Chapter 44-48.3, published on March 2, 2021).⁸

⁷ A full copy of the statute governing tax incentive evaluation is contained in Appendix B.

⁸ Two other economic development tax incentive evaluation reports have been drafted by the Office of Revenue Analysis and continue to await input from the Rhode Island Commerce Corporation. These reports cover the Rebuild Rhode Island Tax Credit (R.I. Gen. Laws Chapter 42-64.20) and the Rhode Island Tax Increment Financing Act of 2015 (R.I. Gen. Laws Chapter 42-64.21) which was submitted to the Rhode Island Commerce Corporation on June 25, 2021 and the second evaluation of the Jobs Development Act (R.I. Gen. Laws Chapter 42-64.5) which was provided to the Rhode Island Commerce Corporation on August 16, 2021.

History of Rhode Island Law on Tax Expenditures Reporting

Rhode Island’s governing statute for tax expenditure reporting was passed into law without the Governor’s signature on August 9, 1996 (see Rhode Island Public Laws 1996, Chapter 327, Section 1 and Chapter 394, Section 1). This initial statute required the state tax administrator to submit annually to the General Assembly beginning in 1998, on or before the second Tuesday in January, “to the extent possible within the appropriations provided for the purpose,” a tax expenditures report. The tax expenditures report for 1998 was to provide the “minimum information” for 25% of existing tax expenditures. The report for 1999 would cover an additional 25% of the tax expenditures, so that 50% of tax expenditures will have been reported. Similar 25% increments were required for 2000 and 2001, such that by January 2001, 100% of tax expenditures will have been reported. Beginning in January 2002, the cycle repeated itself so that no report on a tax expenditure item was more than four years old.

The definition of tax expenditure was the same as it is in current law, as was the requirement for providing the legal reference of each tax expenditure, identifying the beneficiaries of each tax expenditure as well as similar taxpayers or industries that did not benefit from the tax expenditure, and comparing Rhode Island’s tax expenditure items to those of other New England states, particularly Connecticut and Massachusetts. The original statute also required that the report include the legislative history of each tax expenditure, the “determination of the beneficiary’s state tax burden” and a cost/benefit analysis of each tax expenditure item “including the direct revenue loss from the tax expenditure as well as the economic and tax revenue gains occurring through the economic activity resulting from the tax expenditure.” On June 25, 1997 (see Rhode Island Public Laws 1997, Chapter 30, Section 1), the original statute was amended to delete the requirement of the inclusion of a cost/benefit analysis for each tax expenditure item in the tax expenditure report.

On July 10, 2003, the statute was amended again to change the periodicity of the report from annually to biannually beginning in 2004. In addition, the rolling renewal of 25% of existing tax expenditures was changed to require that “the minimum information on 100% of tax expenditures in effect on January 1” of the prior calendar year be reported. The requirement that the legislative history of a tax expenditure item be reported was eliminated leaving only the requirement that the legal reference for each tax expenditure item be reported. Further, the original statute was modified to require that an estimate of the revenue forgone that results from each tax expenditure item be reported if the actual amount cannot be determined and that such estimates be made for the calendar year preceding and following the year in which the report is published as well as the report’s publication year. Additionally, the requirement that the beneficiary of tax expenditure item’s state tax burden be determined was deleted and replaced with the requirement that the data sources and analysis methodology underlying each estimate of revenue forgone be provided. Also, the amendment to the statute required each report to include “a section containing recommendations for improving the effectiveness of the report as a tax policy tool” including the resources required and an estimate of the costs associated with these recommendations. Finally, the revision to the statute required the state tax administrator to “make available to the General Assembly a plan to improve Rhode Island’s tax expenditure reporting effort” by the second Tuesday in January 2004.

III. Introduction

On June 30, 2006, R.I. Gen. Laws Chapter 44-48.1 was amended to shift the responsibility for the delivery of the tax expenditure report from “the state tax administrator, to the extent possible within the appropriations provided for the purpose” to the Chief of the Office of Revenue Analysis without regard to appropriations provided for that purpose. In addition, this amendment required the Chief of the Office of Revenue Analysis to “make available to the General Assembly a plan to improve Rhode Island’s tax expenditure reporting effort” by the second Tuesday in January 2004. This latter amendment could not be fulfilled given that the Office of Revenue Analysis was not created until June 2006.

IV. Interpreting the Report

The Index of Reliability

R.I. Gen. Laws § 44-48.1-1(c)(2)⁹ requires the tax administrator to “develop an index of the reliability of each estimate” of revenue forgone. By statute, the index of reliability is based on a scale of one to five, “with level one being most reliable.” The statute further specifies that estimates of revenue forgone that are derived from actual tax returns “should be assigned reliability level one,” while those estimates of revenue forgone for which no reliable data exists “should be assigned reliability level five.” The *2010 Tax Expenditures Report* was the first report to provide such an index.

The *2022 Tax Expenditures Report* continues to use the reliability index that was developed in the *2010 Tax Expenditures Report*. The Index of Reliability is shown below:

<u>Index of Reliability</u>	<u>Interpretation</u>
Level One (1)	Estimate is from actual Rhode Island tax return data
Level Two (2)	Estimate is extrapolated from Rhode Island source data
Level Three (3)	Estimate is from Rhode Island tax simulation model
Level Four (4)	Estimate is federal/national data scaled for Rhode Island
Level Five (5)	No reliable data exists from which to derive an estimate

The end points of the Index of Reliability (i.e., Level One and Level Five) are consistent with their statutory mandates. An estimate of revenue forgone for a tax expenditure item that is assigned an Index of Reliability Level One will be based on actual Rhode Island tax return data. Given the fact that an Index of Reliability Level Five indicates that “no reliable data exists from which to derive an estimate,” tax expenditure items assigned this level will not have an estimate of revenue forgone presented. Rather, the phrase “no estimate possible” will be presented next to the tax expenditure item.

The Index of Reliability Levels Two through Four requires some further explanation. An estimate of revenue forgone with an Index of Reliability Level Two is based on data that can be directly sourced to Rhode Island or an update of a previously derived estimate of the tax expenditure item. Some examples of data that can be directly sourced to Rhode Island include data provided by the U.S. Census Bureau, the U.S. Bureau of Labor Statistics, and the U.S. Bureau of Economic Analysis. In addition, state government agencies, quasi-public agencies, and non-governmental organizations can provide reliable Rhode Island specific data from which to estimate the revenue forgone of a tax expenditure item. In the case of updating a previously derived estimate, the original estimate may be from a previously published tax expenditures report, a fiscal note that was completed for a particular piece of legislation during a session of the General Assembly, or an estimate that was derived by the Office of Management and Budget, the Division of Taxation, the Office of Revenue Analysis or some other state agency for a purpose other than that of the tax

⁹ A full copy of the statute governing tax expenditure reporting is contained in Appendix A.

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expenditures report. When an Index of Reliability Level Two is assigned to the revenue forgone estimate of a tax expenditure item, the source of the Rhode Island data will be specified.

An estimate of revenue forgone for a tax expenditure item with an Index of Reliability Level Three is derived from a micro simulation model of a particular tax that has been developed and provided by a third party vendor. In some cases, a micro simulation model will generate estimates based on underlying Rhode Island economic data rather than actual tax data. The most obvious example of this type of micro simulation model is the *Rhode Island Micro Sales Tax Model* that was purchased by the General Assembly in 2008 and made available to the Office of Revenue Analysis for the purpose of estimating the revenue impacts from changing sales tax rates, sales tax exemptions, and/or the sales tax base. This model is used extensively to estimate the revenue forgone from the numerous transactions that are exempt from the State's sales and use tax.

Finally, an estimate of revenue forgone for a tax expenditure item with an Index of Reliability Level Four is based on federal / national data that is scaled to Rhode Island. Alternatively, the estimate may be based on federal data that is then adjusted by a factor that allows for the extrapolation of the federal data to Rhode Island. When an Index of Reliability Level Four is assigned to the revenue forgone estimate of a tax expenditure item, the date on which the original estimate was derived will be stated if it is known as will the method used to update the original estimate. In the case of an estimate that is based on federal data that is scaled to Rhode Island, the base federal data will be identified as will the scaling factor.

Structure of the Report

Previous tax expenditures reports presented tax expenditure items by tax type. In other words, the primary organizing key was tax type with tax expenditure items appearing under each tax type. In the *Tax Expenditures Report, January 2008*, thirty-eight tax expenditure items are listed under the heading "Personal Income" and these tax expenditure items are comprised of modifications, credits, exclusions, adjustments, deductions and preferential tax rates.¹⁰ In addition, when it comes to tax expenditure items, it is often the case that what is available for one tax type will also be made available for other tax types. For example, the Motion Picture Production Tax Credit allows for a credit of 30% "of the state certified production costs incurred directly attributable to activity within the state, provided that the primary locations are within the state of Rhode Island and the total production budget as defined herein is a minimum of one hundred thousand dollars (\$100,000)."¹¹ This credit, which can be transferred or sold, can be used against the "tax imposed" under the state's business corporation tax, bank excise tax, insurance company gross premiums tax, and the personal income tax. As a result of this type of tax expenditure, tax expenditures reports issued prior to the *2010 Tax Expenditures Report* had to include a category labeled "Tax Preference Items Applicable to More Than One Tax" to consistently categorize tax expenditure items.¹²

¹⁰ State of Rhode Island, Department of Revenue, Division of Taxation, *Tax Expenditures Report, January 2008*, p. 3. This report was prepared by Cecilia C. Vallee, Revenue Analyst, (since retired) at the request of David M. Sullivan, Rhode Island Tax Administrator (no longer in state service).

¹¹ See R.I. Gen. Laws § 44-31.2-5(a).

¹² See *Tax Expenditures Report, January 2008*, p. 144.

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Beginning with the *2010 Tax Expenditures Report*, the Office of Revenue Analysis adopted a different presentation format. Rather than list the tax expenditure items by the tax type to which they apply, the *2010 Tax Expenditures Report* used the category of tax expenditure item as the organizing key. That is, each category of tax expenditure items listed each individual tax expenditure item and the tax types to which the individual tax expenditure item applies. For example, the Motion Picture Production Tax Credit would be categorized under “Credits” with the business corporation tax, bank excise tax, insurance company gross premiums tax, and the personal income tax as the relevant tax types. The *2022 Tax Expenditures Report* follows the same approach as was adopted for the *2010 Tax Expenditures Report*.

To assist readers in the use of the *2022 Tax Expenditures Report*, two sets of summary tables are included. The first set of summary tables lists the value of tax expenditures by tax expenditure item. Thus, for example, under the category “Credits” the total value of each individual tax expenditure credit item, without regard to the tax type under which it was used, will be shown. The second set of summary tables lists the value of tax expenditures by tax type. Thus, for example, under the tax type “Personal Income” the total value of each individual tax expenditure item that is used under the personal income tax will be displayed.

Definition of Terms

The following definitions will be used when referring to the different types of tax expenditure items included in this report.

Credit: The direct dollar-for-dollar reduction of an individual’s tax liability. The value of a tax credit is invariant to a taxpayer’s tax bracket.

Deduction: An amount subtracted from adjusted gross income when calculating taxable income. The value of a tax deduction is proportional to a taxpayer’s tax bracket.

Exclusion: An amount or proportion that can be legally excluded from the taxable base prior to the assessment of tax.

Exemption: A taxable expenditure, income, or investment on which no tax is levied. A tax exemption may be of limited or permanent duration.

Modification: An amount added to or subtracted from gross income to arrive at adjusted gross income. Usually, adjusted gross income is the basis from which taxable income is derived.

Preferential Tax Rate: A tax rate made available to certain taxpayers that is less than the statutory tax rate. Typically, the preferential tax rate is made available to taxpayers that meet specified criteria.

Tax Abatement: Rebate given in levies or taxes under special circumstances or as an offset to the performance of particular actions.

Tax Deferral: Paying taxes in the future for income earned in the current year, such as through an Individual Retirement Account (IRA), 401(k), Simplified Employee Pension (SEP) IRA or Keogh plan.

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Categorization of Tax Expenditure Items

The tables on the following pages show the categorization of tax expenditure items and to which taxes each tax expenditure item applies. The individual tax expenditure items are listed alphabetically and those tax expenditure items that originate in the federal Internal Revenue Code are so indicated.

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2022 TAX EXPENDITURE ITEMS										
An asterisk (*) indicates a tax expenditure item that is no longer allowed under Rhode Island General Laws, for that particular tax type.										
Number	Credits:	Tax Type Against Which Tax Expenditure Item May Be Applied								
		RI Statutory Reference:	Bus Corp 44-11	Pub Serv 44-13	Bank 44-14	Bank Dep 44-15	Ins Co 44-17	PIT 44-30	SUT 44-18	Other Taxes
1	Accommodations under Americans with Disabilities Act	44-54-1	X	X						
2	Adult and Child Daycare	44-47	X	X	X		X	*		
3	Adult Education	44-46	X	X	X	X	X	*		
4	Anchor Institution	42-64.3	X	X	X		X			
5	Apprenticeship	44-11-41	X							
6	Biotechnology Investment	44-31-1.1	X					*		
7	Child and Dependent Care (Federal)	44-30-2.6						X		
8	Contribution to Scholarship Organizations	44-62	X	X	X	X	X	X		
9	Earned Income (Federal/State)	44-30-2.6(c)(2)(N)						X		
10	Educational Assistance and Development	44-42-2	X	X	X		X			
11	Employment – Welfare Bonus Program	44-39.1-1	X	X	X	X	X	*		
12	Historic Homeownership Assistance	44-33.1-3						X		
13	Historic Preservation	44-33.6-3	X	X	X		X	X		
14	Historic Structures	44-33.2-3	X	X	X		X	X		
15	Hydroelectric Power	44-30-22	X					*		
16	Investment	44-31-1	X		X		X	*		
17	Jobs Training	42-64.6-2	X	X	X		X	*		
18	Juvenile Restitution	14-1-32.1(c)	X							
19	Lead Paint Abatement	44-30.3-1						X		
20	Motion Picture Production	44-31.2-5	X		X		X	X		
21	Motor Fuel Use Carrier Taxes Paid to Rhode Island	31-36.1-15								X
22	Musical and Theatrical Production	44-31.3-2	X	X	X		X	X		
23	New Qualified Jobs Incentive Act	44-48.3	X	X	X		X	X		
24	Property Tax Relief	44-33-5						X		
25	Real or Personal Property Taxed in Another State	44-40-3(b)								X
26	Rebuild Rhode Island	42-64.20	X	X	X		X	X		
27	Research and Development Expense	44-32-3	X				X	*		
28	Research and Development Property	44-32-2	X				X	*		
29	Residential Renewable Energy System	44-57-1	X					*		
30	Rhode Island Small Business Development Fund	42-64.33-3					X			
31	Stay Invested in RI Wavemaker Fellowship	42-64.26						X		
32	Tax on Net Estate of Decedent	44-22-1.1								X
33	Taxes Paid to Other States	44-30-18						X		

Definitions: Bus Corp: Business Corporation Tax; Pub Serv: Public Service Corporation Tax; Banks: Taxation of Banks; Bank Dep: Tax on Bank Deposits, Generally; Ins Co: Taxation of Insurance Companies; PIT: Personal Income Tax; and SUT: Sales and Use Tax.

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2022 TAX EXPENDITURE ITEMS										
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Number	Deductions:	RI Statutory Reference:	Tax Type Against Which Tax Expenditure Item May Be Applied							Other Taxes
			Bus Corp 44-11	Pub Serv 44-13	Bank 44-14	Bank Dep 44-15	Ins Co 44-17	PIT 44-30	SUT 44-18	
1	Accelerated Amortization for Certain Manufacturers	44-11-11.3	X							
2	Alimony Paid (Federal)	44-30-2.6(c)(3) / 44-30-32(a)						X		
3	Amortization of Air or Water Pollution Prevention and Treatment Facilities	44-11-11.1	X							
4	Certain Business Expenses of Reservists, etc. (Federal)	44-30-2.6(c)(3)/ 44-30-32(a)						X		
5	Connecting Fees, Switching and Carrier Access Charges	44-13-1(b)		X						
6	Educator Expenses (Federal)	44-30-2.6 / 44-30-32(a)						X		
7	Electricity for Resale	44-13-4(2)		X						
8	Expensing of Assets in Lieu of Depreciation, Section 179 of Internal Revenue Code	44-61-1.1	X		X			X		
9	Health Savings Account (Federal)	44-30-2.6(c)(3) / 44-30-32(a)						X		
10	Individual Retirement Arrangement Contributions (Federal)	44-30-2.6(c)(3) / 44-30-32(a)						X		
11	Keough and SEP Contributions (Federal)	44-30-2.6(c)(3) / 44-30-32(a)						X		
12	Merchandise Sold	44-13-5(a)		X						
13	Moving Expenses (Federal)	44-30-2.6(c)(3) / 44-30-32(a)						X		
14	Net Operating Losses	44-11-11(b)	X							
15	One-Half of Self Employment Tax (Federal)	44-30-2.6(c)(3) / 44-30-32(a)						X		
16	Penalty of Early Withdrawal of Savings (Federal)	44-30-2.6(c)(3) / 44-30-32(a)						X		
17	Qualified Charitable Contribution on Non-Itemized Returns (Federal) (New)	44-30-2.6(c)(3) / 44-30-32(a)						X		
18	Qualifying Investment in a Certified Venture Capital Partnership	44-43-2	X	X	X		X			
19	Return or Unabsorbed Premiums or Premiums for Reinsurance Assumed	44-17-2					X			
20	Self-employed Health Insurance (Federal)	44-30-2.6(c)(3) / 44-30-32(a)						X		
21	Standard Deduction	44-30-2.6(c)(3)(B)						X		
22	Student Loan Interest (Federal)	44-30-2.6(c)(3) / 44-30-32(a)						X		
23	Tax Incentives for Employers	44-55-4.1	X	X	X	X	X			

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2022 TAX EXPENDITURE ITEMS										
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Number	Exclusions:	Tax Type Against Which Tax Expenditure Item May Be Applied								
		RI Statutory Reference:	Bus Corp 44-11	Pub Serv 44-13	Bank 44-14	Bank Dep 44-15	Ins Co 44-17	PIT 44-30	SUT 44-18	Other Taxes
1	Biodiesel Portion of Blended Gallon of Diesel Fuel	31-36-1(6)								X
2	Conveyance of Mobile/Manufactured Homes for Consideration of \$100 or less	31-44-20(a)								X
3	Conveyance of Real Estate for Consideration of \$100 or less	44-25-1(a) / 44-25-1(b)								X
4	Conveyance of Real Estate Relating to the Capitol Center Project	44-25-2(c)								X
5	Corporations Exempt from Taxation by Charter	44-11-1(4)(vi)	X							
6	Corporations Not Doing Business for Profit	44-11-1(4)(iv)	X							
7	Corporations That Maintain and Manage Intangible Investments	44-11-1(4)(vii)	X							
8	Dividends Received from Shares of Stock	44-11-12(1) / 44-14-15	X	X	X					
9	Financial Institutions	44-11-1(4)(i)	X							
10	Fraternal Beneficiary Societies	44-11-1(4)(v)	X							
11	Fraternal Benefit Societies	44-17-1(a)					X			
12	Gain or Loss on Sale of Property Other Than Securities	44-14-11			X					
13	Income from the Sale of International Investment Management Services	44-11-14.5	X							
14	Insurance and Surety Companies	44-11-1(4)(iii)	X							
15	Interest Received from Debt Instruments Issued by Public Service Corporations	44-11-12(2)	X							
16	Long-Term Gain From Capital Investment in Small Business	44-43-5	X	X	X			X		
17	Lubricating Oils, Marine Diesel Fuel, Aviation Fuel, and Heating Oil	31-36-1(4)								X
18	Maximum Tax of \$0.50 per Cigar	44-20-13.2(a)(2)								X
19	Paycheck Protection Program Loan Forgiveness	44-14-11/44-30-12	X		X			X		
20	Possession of 10 Packs of Cigarettes with Out-of-State Tax Stamps	44-20-16								X
21	Public Service Corporations	44-11-1(4)(ii)	X							
22	Taxed Gross Earnings and Associated Costs of Non-Public Service Corporations	44-13-2.2	X					X		
23	Taxes Legally Imposed on Consumer but Separately Stated on Invoice	44-18-12(b)(iv)							X	
24	Value-Added Non-Voice Services That Use Computer Processing Applications	44-13-4(4)		X						
25	Veterinary and Testing Laboratories Services	44-18-7.3(b)(3)							X	

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Number	Exemptions:	Tax Type Against Which Tax Expenditure Item May Be Applied								
		RI Statutory Reference:	Bus Corp 44-11	Pub Serv 44-13	Bank 44-14	Bank Dep 44-15	Ins Co 44-17	PIT 44-30	SUT 44-18	Other Taxes
1	Affordable Housing Development (<i>New</i>)	44-25-2(f)								X
2	Agricultural Products for Human Consumption	44-18-30(61)						X		
3	Air and Water Pollution Control Facilities	44-18-30(15)						X		
4	Aircraft and Aircraft Parts	44-18-30(56)						X		
5	Banks and Regulated Investment Companies Interstate Toll Free Calls	44-18-30(49)						X		
6	Beverage Containers, Hard-to-Dispose Material, and Litter Control Participation Permittee	44-44-2(1)								X
7	Bibles	44-18-30(29)						X		
8	Boats or Vessels Brought in Exclusively for Winter Storage, Maintenance, Repair or Sale	44-18-30(46)						X		
9	Boats or Vessels Generally	44-18-30(48)						X		
10	Boats to Non-Residents	44-18-30(30)						X		
11	Building Materials Used to Rebuild After Disaster	44-18-30(51)						X		
12	Buses, Trucks or Trailers Used in Interstate Commerce	44-18-40						X		
13	Camps	44-18-30(16)						X		
14	Casual Sales	44-18-20(g)						X		
15	Charitable, Educational or Religious Organizations	44-18-30(5)						X		
16	Clothing and Footwear	44-18-30(27)						X		
17	Coffins, Caskets and Burial Garments	44-18-30(12)						X		
18	Coins	44-18-30(43)						X		
19	Commercial Fishing Vessels in Excess of Five Net Tons	44-18-30(26)						X		
20	Commercial Vessels of 50 Tons Burden or More	44-18-30(25)						X		
21	Compressed Air	44-18-30(33)						X		
22	Containers	44-18-30(4)						X		
23	Deed, Instrument or Writing where Grantor is U.S. Government or State of Rhode Island	44-25-2(b)								X
24	Diesel Emission Control Technology	44-18-30(62)						X		
25	Dietary Supplements	44-18-30(59)						X		
26	Distressed Essential Community Hospital	23-17-25-2						X		
27	Educational Institutions Rental Charges	44-18-30(18)						X		
28	Electricity and Gas	44-18-30(21)						X		
29	Equipment for Research and Development	44-18-30(42)						X		
30	Estates of Persons Declared Missing in Action by the U.S. Armed Forces	44-22-2								X
31	Farm Equipment	44-18-30(32)						X		
32	Farm Structure Construction Materials	44-18-30(44)						X		
33	Feed for Certain Animals Used in Commercial Farming	44-18-30(63)						X		
34	Feminine Hygiene Products (<i>New</i>)	44-18-30(66)						X		
35	First 50,000 Gallons of Distilled Spirits of a Distiller in Continuous Operation for 12 Months	3-10-1(d)								X

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Number	Exemptions:	Tax Type Against Which Tax Expenditure Item May Be Applied								
		RI Statutory Reference:	Bus Corp 44-11	Pub Serv 44-13	Bank 44-14	Bank Dep 44-15	Ins Co 44-17	PIT 44-30	SUT 44-18	Other Taxes
36	First 100,000 Barrels of Beer of a Brewer in Continuous Operation for 12 Months	3-10-1(c)								X
37	Flags	44-18-30(34)							X	
38	Food and Food Ingredients	44-18-30(9)							X	
39	Food Items Paid for by Food Stamps	44-18-30(39)							X	
40	Gasoline	44-18-30(6)							X	
41	Heating Fuels	44-18-30(20)							X	
42	Horse Food Products	44-18-30(53)							X	
43	Human Blood	44-18-30(60)							X	
44	Installation Labor Charges, When Separately Stated	44-18-12(b)(ii)							X	
45	Jewelry Display Product	44-18-30(47)							X	
46	Lottery Prizes	42-61-17							X	
47	Manufacturers' Machinery and Equipment	44-18-30(22)							X	
48	Medicines, Drugs and Durable Medical Equipment	44-18-30(10)							X	
49	Mobile and Manufactured Homes Generally	44-18-30(50)							X	
50	Motor Vehicle and Adaptive Equipment for Amputee Veterans	44-18-30(35)							X	
51	Motor Vehicle and Adaptive Equipment for Persons with Disabilities	44-18-30(19)							X	
52	Narragansett Pier Railroad Company	44-13-1(a)		X						
53	Newspapers	44-18-30(2)							X	
54	Ocean Marine Insurance	44-17-1					X			
55	Out-of-State Shipments of Rhode Island Alcoholic Beverage Manufacturers	3-10-2								X
56	Personal and Dependent	44-30-2.6(c)(3)(C)						X		
57	Personal Holding Company, Regulated Investment Company or Real Estate Investment Trust	44-11-2(c)	X							
58	Precious Metal Bullion	44-18-30(24)							X	
59	Promotional and Product Literature of Boat Manufacturers	44-18-30(38)							X	
60	Property Otherwise Exempted	44-18-36(3)							X	
61	Property Purchased from Federal Government	44-18-35							X	
62	Property Purchased Outside of State by Nonresident and Brought into State	44-18-36(2)							X	
63	Property Returned Within 120 Days from the Date of Delivery	44-18-30(58)							X	
64	Prosthetic Devices and Mobility Enhancing Equipment	44-18-30(11)							X	
65	Purchases Used for Manufacturing Purposes	44-18-30(7)							X	
66	Qualified Sales of Manufactured and Mobile Home Parks	31-44-3.3								X
67	Rebuild Rhode Island Sales and Use Tax	42-64.20-5(o)							X	
68	Refillable and Reusable Beverage Containers	44-44-3								X
69	Renewable Energy Products	44-18-30(57)							X	
70	Rental Charged for Living or Sleeping Quarters in a Hospital or Nursing Home	44-18-30(17)							X	

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Number	Exemptions:	RI Statutory Reference:	Tax Type Against Which Tax Expenditure Item May Be Applied							SUT 44-18	Other Taxes
			Bus Corp 44-11	Pub Serv 44-13	Bank 44-14	Bank Dep 44-15	Ins Co 44-17	PIT 44-30			
71	Rhode Island Industrial Facilities Corporation Lessees	45-37.1-9, 9.1								*	
72	Sacramental Wines Sold Directly to Member of Clergy	3-10-1(b)									X
73	Sales and Use Taxes Paid to Other Jurisdictions	44-18-30A(a)								X	
74	Sales beyond Constitutional Power of State	44-18-30(1)								X	
75	Sales by Writers, Composers, Artists	44-18-30B								X	
76	Sales in Municipal Economic Development Zones	44-18-30C								X	
77	Sales in Public Buildings by Blind People	44-18-30(14)								X	
78	Sales of Motor Vehicles to Nonresidents	44-18-30(13)								X	
79	Sales of Non-Motorized Recreational Vehicles to Non-residents	44-18-30(54)								X	
80	Sales of Trailers Ordinarily Used for Residential Purposes	44-18-20(d)(3)								X	
81	Sales to Common Carriers for Use Outside of the State	44-18-33								X	
82	Sales to Federal Government	44-18-31								X	
83	Sales to the State or Its Political Subdivisions	44-18-30(8)								X	
84	Sales to the U.S. Government and Operators of Railroad Transportation Equipment	31-36-13									X
85	School Meals	44-18-30(3)								X	
86	Securities from Taxation	44-13-14		X							
87	Seeds and Plants used to Grow Food and Food Ingredients	44-18-30(65)								X	
88	Special Adaptations for Wheelchair Accessible Taxicabs	44-18-30(19)(iii)								X	
89	Stay Invested in RI Wavemaker Fellowship Awards	42-64.26-8						X			
90	Supplies Used in On-Site Hazardous Waste Recycling, Reuse, or Treatment	44-18-30(37)								X	
91	Supplies Used in Preparing Floral Products and/or Arrangements	44-18-30(52)								X	
92	Telecommunications Carrier Access Service	44-18-30(45)								X	
93	Textbooks	44-18-30(36)								X	
94	Total Loss or Destruction of Motor Vehicle within 120 Days of Tax Payment	44-18-21(c)								X	
95	Trade-in Value of Boats	44-18-30(41)								X	
96	Trade-In Value of Private Passenger Automobiles	44-18-30(23)								X	
97	Transfers or Sales Made to Immediate Family Members	44-18-20(d)(1)								X	
98	Transfers or Sales Related to Business Dissolution or Partial Liquidation	44-18-20(d)(2)								X	
99	Transportation Charges of Motor Carriers to Haul Goods	44-18-30(40)								X	
100	Vacation Homes Rented in Entirety	44-18-36.1(a)									X
101	Vehicles Purchased by Nonresident Military Personnel Subject to Sales Tax Elsewhere	44-18-30A(b)								X	
102	Video Lottery Terminal, Table Games, and Sports Wagering Prizes	42-61.2-10								X	
103	Water for Residential Use	44-18-30(28)								X	
104	Wine and Spirits	44-18-30(64)								X	
105	Youth Activities Equipment Sold for \$20 or less by Nonprofit Organizations	44-18-30(31)								X	

Definitions: Bus Corp: Business Corporation Tax; Pub Serv: Public Service Corporation Tax; Banks: Taxation of Banks; Bank Dep: Tax on Bank Deposits, Generally; *Ins Co:* Taxation of Insurance Companies; PIT: Personal Income Tax; and SUT: Sales and Use Tax.

IV. Interpreting the Report – Tables of Tax Expenditure Items

2022 TAX EXPENDITURE ITEMS										
Number	Modifications:	Tax Type Against Which Tax Expenditure Item May Be Applied								
		RI Statutory Reference:	Bus Corp 44-11	Pub Serv 44-13	Bank 44-14	Bank Dep 44-15	Ins Co 44-17	PIT 44-30	SUT 44-18	Other Taxes
1	Bonus Depreciation Provided by JCWAA of 2002 and JGTRRA of 2003	44-61-1	X		X			X		
2	Companies Engaged in Buying, Selling, Dealing In or Holding Securities on Own Behalf	44-11-2(b)	X							
3	Contribution to Medical Savings Account by Scituate Residents	44-30-25.1(d)(1)						X		
4	Contributions to an Account under Tuition Savings Program	44-30-12(c)(4)						X		
5	Enterprise Zone Business Owner with Domiciliary in Enterprise Zone	42-64.3-7						X		
6	Federally Taxable Withdrawals from Tuition Savings Program Account	44-30-12(c)(3)						X		
7	Gain from Stock Options in Qualifying Corporations	44-39.3-1						X		
8	Income Earned on a Rhode Island Family Education Account	44-30-12(c)(2) / 44-30-25(f)						X		
9	Income from the Assignment or Transfer of Historic Preservation Tax Credits	44-33.6-3(f)						X		
10	Income from the Assignment or Transfer of Historic Structures Tax Credits	44-33.2-3(e)(2)						X		
11	Income from the Assignment or Transfer of Motion Picture Production Tax Credits	44-31.2-9						X		
12	Income from the Assignment or Transfer of Musical and Theatrical Production Tax Credits	44-31.3-2(b)(6)						X		
13	Income or Gain from a Qualifying Employee's Ownership of a Qualifying Corporation	44-43-8						X		
14	Interest on Obligations of the United States and its Possessions	44-11-11(a)(1)(vi) / 44-30-12(c)(1)						X		
15	Military Pay of Nonresident Individuals	44-30-32(d)						X		
16	New Research and Development Facilities	44-32-1	X					X		
17	Organ Transplantation	44-30-12(c)(7)						X		
18	Performance-Based Income of Eligible Employees via the Jobs Growth Act	42-64.11-4						X		
19	Profits or Gains from Sale of Work by Artists, Writers, and Composers	44-30-1.1(c)(1)						X		
20	Provision of Insurance Benefit to Dependent or Domestic Partner	44-30-12(c)(6)						X		
21	Qualifying Investment in a Certified Venture Capital Partnership	44-43-2(5)						X		
22	Railroad Retirement Benefits	45 U.S.C. 231m(a)						X		
23	Recognition of Income from Discharge of Business Indebtedness	44-66-1	X		X			X		
24	Rental Vehicle Surcharge Retained by Rental Car Companies	31-34.1-2(b)								X
25	Rhode Island Fiduciary Adjustment	44-30-12(d)						X		
26	Tax Incentives for Employers	44-55-4.1						X		
27	Taxable Pension Plan and/or Annuity Income	44-30-12(c)(9)						X		
28	Taxable Social Security Income	44-30-12(c)(8)						X		

Definitions: Bus Corp: Business Corporation Tax; Pub Serv: Public Service Corporation Tax; Banks: Taxation of Banks; Bank Dep: Tax on Bank Deposits, Generally; *Ins Co:* Taxation of Insurance Companies; PIT: Personal Income Tax; and SUT: Sales and Use Tax.

IV. Interpreting the Report – Tables of Tax Expenditure Items

2022 TAX EXPENDITURE ITEMS									
<i>An asterisk (*) indicates a tax expenditure item that is no longer allowed under Rhode Island General Laws, for that particular tax type.</i>									
Number	Other Items:	Tax Type Against Which Tax Expenditure Item May Be Applied							
		RI Statutory Reference:	Bus Corp 44-11	Pub Serv 44-13	Bank 44-14	Bank Dep 44-15	Ins Co 44-17	PIT 44-30	SUT 44-18
1	Allocation and Apportionment of Airlines	44-11-15 / 280-RICR-20-25-9.11(C)	X						
2	Allocation and Apportionment of Brokerage Services	44-11-14.2(b) / 280-RICR-20-25-9.11(D)(2)	X						
3	Allocation and Apportionment of Credit Card Banks	44-11-14.3 / 280-RICR-20-25-9.11(E)	X						
4	Allocation and Apportionment of Motor Carriers	44-11-15 / 280-RICR-20-25-9.11(B)	X						
5	Allocation and Apportionment of Regulated Investment Companies	44-11-14.2(a) / 280-RICR-20-25-9.11(D)(1)	X						
6	Allocation and Apportionment of Retirement and Pension Plans	44-11-14.4 / 280-RICR-20-25-9.11(F)	X						
Number	Preferential Tax Rates:	Tax Type Against Which Tax Expenditure Item May Be Applied							
		RI Statutory Reference:	Bus Corp 44-11	Pub Serv 44-13	Bank 44-14	Bank Dep 44-15	Ins Co 44-17	PIT 44-30	SUT 44-18
1	Jobs Development Act	42-64.5-3	X	X	X		X		
2	Life Science Rate Reduction	42-64.14-10/ 42-64.14-11	X						
Number	Tax Abatements:	Tax Type Against Which Tax Expenditure Item May Be Applied							
		RI Statutory Reference:	Bus Corp 44-11	Pub Serv 44-13	Bank 44-14	Bank Dep 44-15	Ins Co 44-17	PIT 44-30	SUT 44-18
1	Cigarette Tax Stamping Discount	44-20-19							X
2	Political Check-Off	44-30-2(d)(1)					X		
3	Value of Farmland Included in Estate	44-23-5(b)							X
Number	Tax Deferrals:	Tax Type Against Which Tax Expenditure Item May Be Applied							
		RI Statutory Reference:	Bus Corp 44-11	Pub Serv 44-13	Bank 44-14	Bank Dep 44-15	Ins Co 44-17	PIT 44-30	SUT 44-18
1	Holding Period for Unstamped Cigarettes	44-20-14							X
2	Write-Downs or Reserves for Securities Losses	44-14-14			X				

Definitions: Bus Corp: Business Corporation Tax; Pub Serv: Public Service Corporation Tax; Banks: Taxation of Banks; Bank Dep: Tax on Bank Deposits, Generally; *Ins Co:* Taxation of Insurance Companies; PIT: Personal Income Tax; and SUT: Sales and Use Tax.

V. Laws Changes that Impact Tax Expenditures

There were several law changes enacted during the 2020 and 2021 sessions by the General Assembly that impact tax expenditures. Law changes that impacted tax expenditures enacted in the 2018 and 2019 sessions of the General Assembly were included in the *2020 Tax Expenditures Report*. Additionally, there were several changes enacted by the federal government in 2020 and 2021 that impact Rhode Island tax expenditures. The following list of revised, added, and deleted tax expenditure items is in alphabetical order by tax expenditure category.

CREDITS

- **Child and Dependent Care (Federal)**

Statutory Reference: R.I. Gen. Laws § 44-30-2.6(c)(3)(F)(I)(g) / U.S. Pub. Law No. 117-2

Year Enacted / Last Year Amended: 2001 / 2021

Description of Change: The American Rescue Plan Act of 2021 (ARPA) signed into law on March 11, 2021 made several changes for the purposes of calculating the child and dependent care tax credit for TY 2021. The maximum allowable expenses that qualify for the credit will increase from \$3,000 to \$8,000 for one qualifying child or adult dependent and from \$6,000 to \$16,000 for two or more qualifying children or adult dependents. The maximum credit rate is increased to 50% of allowable expenses up from 35%.

The TY 2021 federal child and dependent care credit rate phases out from 50% to 20% for federal returns with a federal adjusted gross income (AGI) over \$125,000 until AGI reaches \$183,000. For returns with a federal AGI of over \$183,000 and up to \$400,000, the credit percentage is 20%. There is a further phaseout of the credit rate for returns with a federal AGI of over \$400,000, for which the maximum credit percentage decreases from 20% until it reaches 0% for returns with a federal AGI of over \$438,000.

Finally, for TY 2021, ARPA also increases the maximum amount that a taxpayer can contribute to an employer-sponsored dependent care flexible spending account (FSA) from \$5,000 to \$10,500. Child and dependent care expenses paid using a dependent care FSA cannot be used in the calculation of the child and dependent care tax credit, thus the child and dependent care credit amount will be lower for these taxpayers if they chose to increase the amount of contributions to their dependent care FSA account. The maximum allowable expenses of \$8,000 for one qualifying child or adult dependent and \$16,000 for two or more qualifying children or adult dependents also apply to taxpayers who utilize a dependent care FSA.

A taxpayer entitled to the federal child and dependent care credit is entitled to a credit against the Rhode Island personal income tax. The amount of the credit for a tax year is equal to 25% of the federal credit amount that is claimed in the same tax year.

Sunset: December 31, 2021

V. Recent Law Changes that Impact Tax Expenditures

Effective Date: Retroactive to January 1, 2021

Tax Expenditures Impacted: As the enacted change in the child and dependent care allowable expenses and phase out will increase the federal child and dependent care credit amount, this change will, by extension, increase the tax expenditures associated with taxes imposed by Rhode Island General Laws Chapter 44-30 for TY 2021.

For taxpayers who increase their contributions to an employer-sponsored dependent care FSA, the amount of expenses that can be claimed for the calculation of the federal child and dependent care credit will decrease, which, by extension, will decrease the tax expenditures associated with taxes imposed by Rhode Island General Laws Chapter 44-30 for TY 2021.

Purpose: No explicit purpose provided in the statute for the enacted change.

- **Earned Income (Federal) TY 2020**

Statutory Reference: R.I. Gen. Laws § 44-30-2.6(c)(2)(N) / U.S. Pub. Law No. 116-260

Year Enacted / Last Year Amended: 2001 / 2020

Description of Change: The Taxpayer Certainty and Disaster Tax Relief Act of 2020 signed into law on December 27, 2020 as part of the Consolidated Appropriations Act, 2021 allows for taxpayers to choose to use their tax year 2019 income for the purposes of calculating the federal earned income tax credit for tax year 2020 if the taxpayer's tax year 2020 income is less than their income in tax year 2019.

The Rhode Island earned income tax credit uses the federal earned income tax credit amount as the basis of the calculation of the state earned income tax credit. The state earned income tax credit is 15% of the federal earned income tax credit and any amount of state earned income tax credit that is not used to offset a state income tax liability is refunded to the taxpayer.

Sunset: December 31, 2020

Effective Date: Retroactive to January 1, 2020

Tax Expenditures Impacted: The enacted change will increase the tax expenditures associated with taxes imposed by Rhode Island General Laws Chapter 44-30 for TY 2020.

Purpose: No explicit purpose provided in the statute for the enacted change.

- **Earned Income (Federal) TY 2021 Only**

Statutory Reference: R.I. Gen. Laws § 44-30-2.6(c)(2)(N) / U.S. Pub. Law No. 117-2

Year Enacted / Last Year Amended: 2001 / 2021

V. Recent Law Changes that Impact Tax Expenditures

Description of Change: The American Rescue Plan Act of 2021 (ARPA) signed into law on March 11, 2021 made several changes to the calculation of the federal earned income tax credit for TY 2021. These changes are limited to TY 2021.

For taxpayers with no children, the minimum eligible age to receive the credit decreased from 25 years old to 19 years old, except for students whose minimum age is 24 years old and for former foster youth or qualified homeless youth whose minimum age is 18 years old. The maximum age of 64 years old is also eliminated for TY 2021. Additionally, the credit and phase in/phase out percentages increase from 7.65% to 15.3%. Finally, there is an increase in the earned income amount, from \$4,220 to \$9,820, at which the maximum credit amount is reached and an increase in the earned income amount, from \$5,280 to \$11,610, at which the phaseout begins.

For example, taxpayers with no children who have an earned income of less than \$9,820 are phased into the federal earned income tax credit by taking the difference between their actual earned income and \$9,820 and multiplying this amount by 15.3% to determine the amount of federal earned income tax credit they will receive. The federal earned income tax credit amount is a flat \$1,502, the maximum federal credit amount, for taxpayers with earned income between \$9,820 and \$11,610. Finally, for taxpayers with earned income greater than \$11,610, the federal earned income tax credit amount is calculated by subtracting actual earned income from \$21,430 (the maximum earned income amount eligible for this tax credit for taxpayers with no children) and then multiplying this result by 15.3%.

For all taxpayers, ARPA allows taxpayers to choose to use their tax year 2019 earned income for the purposes of calculating the federal earned income tax credit for tax year 2021 if the taxpayer's tax year 2021 income is less than their income in tax year 2019.

The Rhode Island earned income tax credit uses the federal earned income tax credit amount as the basis for the calculation of the state earned income tax credit. The state earned income tax credit is 15% of the federal earned income tax credit amount and any amount of state earned income tax credit that is not used to offset a state income tax liability is refunded to the taxpayer.

Sunset: December 31, 2021

Effective Date: Retroactive to January 1, 2021

Tax Expenditures Impacted: The enacted change will increase the tax expenditures associated with taxes imposed by Rhode Island General Laws Chapter 44-30 for TY 2021.

Purpose: No explicit purpose provided in the statute for the enacted change.

- **Earned Income (Federal)**

Statutory Reference: R.I. Gen. Laws § 44-30-2.6(c)(2)(N) / U.S. Pub. Law No. 117-2

V. Recent Law Changes that Impact Tax Expenditures

Year Enacted / Last Year Amended: 2001 / 2021

Description of Change: The American Rescue Plan Act of 2021 (ARPA) signed into law on March 11, 2021 made several changes to the calculation of the federal earned income tax credit for tax years beginning on or after January 1, 2021. The amount of investment income that a taxpayer can receive increases to \$10,000 in TY 2021 from \$3,650 and will be indexed to inflation. Additionally, married but separated spouses who do not file a joint return may qualify to claim the EITC. They qualify if they live with their qualifying child for more than half the year and either do not have the same principal place of abode as the other spouse for at least the last six months of tax year for which the EITC is being claimed or are legally separated according to their state law under a written separation agreement or a decree of separate maintenance and do not live in the same household as their spouse at the end of tax year for which the EITC is being claimed.

The Rhode Island earned income tax credit uses the federal earned income tax credit amount as the basis for the calculation of the state earned income tax credit. The state earned income tax credit is 15% of the federal earned income tax credit amount and any amount of state earned income tax credit that is not used to offset a state income tax liability is refunded to the taxpayer.

Sunset: N/A

Effective Date: Retroactive to January 1, 2021

Tax Expenditures Impacted: The enacted change will increase the tax expenditures associated with taxes imposed by Rhode Island General Laws Chapter 44-30.

Purpose: No explicit purpose provided in the statute for the enacted change.

- **Historic Preservation 2013**

Statutory Reference: R.I. Gen. Laws Ch. 44-33.6 / R.I. Pub. Laws 2021, Ch. 162, Art. 9, § 16

Year Enacted / Last Year Amended: 1996 / 2021

Description of Change: Credits for projects that are approved for historic preservation tax credits but not funded through the cultural arts and the economy grant program were extended until June 30, 2022.

Sunset: No credits shall be issued for tax years beginning on or after June 30, 2022 or December 31, 2022 depending on whether the project eligible for the credit was funded through the cultural arts and the economy grant program. Projects that were approved for historic preservation tax credits but not funded through the cultural arts and the economy grant program may not be issued tax credits after June 30, 2022. Projects that were approved for historic

V. Recent Law Changes that Impact Tax Expenditures

preservation tax credits and funded through the cultural arts and the economy grand program may not be issued tax credits after December 31, 2022.

Effective Date: July 6, 2021

Tax Expenditures Impacted: The enacted change may increase the tax expenditures associated with taxes imposed by Rhode Island General Laws Chapters 44-11, 44-13, 44-14, 44-17 and 44-30.

Purpose: No explicit purpose provided in the statute for the enacted change.

- **Motion Picture Production Tax Credit**

Statutory Reference: R.I. Gen. Laws § 44-31.2-5 / R.I. Pub. Laws 2021, Ch. 162, Art. 9, § 15

Year Enacted / Last Year Amended: 2005 / 2021

Description of Change: The aggregate annual cap for total motion picture production tax credits and/or musical and theatrical tax production credits was increased from \$20 million to \$30 million for TY 2022 only.

Sunset: No credits shall be issued on or after July 1, 2027 unless the production has received initial certification prior to July 1, 2027.

Effective Date: July 6, 2021

Tax Expenditures Impacted: The enacted changes may increase the tax expenditures for Rhode Island General Laws Chapters 44-11, 44-14, 44-17, and 44-30.

Purpose: No explicit purpose provided in the statute for the enacted changes.

- **Musical and Theatrical Production Tax Credit**

Statutory Reference: R.I. Gen. Laws § 44-31.3-2 / R.I. Pub. Laws 2021, Ch. 162, Art. 9, § 15

Year Enacted / Last Year Amended: 2012 / 2021

Description of Change: The aggregate annual cap for total motion picture production tax credits and/or musical and theatrical tax production credits was increased from \$20 million to \$30 million for TY 2022 only.

Sunset: No credits shall be issued on or after July 1, 2024 unless the production has received initial certification prior to July 1, 2024.

Effective Date: July 6, 2021

V. Recent Law Changes that Impact Tax Expenditures

Tax Expenditures Impacted: The enacted changes may increase the tax expenditures for Rhode Island General Laws Chapters 44-11, 44-14, 44-17, and 44-30.

Purpose: No explicit purpose provided in the statute for the enacted changes.

- **New Qualified Jobs Incentive Act**

Statutory Reference: R.I. Gen. Laws Ch. 44-48.3 / R.I. Pub. Laws 2021, Ch. 162, Art. 9, § 17

Year Enacted / Last Year Amended: 2015 / 2021

Description of Change: The New Qualified Jobs Incentive Act sunset was extended to December 31, 2022.

Sunset: No credits can be authorized to be reserved after December 31, 2022.

Effective Date: July 6, 2021

Tax Expenditures Impacted: These enacted changes may increase tax expenditures for Rhode Island General Laws Chapters 44-11, 44-13, 44-14, 44-17, and 44-30.

Purpose: No explicit purpose provided in the statute for the extension of this tax credit.

- **Rebuild Rhode Island Tax Credit**

Statutory Reference: R.I. Gen. Laws Ch. 42-64.20 / R.I. Pub. Laws 2021, Ch. 162, Art. 9, § 4

Year Enacted / Last Year Amended: 2015 / 2021

Description of Change: The Rebuild Rhode Island tax credit sunset was extended to December 31, 2022.

Sunset: No credits can be authorized to be reserved after December 31, 2022.

Effective Date: July 6, 2021

Tax Expenditures Impacted: The extension of the sunset may increase the tax expenditures for R.I. Gen. Laws Chapters 44-11, 44-13, 44-14, 44-17, and 44-30.

Purpose: No explicit purpose provided in the statute for the extension of this tax credit.

- **Stay Invested in RI Wavemaker Fellowship**

Statutory Reference: R.I. Gen. Laws Ch. 42-64.26 / R.I. Pub. Laws 2021, Ch. 162, Art. 9, § 10

V. Recent Law Changes that Impact Tax Expenditures

Year Enacted / Last Year Amended: 2015 / 2021

Description of Change: The Stay Invested in RI Wavemaker Fellowship tax credit sunset was extended to December 31, 2022.

Sunset: No credits can be authorized to be reserved after December 31, 2022.

Effective Date: July 6, 2021

Tax Expenditures Impacted: This program may increase the tax expenditure for R.I. Gen. Laws Chapter 44-30.

Purpose: No explicit purpose provided in the statute for the extension of this tax credit.

DEDUCTIONS

- **Educator Expenses (Federal):**

Statutory Reference: R.I. Gen. Laws § 44-30-2.6(c)(3) / 26 U.S.C. § 62(a)(2)(D) / U.S. Pub. Law No. 116-260

Year Enacted / Last Year Amended: 2001 / 2020

Description of Change: The COVID-related Tax Relief Act of 2020 signed into law on December 27, 2020 as part of the Consolidated Appropriations Act, 2021 allows for the cost of personal protective equipment, disinfectant, and other supplies used for the prevention of the spread of COVID-19 to be considered qualified expenses for the federal educator expenses deduction, retroactive to March 12, 2020.

Effective Date: March 12, 2020

Tax Expenditures Impacted: The enacted change may increase the tax expenditures for R.I. Gen. Laws Chapter 44-30.

Purpose: No explicit purpose provided in the statute.

- **Qualified Charitable Contributions on Non-Itemized Returns (Federal):**

Statutory Reference: R.I. Gen. Laws § 44-30-2.6(c)(3) / 26 U.S.C. § 62(a)(22) / U.S. Pub. Law No. 116-136

Year Enacted / Last Year Amended: 2020 / N/A

Description of Change: The federal Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 created a federal deduction for TY 2020 of up to \$300 for charitable contributions for eligible taxpayers who do not elect to itemize deductions for federal tax

V. Recent Law Changes that Impact Tax Expenditures

purposes. This deduction reduces the taxpayer's federal adjusted gross income and, as a result, will reduce Rhode Island tax liability for eligible taxpayers. This deduction was retroactive for tax years beginning on or after January 1, 2020.

Sunset: December 31, 2020

Effective Date: Retroactive to January 1, 2020

Tax Expenditures Impacted: The enacted change increases the tax expenditures for R.I. Gen. Laws Chapter 44-30.

Purpose: No explicit purpose provided in the statute.

EXEMPTIONS

- **Affordable Housing Development:**

Statutory Reference: R.I. Gen. Laws § 44-25-2(f) / R.I. Pub. Laws 2021, Ch. 162, Art. 14, § 7

Year Enacted / Last Year Amended: 2021 / N/A

Description of Change: Creates an exemption for affordable housing developments from the realty transfer tax imposed under R.I. Gen. Laws Ch. 44-25 for real estate transactions or transfers of acquired real estate companies that were either financed by federal low income housing tax credits or were completed by non-profit entities or entities owned by a non-profit entity exempt from tax under § 501(c)(3) of the Internal Revenue Code and whose transaction falls under a qualifying affordable housing program.

Effective Date: July 6, 2021

Tax Expenditures Impacted: The enacted change increases the tax expenditures for R.I. Gen. Laws Ch. 44-25.

Purpose: No explicit purpose provided in the statute.

- **Rebuild Rhode Island Sales and Use Tax Exemption**

Statutory Reference: R.I. Gen. Laws Ch. 42-64.20-5(q) / R.I. Pub. Laws 2021, Ch. 162, Art. 9, § 4

Year Enacted / Last Year Amended: 2015 / 2021

Description of Change: The Rebuild Rhode Island tax credit, and by extension the Rebuild Rhode Island sales and use tax exemption, sunset was extended to December 31, 2022 in the 2021 session.

V. Recent Law Changes that Impact Tax Expenditures

Sunset: No credits can be authorized to be reserved after December 31, 2022.

Effective Date: July 6, 2021

Tax Expenditures Impacted: The extension of the sunset may increase the tax expenditures for R.I. Gen. Laws Chapter 44-18.

Purpose: No explicit purpose provided in the statute.

- **Stay Invested in RI Wavemaker Fellowship Awards**

Statutory Reference: R.I. Gen. Laws Ch. 42-64.26-8 / R.I. Pub. Laws 2021, Ch. 162, Art. 9, § 10

Year Enacted / Last Year Amended: 2015 / 2021

Description of Change: The exemption from the personal income tax imposed under R.I. Gen. Laws Ch. 44-30 for the redemption of tax credits under the Stay Invested in RI Wavemaker Fellowship program was amended to include all awards issued under this program. Awards can be issued as a personal income tax credit on a taxpayer's Rhode Island tax return and/or as a refund at any point in the calendar year.

Sunset: No credits can be authorized to be reserved after December 31, 2022.

Effective Date: July 6, 2021

Tax Expenditures Impacted: This program will increase the tax expenditure for R.I. Gen. Laws Chapter 44-30.

Purpose: No explicit purpose provided in the statute for the extension of this tax credit.

EXCLUSIONS

- **Paycheck Protection Program Loan Forgiveness**

Statutory Reference: R.I. Gen. Laws §§ 44-11-11(a)(1)(v), 44-14-11, and 44-30-12 / R.I. Pub. Laws 2021, Ch. 162, Art. 6, §§ 11-13 / U.S. Pub. Law No. 116-136

Year Enacted / Last Year Amended: 2021 / N/A

Description of Change: Any amount of a Paycheck Protection Program loan that is forgiven for federal income tax purposes under the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 as part of the Consolidated Appropriations Act, 2021 and/or any other subsequent federal stimulus relief packages enacted by law is excluded from net income for the calculation of business corporation tax imposed under R.I. Gen. Laws Ch. 44-11, gross income for the calculation of the bank excise tax imposed under R.I. Gen. Laws Ch. 44-14, or

V. Recent Law Changes that Impact Tax Expenditures

Rhode Island adjusted gross income for the calculation of the personal income tax imposed under R.I. Gen. Laws Ch. 44-30 if the amount of the loan forgiven is \$250,000 or less. This enacted change was retroactive to January 1, 2020.

Effective Date: Retroactive to January 1, 2020

Tax Expenditures Impacted: The enacted change increases the tax expenditures for R.I. Gen. Laws Ch. 44-11, 44-14, and 44-30.

Purpose: No explicit purpose provided in the statute.

VI. Summary Results by Tax Expenditure Item

VI. Summary Results by Tax Expenditure Item

Forgone revenue in any given year can be either on a calendar year or a fiscal year basis. Unless otherwise marked, tax expenditures items are reported for fiscal year 2018 and 2019. Tax expenditure items marked with a † indicate forgone revenue is on a calendar year basis. Additionally, tax expenditure items marked with a ^ indicate that fiscal year 2019 and fiscal year 2020 are reported. Finally, tax expenditure items marked with a * indicate forgone revenue is included with another tax expenditure item.

Credits

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
66	Accommodations under Americans with Disabilities Act †	\$ 0	1	\$ 0	1
67	Adult and Child Daycare †	0	1	0	1
70	Adult Education †	0	1	0	1
72	Anchor Institution †	0	1	n/a	n/a
73	Apprenticeship †	0	1	336	1
75	Biotechnology Investment †	*	5	*	5
76	Child and Dependent Care (Federal)†	3,692,492	1	3,690,509	1
78	Contributions to Scholarship Organizations †	1,087,222	1	1,046,511	1
81	Earned Income (Federal) †	27,999,132	1	27,903,645	1
84	Educational Assistance and Development †	0	1	0	1
86	Employment – Welfare Bonus Program †	0	1	3,186	1
88	Historic Homeownership Assistance†	11,770	1	9,461	1
90	Historic Preservation †	16,022,395	1	6,884,772	1
93	Historic Structures †	23,911,338	1	6,524,882	1
97	Hydroelectric Power †	0	1	0	1
98	Investment †	6,749,057	1	4,518,826	1
102	Jobs Training †	33,893	1	0	1
103	Juvenile Restitution †	0	1	0	1
104	Lead Paint Abatement †	228,441	1	227,970	1
105	Motion Picture Production †	2,119,592	1	1,794,703	1
109	Motor Carrier Fuel Use Taxes Paid to Rhode Island †	3,409,372	1	3,680,495	1
110	Musical and Theatrical Productions †	61,997	1	389,925	1
113	New Qualified Jobs Incentive Act †	96,042	1	100,342	1
117	Property Tax Relief †	3,679,390	1	3,400,010	1
119	Real or Personal Property Taxed in Another State †	0	1	0	1
121	Rebuild Rhode Island †	944,057	1	6,738,592	1
124	Research and Development Expense †	4,347,441	1	4,385,927	1
127	Research and Development Property†	118,399	1	160,697	1

VI. Summary Results by Tax Expenditure Item

Credits (continued)

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
129	Residential Renewable Energy System †	\$ 0	1	\$ 0	1
130	Rhode Island Small Business Development Fund (<i>new</i>) †	<i>n/a</i>	<i>n/a</i>	0	1
131	Stay Invested in RI Wavemaker Fellowship †	913,149	1	1,197,583	1
134	Tax on Net Estate of Decedent †	---	5	---	5
135	Taxes Paid to Other States †	206,123,402	1	215,700,781	1
	Total Credits	\$ 301,548,581	1.3	\$ 288,359,153	1.3

Deductions

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
139	Accelerated Amortization for Certain Manufacturers †	\$ ---	5	\$ ---	5
139	Alimony Paid (Federal) †	1,299,418	4	1,225,198	4
141	Amortization of Air or Water Pollution Prevention and Treatment Facilities †	0	1	0	1
142	Certain Business Expenses of Reservists, etc. (Federal) †	200,405	4	273,709	4
144	Connecting Fees, Switching and Carrier Access Charges †	1,739,998	1	1,571,958	1
145	Educator Expenses (Federal) †	93,534	2	92,425	2
147	Electricity for Resale †	---	5	---	5
148	Expensing of Assets in Lieu of Depreciation, Section 179 of IRC †	299,482	1	---	<i>n/a</i>
150	Health Savings Account (Federal) †	534,762	4	567,219	4
151	Individual Retirement Arrangement Contributions (Federal) †	1,017,235	2	1,009,245	2
154	Keogh and SEP Contributions (Federal) †	3,267,415	2	3,355,909	2
156	Merchandise Sold †	0	1	0	1
157	Moving Expenses (Federal) †	30,800	4	29,085	4
158	Net Operating Losses †	19,640,728	1	18,018,827	1
161	One-Half of Self-Employment Tax (Federal) †	3,124,904	4	3,331,242	4
162	Penalty of Early Withdrawal of Savings (Federal) †	25,450	4	24,104	4
164	Qualified Charitable Contributions on Non-Itemized Returns (Federal) (<i>new</i>) †	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
165	Qualifying Investment in a Certified Venture Capital Partnership †	7,450	1	27,957	1
167	Return or Unabsorbed Premiums or Premiums for Reinsurance Assumed†	---	5	---	5
169	Self-employed Health Insurance (Federal) †	3,597,998	2	3,601,642	2

VI. Summary Results by Tax Expenditure Item

Deductions (continued)

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
171	Standard Deduction †	\$ 204,632,378	1	\$ 210,447,185	1
173	Student Loan Interest (Federal) †	910,809	2	911,862	2
174	Tax Incentives for Employers †	2,232,937	1	253,265	1
	Total Deductions	\$ 242,655,703	2.6	\$ 244,740,832	2.7

Exclusions

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
179	Biodiesel Portion of Blended Gallon of Diesel Fuel	\$ 2,120,414	1	\$ 2,491,881	1
180	Conveyance of Mobile/Manufactured Homes for Consideration of \$100 or less	---	5	---	5
180	Conveyance of Real Estate for Consideration of \$100 or less	---	5	---	5
182	Conveyance of Real Estate Relating to the Capitol Center Project	0	1	0	1
183	Corporations Exempt from Taxation by Charter	---	5	---	5
183	Corporations Not Doing Business for Profit	---	5	---	5
185	Corporations that Maintain and Manage Intangible Investments	---	5	---	5
186	Dividends Received from Shares of Stock †	18,408,008	1	11,546,212	1
188	Financial Institutions	---	5	---	5
190	Fraternal Beneficiary Societies	---	5	---	5
191	Fraternal Benefit Societies	---	5	---	5
192	Gain or Loss on Sale of Property Other Than Securities	33,235	1	0	1
193	Income from the Sale of International Investment Management Services	---	5	---	5
194	Insurance and Surety Companies	---	5	---	5
196	Interest Received from Debt Instruments Issued by Public Service Corporations	---	5	---	5
196	Long-Term Gain from Capital Investment in Small Business	---	5	---	5
198	Lubricating Oils, Marine Diesel Fuel, Aviation Fuel, and Heating Oil	214,888,245	2	255,893,225	2
200	Maximum Tax of \$0.50 per Cigar	2,822,259	2	2,971,796	2
201	Paycheck Protection Program Loan Forgiveness (<i>new</i>)	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
203	Possession of 10 Packs of Cigarettes with Out-of-State Tax Stamps	---	5	---	5
204	Public Service Corporations	---	5	---	5
205	Taxed Gross Earnings and Associated Costs of Non-Public Service Corporations	---	5	---	5

VI. Summary Results by Tax Expenditure Item

Exclusions (continued)

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
206	Taxes Legally Imposed on Consumer but Separately Stated on Invoice	\$ ---	5	\$ ---	5
208	Value-Added Non-Voice Services that Use Computer Processing Applications	---	5	---	5
209	Veterinary and Testing Laboratory Services ^	11,741,607	3	11,212,535	3
Total Exclusions		\$ 250,013,768	4.0	\$ 284,115,649	4.0

Exemptions

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
212	Affordable Housing Development (<i>New</i>)	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
212	Agricultural Products for Human Consumption ^	\$ 5,895,095	3	\$ 6,008,462	3
214	Air and Water Pollution Control Facilities ^	---	5	---	5
215	Aircraft and Aircraft Parts ^	4,411,637	3	4,725,435	3
216	Banks and Regulated Investment Companies Interstate Toll Free Calls	960,167	4	528,626	4
217	Beverage Containers, Hard-to-Dispose Material, and Litter Control Participation Permittee †	178,268	2	260,529	2
218	Bibles	0	1	0	1
219	Boats or Vessels Brought in Exclusively for Winter Storage, Maintenance, Repair or Sale ^	*	5	*	5
221	Boats or Vessels Generally ^	5,728,621	3	7,083,524	3
222	Boats Sold to Non-Residents ^	*	5	*	5
223	Building Materials Used to Rebuild After Disaster	---	5	---	5
224	Buses, Trucks or Trailers Used in Interstate Commerce ^	4,989,900	3	4,431,500	3
225	Camps ^	1,608,385	3	1,353,061	3
226	Casual Sales	10,410	1	9,661	1
228	Charitable, Educational or Religious Organizations ^	111,081,310	3	108,639,100	3
229	Clothing and Footwear ^	39,679,231	3	42,445,387	3
231	Coffins, Caskets and Burial Garments^	1,219,264	3	1,209,906	3
232	Coins	327,170	4	242,675	4
234	Commercial Fishing Vessels in Excess of Five Net Tons	271,217	4	128,713	4
235	Commercial Vessels of 50 Tons Burden or More	---	5	---	5
236	Compressed Air	---	5	---	5
237	Containers ^	12,079,997	3	12,375,360	3

VI. Summary Results by Tax Expenditure Item

Exemptions (continued)

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
239	Deed, Instrument or Writing where Grantor is U.S. Government or State of Rhode Island	\$ 121,645	2	\$ 113,592	2
240	Diesel Emission Control Technology	---	5	---	5
241	Dietary Supplements	2,528,988	4	2,656,278	4
242	Distressed Essential Community Hospital	---	5	---	5
243	Educational Institutions Rental Charges [^]	9,224,441	3	9,483,706	3
245	Electricity and Gas [^]	70,338,130	3	72,626,988	3
247	Equipment for Research and Development [^]	6,071,100	3	5,641,800	3
248	Estates of Persons Declared Missing in Action by the U.S. Armed Forces	0	1	0	1
249	Farm Equipment [^]	1,283,800	3	1,322,500	3
250	Farm Structure Construction Materials [^]	458,557	3	494,332	3
251	Feed for Certain Animals Used in Commercial Farming [^]	100,319	3	102,579	3
253	Feminine Hygiene Products (<i>New</i>)	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
254	First 50,000 Gallons of Distilled Spirits of a Distiller in Continuous Operation for 12 Months [†]	75,600	1	27,000	1
255	First 100,000 Barrels of Beer of a Brewer in Continuous Operation for 12 Months	43,434	1	169,792	1
257	Flags	33,933	4	33,888	4
258	Food and Food Ingredients [^]	164,710,181	3	180,358,638	3
259	Food Items Paid for by Food Stamps	16,571,266	1	13,263,847	1
261	Gasoline	82,841,492	2	84,279,857	2
262	Heating Fuels	23,431,275	4	24,244,467	4
264	Horse Food Products [^]	62,710	3	64,443	3
265	Human Blood	542,186	4	542,672	4
267	Installation Labor Charges, When Separately Stated [^]	41,680,400	3	38,016,400	3
268	Jewelry Display Product	---	5	---	5
269	Lottery Prizes	0	1	0	1
270	Manufacturers' Machinery and Equipment [^]	36,529,324	3	35,752,613	3
271	Medicines, Drugs and Durable Medical Equipment [^]	139,606,159	3	169,198,294	3
273	Mobile and Manufactured Homes Generally	342,500	1	337,650	1
274	Motor Vehicle and Adaptive Equipment for Amputee Veterans	*	5	*	5
275	Motor Vehicle and Adaptive Equipment for Persons with Disabilities	3,561	1	2,826	1
277	Narragansett Pier Railroad Company	---	5	---	5

VI. Summary Results by Tax Expenditure Item

Exemptions (continued)

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
277	Newspapers ^	\$ 1,660,196	3	\$ 1,916,413	3
279	Ocean Marine Insurance	418,397	4	466,291	4
280	Out-of-State Shipments of Rhode Island Alcoholic Beverage Manufacturers	---	5	---	5
281	Personal and Dependent †	116,687,835	1	119,229,719	1
283	Personal Holding Company, Regulated Investment Company or Real Estate Investment Trust	---	5	---	5
285	Precious Metal Bullion	---	5	---	5
286	Promotional and Product Literature of Boat Manufacturers ^	29,200	3	28,000	3
287	Property Otherwise Exempted	---	5	---	5
289	Property Purchased from Federal Government ^	8,801,901	3	8,890,580	3
290	Property Purchased Outside of State by Non-Resident and Brought into State	---	5	---	5
291	Property Returned Within 120 Days from the Date of Delivery	35,254	1	67,803	1
292	Prosthetic Devices and Mobility Enhancing Equipment ^	12,949,247	3	11,693,535	3
294	Purchases Used for Manufacturing Purposes †	402,319,260	2	395,637,760	2
296	Qualified Sales of Manufactured and Mobile Home Parks	---	5	---	5
296	Rebuild Rhode Island Sales and Use Tax	0	1	531,513	1
298	Refillable and Reusable Beverage Containers	---	5	---	5
298	Renewable Energy Products †	1,707,650	2	2,675,750	2
300	Rental Charged for Living or Sleeping Quarters in a Hospital or Nursing Home Licensed by the State^	39,733,589	3	40,300,013	3
301	Rhode Island Industrial Facilities Corporation Lessees	0	1	33,843	1
303	Sacramental Wines Sold Directly to Member of Clergy	---	5	---	5
303	Sales and Use Taxes Paid to Other Jurisdictions	12,698,343	1	17,356,798	1
305	Sales beyond Constitutional Power of State	---	5	---	5
306	Sales by Writers, Composers, Artists†	918,019	2	1,005,943	2
308	Sales in Municipal Economic Development Zones	0	1	0	1
310	Sales in Public Buildings by Blind People	91,403	1	80,779	1
311	Sales of Motor Vehicles to Non-Residents	2,180,407	2	2,305,013	2

VI. Summary Results by Tax Expenditure Item

Exemptions (continued)

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
312	Sales of Non-Motorized Recreational Vehicles to Non-Residents	\$ ---	5	\$ ---	5
313	Sales of Trailers Ordinarily Used for Residential Purposes	---	5	---	5
314	Sales to Common Carriers for Use Outside of the State	---	5	---	5
315	Sales to Federal Government ^	7,147,273	3	7,199,726	3
317	Sales to the State or Its Political Subdivisions ^	44,158,413	3	43,697,742	3
318	Sales to the U.S. Government and Operators of Railroad Transportation Equipment	2,329,149	1	1,505,624	1
320	School Meals ^	5,024,310	3	4,148,180	3
321	Securities from Taxation	---	5	---	5
322	Seeds and Plants used to Grow Food and Food Ingredients	*	5	*	5
323	Special Adaptations for Wheelchair Accessible Taxicabs	---	5	---	5
324	Stay Invested in RI Wavemaker Fellowship Awards †	2,879	1	2,852	1
325	Supplies Used in On-Site Hazardous Waste Recycling, Reuse, or Treatment	---	5	---	5
326	Supplies Used in Preparing Floral Products and/or Arrangements ^	73,100	3	76,800	3
327	Telecommunications Carrier Access Services ^	16,493,100	3	15,289,700	3
329	Textbooks ^	1,908,550	3	1,983,243	3
330	Total Loss or Destruction of Motor Vehicle within 120 Days of Tax Payment	35,254	1	67,803	1
331	Trade-in Value of Boats	---	5	---	5
333	Trade-In Value of Private Passenger Automobiles	11,458,426	1	8,348,417	1
334	Transfers or Sales Made to Immediate Family Members	---	5	---	5
335	Transfers or Sales Related to Business Dissolution or Partial Liquidation	---	5	---	5
337	Transportation Charges of Motor Carriers to Haul Goods	---	5	---	5
338	Vacation Homes Rented in Entirely	3,819,029	1	3,674,039	1
339	Vehicles Purchased by Non-Resident Military Personnel Subject to Sales Tax Elsewhere	---	5	---	5
340	Video-Lottery Terminal, Table Games, and Sports Wagering Prizes	0	1	0	1
341	Water for Residential Use	13,896,505	2	13,869,678	2
342	Wine and Spirits	16,927,206	1	16,789,034	1

VI. Summary Results by Tax Expenditure Item

Exemptions (continued)

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
343	Youth Activities Equipment Sold for \$20 or less by Non-Profit Organizations	\$ ---	5	\$ ---	5
Total Exemptions		\$ 1,508,545,568	3.2	\$ 1,547,048,692	3.2

Modifications

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
346	Bonus Depreciation Provided by JCWAA of 2002 and JGTRRA of 2003 †	\$ 0	1	\$ 0	1
350	Companies Engaged in Buying, Selling, Dealing in or Holding Securities on Own Behalf †	---	5	---	5
351	Contribution to Medical Savings Account by Scituate Residents †	342	1	830	1
352	Contributions to an Account under Tuition Savings Program †	155,566	1	160,879	1
354	Enterprise Zone Business Owner with Domiciliary in Enterprise Zone †	13,620	1	30,691	1
355	Federally Taxable Withdrawals from Tuition Savings Program Account †	*	5	*	5
356	Gain from Stock Options in Qualifying Corporations †	*	5	*	5
358	Income Earned on a Rhode Island Family Education Account †	13,536	1	14,501	1
359	Income from the Assignment or Transfer of Historic Preservation Tax Credits †	17,693	2	13,095	2
360	Income from the Assignment or Transfer of Historic Structures Tax Credits †	26,405	2	12,411	2
362	Income from the Assignment or Transfer of Motion Picture Production Company Tax Credits †	2,341	2	3,414	2
364	Income from the Assignment or Transfer of Musical & Theatrical Tax Credits †	68	2	742	2
365	Income or Gain from a Qualifying Employee's Ownership of a Qualifying Corporation †	932	1	11,447	1
366	Interest on Obligations of the United States and its Possessions †	2,403,990	1	3,276,702	1
368	Military Pay of Non-Resident Individuals †	825,302	1	733,133	1
369	New Research and Development Facilities †	1,294	1	268,080	1
371	Organ Transplantation †	4,774	1	6,612	1
372	Performance-Based Income of Eligible Employees via the Jobs Growth Act †	2,235	1	9,603	1
374	Profits or Gains from Sales of Work by Artists, Writers, and Composers †	21,111	1	10,797	1

VI. Summary Results by Tax Expenditure Item

Modifications (continued)

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
375	Provision of Insurance Benefit to Dependent or Domestic Partner †	\$ 46,147	1	\$ 49,448	1
376	Qualifying Investment in a Certified Venture Capital Partnership †	389	1	202	1
377	Railroad Retirement Benefits †	203,187	1	194,808	1
379	Recognition of Income from Discharge of Business Indebtedness †	647,901	1	63,487	1
381	Rental Vehicle Surcharge Retained by Rental Car Companies	5,474,231	1	5,208,182	1
382	Rhode Island Fiduciary Adjustment †	0	1	0	1
384	Tax Incentives for Employers †	22,773	1	11,546	1
385	Taxable Pension Plan and/or Annuity Income †	12,919,675	1	13,328,983	1
387	Taxable Social Security Income †	18,439,561	1	20,280,093	1
	Total Modifications	\$ 41,243,073	1.6	\$ 43,689,686	1.6

Other Items

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
390	Allocation and Apportionment of Airlines	\$ ---	5	\$ ---	5
392	Allocation and Apportionment of Brokerage Services	---	5	---	5
393	Allocation and Apportionment of Credit Card Banks	---	5	---	5
395	Allocation of Apportionment of Motor Carriers	---	5	---	5
397	Allocation and Apportionment of Regulated Investment Companies	---	5	---	5
400	Allocation and Apportionment of Retirement and Pension Plans	---	5	---	5
	Total Other Items	\$ ---	5.0	\$ ---	5.0

Preferential Tax Rates

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
403	Jobs Development Act	\$ 7,863,215	1	\$ 11,526,556	1
405	Life Science Rate Reduction	*	5	*	5
	Total Preferential Tax Rate	\$ 7,863,215	3.0	\$ 11,526,556	3.0

Tax Abatements

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
408	Cigarette Tax Stamping Discount	\$ 1,734,551	1	\$ 1,625,306	1
410	Political Check-Off †	81,470	1	82,625	1

VI. Summary Results by Tax Expenditure Item

Tax Abatements (continued)

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
411	Value of Farmland Included in Estate	\$ ---	5	\$ ---	5
	<i>Total Tax Abatements</i>	\$ 1,816,021	2.3	\$ 1,707,931	2.3

Tax Deferrals

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
415	Holding Period for Unstamped Cigarettes †	\$ 0	1	\$ 0	1
416	Write-Downs or Reserves for Securities Losses †	---	5	---	5
	<i>Total Tax Deferrals</i>	\$ 0	3.0	\$ 0	3.0
	<i>TOTAL TAX EXPENDITURES</i>	\$ 2,353,685,929	2.8	\$ 2,421,188,499	2.8

VII. Summary Results by Tax Type

VII. Summary Results by Tax Type

Forgone revenue in any given year can be either on a calendar year or a fiscal year basis. Unless otherwise marked, tax expenditures items are reported for fiscal year 2018 and 2019. Tax expenditure items marked with a † indicate forgone revenue is on a calendar year basis. Additionally, tax expenditure items marked with a ^ indicate that fiscal year 2019 and fiscal year 2020 are reported. Finally, tax expenditure items marked with a * indicate forgone revenue is included with another tax expenditure item.

Alcoholic Beverage Tax (Rhode Island General Laws Chapter 3-10)

Exemptions

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
254	First 50,000 Gallons of Distilled Spirits of a Distiller in Continuous Operation for 12 Months †	\$ 75,600	1	\$ 27,000	1
255	First 100,000 Barrels of Beer of a Brewer in Continuous Operation for 12 Months	43,434	1	169,792	1
280	Out-of-State Shipments of Rhode Island Alcoholic Beverage Manufacturers	---	5	---	5
303	Sacramental Wines Sold Directly to Member of Clergy	---	5	---	5
	Total Exemptions	\$ 119,034	3.0	\$ 196,792	3.0
	Total Alcoholic Beverage Tax	\$ 119,034	3.0	\$ 196,792	3.0

Bank Deposits Tax (Rhode Island General Laws Chapter 44-15)

Credits

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
70	Adult Education †	\$ 0	1	\$ 0	1
78	Contributions to Scholarship Organizations †	0	1	0	1
86	Employment – Welfare Bonus Program †	0	1	0	1
	Total Credits	\$ 0	1.0	\$ 0	1.0

Deductions

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
174	Tax Incentives for Employers †	\$ ---	5	\$ ---	5
	Total Deductions	\$ ---	5.0	\$ ---	5.0
	Total Bank Deposits Tax	\$ 0	2.0	\$ 0	2.0

VII. Summary Results by Tax Type

Bank Tax (Rhode Island General Laws Chapter 44-14)

Credits

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
67	Adult and Child Daycare †	\$ 0	1	\$ 0	1
70	Adult Education †	0	1	0	1
72	Anchor Institution †	0	1	n/a	n/a
78	Contributions to Scholarship Organizations †	0	1	0	1
84	Educational Assistance and Development †	0	1	0	1
86	Employment – Welfare Bonus Program †	0	1	0	1
90	Historic Preservation †	0	1	0	1
93	Historic Structures †	10,000,000	1	0	1
98	Investment †	5,079,804	1	3,916,666	1
102	Jobs Training †	0	1	0	1
105	Motion Picture Production †	0	1	0	1
110	Musical and Theatrical Production †	0	1	0	1
113	New Qualified Jobs Incentive Act †	0	1	0	1
	Rebuild Rhode Island †	0	1	0	1
	Total Credits	\$ 15,079,804	1.0	\$ 3,916,666	1.0

Deductions

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
148	Expensing of Assets in Lieu of Depreciations, Section 179 of IRC †	\$ *	5	\$ n/a	n/a
165	Qualifying Investment in a Certified Venture Capital Partnership †	0	1	0	1
174	Tax Incentives for Employers †	0	1	0	1
	Total Deductions	\$ 0	2.3	\$ 0	1.0

Exclusions

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
186	Dividends Received from Shares of Stock †	\$ 1,921,344	1	\$ 1,207,363	1
192	Gain or Loss on Sale of Property Other Than Securities	33,235	1	0	1
196	Long-Term Gain from Capital Investment in Small Business	---	5	---	5
201	Paycheck Protection Program Loan Forgiveness (<i>new</i>)	n/a	n/a	n/a	n/a
	Total Exclusions	\$ 1,954,579	2.3	\$ 1,207,363	2.3

Modifications

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
346	Bonus Depreciation Provided by JCWAA of 2002 and JGTRRA of 2003 †	\$ 0	1	\$ 0	1

VII. Summary Results by Tax Type

Bank Tax (Rhode Island General Laws Chapter 44-14)

Modifications (continued)

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
379	Recognition of Income from Discharge of Business Indebtedness†	\$ 4,963	1	\$ 44,733	1
	Total Modifications	\$ 4,963	1.0	\$ 44,733	1.0

Preferential Tax Rate

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
403	Jobs Development Act	\$ 6,448,475	1	\$ 9,956,752	1
	Total Preferential Tax Rates	\$ 6,448,475	1.0	\$ 9,956,752	1.0

Tax Deferral

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
416	Write-Downs or Reserves for Securities Losses †	\$ ---	5	\$ ---	5
	Total Tax Deferrals	\$ ---	5.0	\$ ---	5.0
	Total Bank Tax	\$ 23,487,821	1.5	\$ 15,125,514	1.4

Beverage Containers Tax (Rhode Island General Laws Chapter 44-44)

Exemptions

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
217	Beverage Containers, Hard-to-Dispose Material, and Litter Control Participation Permit	\$ 178,268	2	\$ 260,529	2
298	Refillable and Reusable Beverage Containers	---	5	---	5
	Total Exemptions	\$ 178,268	3.5	\$ 260,529	3.5
	Total Tax on Beverage Containers	\$ 178,268	3.5	\$ 260,529	3.5

Business Corporation Tax (Rhode Island General Laws Chapter 44-11)

Credits

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
66	Accommodations Under Americans with Disabilities Act †	\$ 0	1	\$ 0	1
67	Adult and Child Daycare †	0	1	0	1
70	Adult Education †	0	1	0	1
72	Anchor Institution †	0	1	n/a	n/a
73	Apprenticeship †	0	1	336	1
75	Biotechnology Investment †	*	5	*	5
78	Contributions to Scholarship Organizations †	0	1	0	1
84	Educational Assistance and Development †	0	1	0	1

VII. Summary Results by Tax Type

Business Corporation Tax (Rhode Island General Laws Chapter 44-11)

Credits (continued)

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
86	Employment – Welfare Bonus Program †	\$ 0	1	\$ 3,186	1
90	Historic Preservation †	150,000	1	0	1
93	Historic Structures †	0	1	17,391	1
97	Hydroelectric Power †	0	1	0	1
98	Investment †	1,322,354	1	512,971	1
102	Jobs Training †	9,753	1	0	1
103	Juvenile Restitution †	0	1	0	1
105	Motion Picture Production †	1,322,213	1	1,632,472	1
110	Musical and Theatrical Production †	0	1	0	1
113	New Qualified Jobs Incentive Act †	0	1	0	1
121	Rebuild Rhode Island †	0	1	150,000	1
124	Research and Development Expense†	2,474,845	1	3,373,897	1
127	Research and Development Property†	118,399	1	160,697	1
129	Residential Renewable Energy System †	0	1	0	1
	Total Credits	\$ 5,397,564	1.2	\$ 5,850,950	1.2

Deductions

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
139	Accelerated Amortization for Certain Manufacturers †	\$ ---	5	\$ ---	5
141	Amortization of Air or Water Pollution Prevention and Treatment Facilities †	0	1	0	1
148	Expensing of Assets in Lieu of Depreciation, Section 179 of IRC †	*	5	n/a	n/a
158	Net Operating Losses †	19,640,728	1	18,018,827	1
165	Qualifying Investment in a Certified Venture Capital Partnership †	7,450	1	27,957	1
174	Tax Incentives for Employers †	2,232,937	1	253,265	1
	Total Deductions	\$ 21,881,115	2.3	\$ 18,300,049	1.8

Exclusions

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
183	Corporations Exempt from Taxation by Charter	\$ ---	5	\$ ---	5
183	Corporations Not Doing Business for Profit	---	5	---	5
185	Corporations that Maintain and Manage Intangible Investments	---	5	---	5
186	Dividends Received from Shares of Stock †	16,486,664	1	10,338,849	1
188	Financial Institutions	---	5	---	5

VII. Summary Results by Tax Type

Business Corporation Tax (Rhode Island General Laws Chapter 44-11)

Exclusions (continued)

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
190	Fraternal Beneficiary Societies	\$ ---	5	\$ ---	5
193	Income from the Sale of International Investment Management Services	---	5	---	5
194	Insurance and Surety Companies	---	5	---	5
196	Interest Received from Debt Instruments Issued by Public Service Corporations	---	5	---	5
196	Long-Term Gain from Capital Investment in Small Business	---	5	---	5
201	Paycheck Protection Program Loan Forgiveness (<i>new</i>)	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
204	Public Service Corporations	---	5	---	5
205	Taxed Gross Earnings and Associated Costs of Non-Public Service Corporations	---	5	---	5
	Total Exclusions	\$ 16,486,664	4.7	\$ 10,338,849	4.7

Exemptions

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
283	Personal Holding Company, Regulated Investment Company or Real Estate Investment Trust	\$ ---	5	\$ ---	5
	Total Exemptions	\$ ---	5.0	\$ ---	5.0

Modifications

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
346	Bonus Depreciation Provided by JCWAA of 2002 and JGTRRA of 2003 †	\$ 0	1	\$ 0	1
350	Companies Engaged in Buying, Selling, Dealing in or Holding Securities on Own Behalf †	---	5	---	5
369	New Research and Development Facilities †	1,075	1	265,879	1
379	Recognition of Income from Discharge of Business Indebtedness†	639,148	1	17,850	1
	Total Modifications	\$ 640,223	2.0	\$ 283,729	2.0

Other Items

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
390	Allocation and Apportionment of Airlines	\$ ---	5	\$ ---	5
392	Allocation and Apportionment of Brokerage Services	---	5	---	5
393	Allocation and Apportionment of Credit Card Banks	---	5	---	5
395	Allocation and Apportionment of Motor Carriers	---	5	---	5

VII. Summary Results by Tax Type

Business Corporation Tax (Rhode Island General Laws Chapter 44-11)

Other Items (continued)

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
397	Allocation and Apportionment of Regulated Investment Companies	\$ ---	5	\$ ---	5
400	Allocation and Apportionment of Retirement and Pension Plans	---	5	---	5
	Total Other Items	\$ ---	5.0	\$ ---	5.0

Preferential Tax Rate

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
403	Jobs Development Act	\$ 1,414,740	1	\$ 1,569,804	1
405	Life Science Rate Reduction	*	5	*	5
	Total Preferential Tax Rates	\$ 1,414,740	3.0	\$ 1,569,804	3.0
	Total Business Corporation Tax	\$ 45,820,306	2.7	\$ 36,343,381	2.7

Cigarette Tax (Rhode Island General Laws Chapter 44-20)

Exclusions

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
200	Maximum Tax of \$0.50 per Cigar	\$ 2,822,259	2	\$ 2,971,796	2
203	Possession of 10 Packs of Cigarettes with Out-of-State Tax Stamps	---	5	---	5
	Total Exclusions	\$ 2,822,259	3.5	\$ 2,971,796	3.5

Tax Abatement

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
408	Cigarette Tax Stamping Discount	\$ 1,734,551	1	\$ 1,625,306	1
	Total Tax Abatements	\$ 1,734,551	1.0	\$ 1,625,306	1.0

Tax Deferral

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
415	Holding Period for Unstamped Cigarettes †	\$ 0	1	\$ 0	1
	Total Tax Deferrals	\$ 0	1.0	\$ 0	1.0
	Total Cigarette Tax	\$ 4,556,810	2.3	\$ 4,597,102	2.3

Estate and Transfer Tax (Rhode Island General Laws Chapter 44-22)

Credits

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
134	Tax on Net Estate of Decedent †	\$ ---	5	\$ ---	5
	Total Credits	\$ ---	5	\$ ---	5

VII. Summary Results by Tax Type

Estate and Transfer Tax (Rhode Island General Laws Chapter 44-22)

Exemptions

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
248	Estates of Persons Declared Missing in Action by the U.S. Armed Forces	\$ 0	1	\$ 0	1
	Total Exemptions	\$ 0	1.0	\$ 0	1.0

Tax Abatement

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
411	Value of Farmland Included in an Estate	\$ ---	5	\$ ---	5
	Total Tax Abatements	\$ ---	5	\$ ---	5
	Total Estate and Transfer Tax	\$ 0	3.7	\$ 0	3.7

Generation Skipping Transfer Tax (Rhode Island General Laws Chapter 44-40)

Credits

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
119	Real or Personal Property Taxed in Another State †	\$ 0	1	\$ 0	1
	Total Credits	\$ 0	1.0	\$ 0	1.0
	Total Gen Skipping Transfer Tax	\$ 0	1.0	\$ 0	1.0

Hotel Tax (Rhode Island General Laws Chapter 44-18-36.1)

Exemptions

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
338	Vacation Homes Rented in Entirely	\$ 3,819,029	1	\$ 3,674,039	1
	Total Exemptions	\$ 3,819,029	1.0	\$ 3,674,039	1.0
	Total Hotel Tax	\$ 3,819,029	1.0	\$ 3,674,039	1.0

Insurance Company Gross Premiums Tax (Rhode Island General Laws Chapter 44-17)

Credits

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
67	Adult and Child Daycare †	\$ 0	1	\$ 0	1
70	Adult Education †	0	1	0	1
72	Anchor Institution †	0	1	n/a	n/a
78	Contributions to Scholarship Organizations †	0	1	90,000	1
84	Educational Assistance and Development †	0	1	0	1
86	Employment – Welfare Bonus Program †	0	1	0	1
90	Historic Preservation †	1,539,103	1	490,897	1
93	Historic Structures †	10,636,025	1	3,432,880	1

VII. Summary Results by Tax Type

Insurance Company Gross Premiums Tax (Rhode Island General Laws Chapter 44-17)

Credits (continued)

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
98	Investment †	\$ 346,899	1	\$ 89,189	1
102	Jobs Training †	24,140	1	0	1
105	Motion Picture Production †	348,285	1	80,511	1
110	Musical and Theatrical Production †	0	1	0	1
113	New Qualified Jobs Incentive Act †	0	1	0	1
121	Rebuild Rhode Island †	0	1	3,861,009	1
124	Research and Development Expense†	1,872,596	1	1,012,030	1
127	Research and Development Property†	0	1	0	1
130	Rhode Island Small Business Development Fund (<i>new</i>)	<i>n/a</i>	<i>n/a</i>	0	1
	Total Credits	\$ 14,767,048	1.0	\$ 9,056,516	1.0

Deductions

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
165	Qualifying Investment in a Certified Venture Capital Partnership †	\$ 0	1	\$ 0	1
167	Return or Unabsorbed Premiums or Premiums for Reinsurance Assumed†	---	5	---	5
	Tax Incentives for Employers †	0	1	0	1
	Total Deductions	\$ 0	2.3	\$ 0	2.3

Exclusions

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
191	Fraternal Benefit Societies	\$ ---	5	\$ ---	5
	Total Exclusions	\$ ---	5.0	\$ ---	5.0

Exemptions

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
279	Ocean Marine Insurance	\$ 418,397	4	\$ 466,291	4
	Total Exemptions	\$ 418,397	4.0	\$ 466,291	4.0

Preferential Tax Rate

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
403	Jobs Development Act	\$ 0	1	\$ 0	1
	Total Preferential Tax Rates	\$ 0	1.0	\$ 0	1.0
	Total Insurance Company Gross Premiums Tax	\$ 15,185,445	1.5	\$ 9,522,807	1.5

VII. Summary Results by Tax Type

Motor Carrier Fuel Tax (Rhode Island General Laws Chapter 31-36.1)

Credits

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
109	Motor Carrier Fuel Use Taxes Paid to Rhode Island †	\$ 3,409,372	1	\$ 3,680,495	1
	<i>Total Credits</i>	\$ 3,409,372	<i>1.0</i>	\$ 3,680,495	<i>1.0</i>
	<i>Total Motor Carrier Fuel Tax</i>	\$ 3,409,372	<i>1.0</i>	\$ 3,680,495	<i>1.0</i>

Motor Fuel Tax (Rhode Island General Laws Chapter 31-36)

Exclusions

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
179	Biodiesel Portion of Blended Gallon of Diesel Fuel	\$ 2,120,414	1	\$ 2,491,881	1
198	Lubricating Oils, Marine Diesel Fuel, Aviation Fuel, and Heating Oil	214,888,245	2	255,893,225	2
	<i>Total Exclusions</i>	\$ 217,008,659	<i>1.5</i>	\$ 258,385,106	<i>1.5</i>

Exemptions

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
318	Sales to the U.S. Government and Operators of Railroad Transportation Equipment	\$ 2,329,149	1	\$ 1,505,624	1
	<i>Total Exemptions</i>	\$ 2,329,149	<i>1.0</i>	\$ 1,505,624	<i>1.0</i>
	<i>Total Motor Fuel Tax</i>	\$ 219,337,808	<i>1.3</i>	\$ 259,890,730	<i>1.3</i>

Non-Profit Refund (Rhode Island General Laws Chapter 44-33.6-3)

Credits

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
90	Historic Preservation †	\$ 8,757,801	1	\$ 197,050	1
	<i>Total Credits</i>	\$ 8,757,801	<i>1.0</i>	\$ 197,050	<i>1.0</i>
	<i>Total Non-Profit Refund</i>	\$ 8,757,801	<i>1.0</i>	\$ 197,050	<i>1.0</i>

Personal Income Tax (Rhode Island General Laws Chapter 44-30)

Credits

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
76	Child and Dependent Care (Federal)†	\$ 3,692,492	1	\$ 3,690,509	1
78	Contributions to Scholarship Organizations †	1,087,222	1	956,511	1
81	Earned Income (Federal) †	27,999,132	1	27,903,645	1
88	Historic Homeownership Assistance†	11,770	1	9,461	1
90	Historic Preservation †	5,575,491	1	6,196,825	1
93	Historic Structures †	3,275,313	1	3,074,611	1
104	Lead Paint Abatement †	228,441	1	227,970	1
105	Motion Picture Production †	449,094	1	81,720	1

VII. Summary Results by Tax Type

Personal Income Tax (Rhode Island General Laws Chapter 44-30)

Credits (continued)

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
110	Musical and Theatrical Production †	\$ 61,997	1	\$ 389,925	1
113	New Qualified Jobs Incentive Act †	96,042	1	100,342	1
117	Property Tax Relief †	3,679,390	1	3,400,010	1
121	Rebuild Rhode Island †	457,794	1	941,449	1
131	Stay Invested in RI Wavemaker Fellowship †	97,208	1	94,434	1
135	Taxes Paid to Other States †	206,123,402	1	215,700,781	1
	Total Credits	\$ 252,834,788	1.0	\$ 262,768,193	1.0

Deductions

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
139	Alimony Paid (Federal) †	\$ 1,299,418	4	\$ 1,225,198	4
142	Certain Business Expenses of Reservists, etc. (Federal) †	200,405	4	273,709	4
145	Educator Expenses (Federal) †	93,534	2	92,425	2
148	Expensing of Assets in Lieu of Depreciation, Section 179 of IRC †	299,482	1	<i>n/a</i>	<i>n/a</i>
150	Health Savings Account (Federal) †	534,762	4	567,219	4
151	Individual Retirement Arrangement Contributions (Federal) †	1,017,235	2	1,009,245	2
154	Keough and SEP Contributions (Federal) †	3,267,415	2	3,355,909	2
157	Moving Expenses (Federal) †	30,800	4	29,085	4
161	One-Half of Self-employment Tax (Federal) †	3,124,904	4	3,331,242	4
162	Penalty of Early Withdrawal of Savings (Federal) †	25,450	4	24,104	4
164	Qualified Charitable Contributions on Non-Itemized Returns (Federal) (<i>new</i>) †	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
169	Self-employed Health Insurance (Federal) †	3,597,998	2	3,601,642	2
171	Standard Deduction †	204,632,378	1	210,447,185	1
173	Student Loan Interest (Federal) †	910,809	2	911,862	2
	Total Deductions	\$ 219,034,590	2.8	\$ 224,868,825	2.9

Exclusions

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
196	Long-Term Gain from Capital Investment in Small Business	\$ ---	5	\$ ---	5
201	Paycheck Protection Program Loan Forgiveness (<i>new</i>)	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
205	Taxed Gross Earnings and Associated Costs of Non-Public Service Corporations	---	5	---	5
	Total Exclusions	\$ ---	5.0	\$ ---	5.0

VII. Summary Results by Tax Type

Personal Income Tax (Rhode Island General Laws Chapter 44-30)

Exemptions

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
281	Personal and Dependent †	\$ 116,687,835	1	\$ 119,229,719	1
324	Stay Invested in RI Wavemaker Fellowship Awards †	2,879	1	2,852	1
	Total Exemptions	\$ 116,690,714	1.0	\$ 119,232,571	1.0

Modifications

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
346	Bonus Depreciation Provided by JCWAA of 2002 and JGTRRA of 2003 †	\$ 0	1	\$ 0	1
351	Contribution to Medical Savings Accounts by Scituate Residents †	342	1	830	1
352	Contributions to an Account under Tuition Savings Program †	155,566	1	160,879	1
354	Enterprise Zone Business Owner with Domiciliary in Enterprise Zone †	13,620	1	30,691	1
355	Federally Taxable Withdrawals from Tuition Savings Program Account †	*	5	*	5
356	Gain from Stock Options in Qualifying Corporations †	*	5	*	5
358	Income Earned on a Rhode Island Family Education Account †	13,536	1	14,501	1
359	Income from the Assignment or Transfer of Historic Preservation Tax Credits †	17,693	2	13,095	2
360	Income from the Assignment or Transfer of Historic Structures Tax Credits †	26,405	2	12,411	2
362	Income from the Assignment or Transfer of Motion Picture Production Tax Credits †	2,341	2	3,414	2
364	Income from the Assignment or Transfer of Musical and Theatrical Production Tax Credits †	68	2	742	2
365	Income or Gain from a Qualifying Employee's Ownership of a Qualifying Corporation †	932	1	11,447	1
366	Interest on Obligations of the United States and its Possessions †	2,403,990	1	3,276,702	1
368	Military Pay of Non-Resident Individuals †	825,302	1	733,133	1
369	New Research and Development Facilities †	219	1	2,201	1
371	Organ Transplantation †	4,774	1	6,612	1
372	Performance-Based Income of Eligible Employees via the Jobs Growth Act †	2,235	1	9,603	1

VII. Summary Results by Tax Type

Personal Income Tax (Rhode Island General Laws Chapter 44-30)

Modifications (continued)

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
374	Profits or Gains from Sales of Work by Artists, Writers, and Composers †	\$ 21,111	1	\$ 10,797	1
375	Provision of Insurance Benefit to Dependent or Domestic Partner †	46,147	1	49,448	1
376	Qualifying Investment in a Certified Venture Capital Partnership †	389	1	202	1
377	Railroad Retirement Benefits †	203,187	1	194,808	1
379	Recognition of Income from Discharge of Business Indebtedness†	3,790	1	904	1
382	Rhode Island Fiduciary Adjustment †	0	1	0	1
384	Tax Incentives for Employers †	22,773	1	11,546	1
385	Taxable Pension Plan and/or Annuity Income †	12,919,675	1	13,328,983	1
387	Taxable Social Security Income †	18,439,561	1	20,280,093	1
	Total Modifications	\$ 35,123,656	1.5	\$ 38,153,042	1.5

Tax Abatement

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
410	Political Check-Off †	\$ 81,470	1	\$ 82,625	1
	Total Tax Abatements	\$ 81,470	1.0	\$ 82,625	1.0
	Total Personal Income Tax	\$ 623,765,218	1.7	\$ 645,105,256	1.8

Public Service Corporation Tax (Rhode Island General Laws Chapter 44-13)

Credits

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
66	Accommodations Under Americans with Disabilities Act †	\$ 0	1	\$ 0	1
67	Adult and Child Daycare †	0	1	0	1
70	Adult Education †	0	1	0	1
72	Anchor Institution †	0	1	n/a	n/a
78	Contributions to Scholarship Organizations †	0	1	0	1
84	Educational Assistance and Development †	0	1	0	1
86	Employment – Welfare Bonus Program †	0	1	0	1
90	Historic Preservation †	0	1	0	1
93	Historic Structures †	0	1	0	1
102	Jobs Training †	0	1	0	1
110	Musical and Theatrical Production †	0	1	0	1
113	New Qualified Jobs Incentive Act †	0	1	0	1
121	Rebuild Rhode Island †	0	1	0	1
	Total Credits	\$ 0	1.0	\$ 0	1.0

VII. Summary Results by Tax Type

Public Service Corporation Tax (Rhode Island General Laws Chapter 44-13)

Deductions

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
144	Connecting Fees, Switching and Carrier Access Charges †	\$ 1,739,998	1	\$ 1,571,958	1
147	Electricity for Resale †	---	5	---	5
156	Merchandise Sold †	0	1	0	1
165	Qualifying Investment in a Certified Venture Capital Partnership †	0	1	0	1
174	Tax Incentives for Employers †	---	5	---	5
	Total Deductions	\$ 1,739,998	2.6	\$ 1,571,958	2.6

Exclusions

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
186	Dividends Received from Shares of Stock †	\$ ---	5	\$ ---	5
196	Long-Term Gain from Capital Investment in Small Business	---	5	---	5
208	Value-Added Non-Voice Services That Use Computer Processing Applications	---	5	---	5
	Total Exclusions	\$ ---	5.0	\$ ---	5.0

Exemptions

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
277	Narragansett Pier Railroad Company	\$ ---	5	\$ ---	5
321	Securities from Taxation	---	5	---	5
	Total Exemptions	\$ ---	5.0	\$ ---	5.0

Preferential Tax Rate

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
403	Jobs Development Act	\$ 0	1	\$ 0	1
	Total Preferential Tax Rate	\$ 0	1.0	\$ 0	1.0
	Total Public Service Corporation Tax	\$ 1,739,998	2.2	\$ 1,571,958	2.2

Real Estate Conveyance Tax (Rhode Island General Laws Chapter 44-25)

Exclusions

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
180	Conveyance of Mobile/Manufactured Homes for Consideration of \$100 or less	\$ ---	5	\$ ---	5
180	Conveyance of Real Estate for Consideration of \$100 or less	---	5	---	5
182	Conveyance of Real Estate Relating to the Capitol Center Project	0	1	0	1
	Total Exclusions	\$ 0	3.7	\$ 0	3.7

VII. Summary Results by Tax Type

Real Estate Conveyance Tax (Rhode Island General Laws Chapter 44-25)

Exemptions

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
212	Affordable Housing Development (New)	\$ n/a	n/a	\$ n/a	n/a
239	Deed, Instrument or Writing where Grantor is U.S. Government or State of Rhode Island	121,645	2	113,592	2
296	Qualified Sales of Manufactured and Mobile Home Parks	---	5	---	5
Total Exemptions		\$ 121,645	3.5	\$ 113,592	3.5
Total Real Estate Conveyance Tax		\$ 121,645	3.6	\$ 113,592	3.6

Refund Option (Multiple)

Credits

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
113	New Qualified Jobs Incentive Act †	\$ 0	1	\$ 0	1
121	Rebuild Rhode Island †	486,263	1	1,786,134	1
	Stay Invested in RI Wavemaker	815,941	1	1,103,149	1
131	Fellowship †				
Total Credits		\$ 1,302,204	1.0	\$ 2,889,283	1.0
Total Refund Option		\$ 1,302,204	1.0	\$ 2,889,283	1.0

Rental Vehicle Surcharge (Rhode Island General Laws Chapter 31-34.1)

Modifications

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
381	Rental Vehicle Surcharge Retained by Rental Car Companies	\$ 5,474,231	1	\$ 5,208,182	1
Total Modifications		\$ 5,474,231	1.0	\$ 5,208,182	1.0
Total Rental Vehicle Surcharge		\$ 5,474,231	1.0	\$ 5,208,182	1.0

Sales and Use Tax (Rhode Island General Laws Chapter 44-18)

Exclusions

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
206	Taxes Legally Imposed on Consumer but Separately Stated on Invoice	\$ ---	5	\$ ---	5
209	Veterinary and Testing Laboratory Services^	11,741,607	3	11,212,535	3
Total Exclusions		\$ 11,741,607	4.0	\$ 11,212,535	4.0

VII. Summary Results by Tax Type

Sales and Use Tax (Rhode Island General Laws Chapter 44-18)

Exemptions

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
212	Agricultural Products for Human Consumption ^	\$ 5,895,095	3	\$ 6,008,462	3
214	Air and Water Pollution Control Facilities ^	---	5	---	5
215	Aircraft and Aircraft Parts ^	4,411,637	3	4,725,435	3
216	Banks and Regulated Investment Companies Interstate Toll Free Calls	960,167	4	528,626	4
218	Bibles	0	1	0	1
219	Boats or Vessels Brought in Exclusively for Winter Storage, Maintenance, Repair or Sale ^	*	5	*	5
221	Boats or Vessels Generally ^	5,728,621	3	7,083,524	3
222	Boats Sold to Non-Residents ^	*	5	*	5
223	Building Materials Used to Rebuild After Disaster	---	5	---	5
224	Buses, Trucks or Trailers used in Interstate Commerce ^	4,989,900	3	4,431,500	3
225	Camps ^	1,608,385	3	1,353,061	3
226	Casual Sales	10,410	1	9,661	1
228	Charitable, Educational or Religious Organizations ^	111,081,310	3	108,639,100	3
229	Clothing and Footwear ^	39,679,231	3	42,445,387	3
231	Coffins, Caskets and Burial Garments ^	1,219,264	3	1,209,906	3
232	Coins	327,170	4	242,675	4
234	Commercial Fishing Vessels in Excess of Five Net Tons	271,217	4	128,713	4
235	Commercial Vessels of 50 Tons Burden or More	---	5	---	5
236	Compressed Air	---	5	---	5
237	Containers ^	12,079,997	3	12,375,360	3
240	Diesel Emission Control Technology	---	5	---	5
241	Dietary Supplements	2,528,988	4	2,656,278	4
242	Distressed Essential Community Hospital	---	5	---	5
243	Educational Institutions Rental Charges ^	9,224,441	3	9,483,706	3
245	Electricity and Gas ^	70,338,130	3	72,626,988	3
247	Equipment for Research and Development ^	6,071,100	3	5,641,800	3
249	Farm Equipment ^	1,283,800	3	1,322,500	3
250	Farm Structure Construction Materials ^	458,557	3	494,332	3
251	Feed for Certain Animals Used in Commercial Farming ^	100,319	3	102,579	3

VII. Summary Results by Tax Type

Sales and Use Tax (Rhode Island General Laws Chapter 44-18)

Exemptions (continued)

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
253	Feminine Hygiene Products (<i>new</i>)	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
257	Flags	\$ 33,933	4	\$ 33,888	4
258	Food and Food Ingredients ^	164,710,181	3	180,358,638	3
259	Food Items Paid for by Food Stamps	16,571,266	1	13,263,847	1
261	Gasoline	82,841,492	2	84,279,857	2
262	Heating Fuels	23,431,275	4	24,244,467	4
264	Horse Food Products ^	62,710	3	64,443	3
265	Human Blood	542,186	4	542,672	4
267	Installation Labor Charges When Separately Stated ^	41,680,400	3	38,016,400	3
268	Jewelry Display Product	---	5	---	5
269	Lottery Prizes	0	1	0	1
270	Manufacturers' Machinery and Equipment ^	36,529,324	3	35,752,613	3
271	Medicines, Drugs and Durable Medical Equipment ^	139,606,159	3	169,198,294	3
273	Mobile and Manufactured Homes Generally	342,500	1	337,650	1
274	Motor Vehicle and Adaptive Equipment for Amputee Veterans	*	5	*	5
275	Motor Vehicle and Adaptive Equipment for Persons with Disabilities	3,561	1	2,826	1
277	Newspapers ^	1,660,196	3	1,916,413	3
285	Precious Metal Bullion	---	5	---	5
286	Promotional and Product Literature of Boat Manufacturers ^	29,200	3	28,000	3
287	Property Otherwise Exempted	---	5	---	5
289	Property Purchased from Federal Government ^	8,801,901	3	8,890,580	3
290	Property Purchased Outside of State by Non-Resident and Brought into State	---	5	---	5
291	Property Returned Within 120 Days from the Date of Delivery	35,254	1	67,803	1
292	Prosthetic Devices and Mobility Enhancing Equipment ^	12,949,247	3	11,693,535	3
294	Purchases Used for Manufacturing Purposes †	402,319,260	2	395,637,760	2
296	Rebuild Rhode Island Sales and Use Tax	0	1	531,513	1
298	Renewable Energy Products	1,707,650	2	2,675,750	2
301	Rental Charged for Living or Sleeping Quarters in a Hospital or Nursing Home ^	39,733,589	3	40,300,013	3

VII. Summary Results by Tax Type

Sales and Use Tax (Rhode Island General Laws Chapter 44-18)

Exemptions (continued)

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
301	Rhode Island Industrial Facilities Corporation Lessees	\$ 0	1	\$ 33,843	1
303	Sales and Use Taxes Paid to Other Jurisdictions	12,698,343	1	17,356,798	1
305	Sales beyond Constitutional Power of State	---	5	---	5
306	Sales by Writers, Composers, Artists †	918,019	2	1,005,943	2
308	Sales in Municipal Economic Development Zones	0	1	0	1
310	Sales in Public Buildings by Blind People	91,403	1	80,779	1
311	Sales of Motor Vehicles to Non-Residents	2,180,407	2	2,305,013	2
312	Sales of Non-Motorized Recreational Vehicles to Non-Residents	---	5	---	5
313	Sales of Trailers Ordinarily Used for Residential Purposes	---	5	---	5
314	Sales to Common Carriers for Use Outside of the State	---	5	---	5
315	Sales to Federal Government ^	7,147,273	3	7,199,726	3
317	Sales to the State or Its Political Subdivisions ^	44,158,413	3	43,697,742	3
320	School Meals ^	5,024,310	3	4,148,180	3
322	Seeds and Plants used to Grow Food and Food Ingredients	*	5	*	5
323	Special Adaptations for Wheelchair Accessible Taxicabs	---	5	---	5
325	Supplies Used in On-Site Hazardous Waste Recycling, Reuse, or Treatment	---	5	---	5
326	Supplies Used in Preparing Floral Products and/or Arrangements ^	73,100	3	76,800	3
327	Telecommunications Carrier Access Services ^	16,493,100	3	15,289,700	3
329	Textbooks ^	1,908,550	3	1,983,243	3
330	Total Loss or Destruction of Motor Vehicle within 120 Days of Tax Payment	35,254	1	67,803	1
331	Trade-in Value of Boats	---	5	---	5
333	Trade-In Value of Private Passenger Automobiles	11,458,426	1	8,348,417	1
334	Transfers or Sales Made to Immediate Family Members	---	5	---	5
335	Transfers or Sales Related to Business Dissolution or Partial Liquidation	---	5	---	5

VII. Summary Results by Tax Type

Sales and Use Tax (Rhode Island General Laws Chapter 44-18)

Exemptions (continued)

Page Number	Item	2018 Forgone Revenue	Reliability Level	2019 Forgone Revenue	Reliability Level
337	Transportation Charges of Motor Carriers to Haul Goods	\$ ---	5	\$ ---	5
339	Vehicles Purchased by Non-Resident Military Personnel Subject to Sales Tax Elsewhere	---	5	---	5
340	Video-Lottery Terminal, Table Games, and Sports Wagering Prizes	0	1	0	1
341	Water for Residential Use	13,896,505	2	13,869,678	2
342	Wine and Spirits	16,927,206	1	16,789,034	1
343	Youth Activities Equipment Sold for \$20 or less by Nonprofit Organizations	---	5	---	5
	<i>Total Exemptions</i>	<i>\$ 1,384,869,332</i>	<i>3.2</i>	<i>\$ 1,421,599,254</i>	<i>3.2</i>
	<i>Total Sales and Use Tax</i>	<i>\$ 1,396,610,939</i>	<i>3.3</i>	<i>\$ 1,432,811,789</i>	<i>3.3</i>
	TOTAL TAX EXPENDITURES	\$ 2,353,685,929	2.5	\$ 2,421,188,499	2.5

VIII. Detail of Tax Expenditure Items

CREDITS

VIII. Detail of Tax Expenditure Items - Credits

1. **Accommodations under the Americans with Disabilities Act (ADA):**

Statutory Reference: R.I. Gen. Laws § 44-54-1

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1997 / 2010

Description: A small business taxpayer that pays for or incurs expenses to provide access to persons with disabilities to comply with federal or state laws is allowed a credit equal to 10% of the total amount expended against the tax imposed by R.I. Gen. Laws Chapters 44-11 and 44-13. The credit cannot exceed \$1,000 each tax year.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	\$0	0
2018 Public Service Corporation Tax	\$0	0
2018 Total	\$0	0
2019 Business Corporation Tax	\$0	0
2019 Public Service Corporation Tax	\$0	0
2019 Total	\$0	0

Projection Methodology: Amount of credit and number of taxpayers held constant with TY 2019.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	\$0	0
2020 Public Service Corporation Tax	\$0	0
2020 Projected Total	\$0	0
2021 Business Corporation Tax	\$0	0
2021 Public Service Corporation Tax	\$0	0
2021 Projected Total	\$0	0

VIII. Detail of Tax Expenditure Items - Credits

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2022 Business Corporation Tax	\$0	0
2022 Public Service Corporation Tax	\$0	0
2022 Projected Total	\$0	0
2023 Business Corporation Tax	\$0	0
2023 Public Service Corporation Tax	\$0	0
2023 Projected Total	\$0	0

Law Comparison: Massachusetts has a similar provision.

Massachusetts: Massachusetts allows taxpayers to deduct up to \$15,000 of the costs of removing architectural or transportation barriers to the handicapped in the year these costs are incurred. The immediate deduction of these expenditures, which would otherwise have to be capitalized and depreciated over a longer period, results in a deferral of tax or an interest-free loan.

Massachusetts citation: 26 U.S.C. § 190

2. **Adult and Child Daycare:**

Statutory Reference: R.I. Gen. Laws §§ 44-47-1 and 44-47-3

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1987 / 1994

Description: A credit is allowed against the taxes imposed by R.I. Gen. Laws Chapters 44-11, 44-13 (except R.I. Gen. Laws § 44-13-13), 44-14, and 44-17 for 30% of the total amount expended in the state by a taxpayer (a) “for day care services purchased to provide care for the dependent children or dependent adult family members of the taxpayer’s employees or employees of commercial tenants of the taxpayer during the employees’ hours of employment;” (b) “in the establishment and/or operation of a day care facility used primarily by the dependent children of the taxpayer’s employees or employees of commercial tenants of the taxpayer during the employees’ hours of employment;” (c) “in conjunction with one or more other taxpayers for the establishment and/or operation of a day care facility used primarily by the dependent children of the taxpayer’s employees or employees of commercial tenants of the taxpayer during the employees’ hours of employment;” or (d) “the total amount foregone in rent or lease payments related to the dedication of rental or lease space to child day care services.”

The maximum credit allowed is \$30,000 and cannot reduce the tax due for any tax year to less than \$100. The credit may be carried forward for the next five consecutive tax years,

VIII. Detail of Tax Expenditure Items - Credits

if the credit has been earned under conditions (b), (c) or (d) above, but no carry forward provision is available for credits earned under condition (a).

Data Source: Rhode Island Division of Taxation. TY 2020 data is as of October 2021 and may not include any extensions or amended returns that have not yet been processed by the Division of Taxation.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	\$0	0
2018 Public Service Corporation Tax	\$0	0
2018 Bank Tax	\$0	0
2018 Ins Co Gross Premiums Tax	\$0	0
2018 Total	\$0	0
2019 Business Corporation Tax	\$0	0
2019 Public Service Corporation Tax	\$0	0
2019 Bank Tax	\$0	0
2019 Ins Co Gross Premiums Tax	\$0	0
2019 Total	\$0	0
2020 Business Corporation Tax	\$0	0
2020 Public Service Corporation Tax	\$0	0
2020 Bank Tax	\$0	0
2020 Ins Co Gross Premiums Tax	\$0	0
2020 Total	\$0	0

Projection Methodology: Amount of credit and number of taxpayers held constant with TY 2020.

VIII. Detail of Tax Expenditure Items - Credits

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Business Corporation Tax	\$0	0
2021 Public Service Corporation Tax	\$0	0
2021 Bank Tax	\$0	0
2021 Ins Co Gross Premiums Tax	\$0	0
2021 Projected Total	\$0	0
2022 Business Corporation Tax	\$0	0
2022 Public Service Corporation Tax	\$0	0
2022 Bank Tax	\$0	0
2022 Ins Co Gross Premiums Tax	\$0	0
2022 Projected Total	\$0	0
2023 Business Corporation Tax	\$0	0
2023 Public Service Corporation Tax	\$0	0
2023 Bank Tax	\$0	0
2023 Ins Co Gross Premiums Tax	\$0	0
2023 Projected Total	\$0	0

Law Comparison: Connecticut and Maine have similar provisions.

Connecticut: Connecticut allows a corporation subject to the corporation business tax to claim a credit for expenditures made as a human capital investment. According to the Connecticut statute, “(5) planning, site preparation, construction, renovation or acquisition of facilities in this state for the purpose of establishing a day care facility in this state to be used primarily by the children of employees who are employed in this state” and “(6) subsidies to employees who are employed in this state for child care to be provided in this state” are expenditures that qualify as human capital investments. The tax credit is equal to 5% of the amount paid or incurred by the corporation for a human capital investment. A credit cannot exceed the amount of corporation business tax otherwise payable, although unused amounts may be carried forward for up to five succeeding income years.

Connecticut Statute: Conn. Gen. Stat. § 12-217x

Maine: Eligible taxpayers can claim a credit up to 25% of adult dependent care expenses paid for adult day care, hospice services and respite care provided these expenses were not used in calculating the federal child and dependent care credit. Eligible expenses are capped at \$3,000 for one qualifying individual or \$6,000 for two or more qualifying individuals. The credit is refundable up to \$500.

VIII. Detail of Tax Expenditure Items - Credits

Maine also had a quality child care investment credit. A corporation can claim a credit up to 30% up to \$30,000 of expenditures while an individual taxpayer who expends at least \$10,000 in one year, the credit is worth \$1,000 each year for 10 years and \$10,000 at the end of the 10-year period. This credit was repealed for tax years beginning on or after January 1, 2016 but carry over of unused credit amounts is still allowed.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 5218-A, 5219-Q

3. **Adult Education:**

Statutory Reference: R.I. Gen. Laws §§ 44-46-1, 44-46-3, and 44-46-7

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1985 / 1999

Description: An employer is allowed a credit against the tax imposed by R.I. Gen. Laws Chapters 44-11, 44-13, 44-14, 44-15, and 44-17 for 50% of the costs incurred solely and directly for non-worksites or worksite-based adult education programs, as specifically defined. The employees for whom the employer claims an adult education tax credit must remain in the employ of the business for a minimum period of 13 consecutive weeks and a minimum of 455 hours of paid employment before an employer is eligible for the credit.

The maximum credit per employee is \$300 and the maximum credit per calendar year per employer is \$5,000. This credit cannot reduce the business corporation tax to less than \$100. The credit is not refundable and any amount of the credit that is not used in the taxable year in which the employer becomes eligible for the credit cannot be carried forward to the following year.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	\$0	0
2018 Public Service Corporation Tax	\$0	0
2018 Bank Tax	\$0	0
2018 Bank Deposits Tax	\$0	0
2018 Ins Co Gross Premiums Tax	\$0	0
2018 Total	\$0	0

VIII. Detail of Tax Expenditure Items - Credits

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Business Corporation Tax	\$0	0
2019 Public Service Corporation Tax	\$0	0
2019 Bank Tax	\$0	0
2019 Bank Deposits Tax	\$0	0
2019 Ins Co Gross Premiums Tax	\$0	0
2019 Total	\$0	0

Projection Methodology: Amount of credit and number of taxpayers held constant with TY 2019.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	\$0	0
2020 Public Service Corporation Tax	\$0	0
2020 Bank Tax	\$0	0
2020 Bank Deposits Tax	\$0	0
2020 Ins Co Gross Premiums Tax	\$0	0
2020 Projected Total	\$0	0
2021 Business Corporation Tax	\$0	0
2021 Public Service Corporation Tax	\$0	0
2021 Bank Tax	\$0	0
2021 Bank Deposits Tax	\$0	0
2021 Ins Co Gross Premiums Tax	\$0	0
2021 Projected Total	\$0	0
2022 Business Corporation Tax	\$0	0
2022 Public Service Corporation Tax	\$0	0
2022 Bank Tax	\$0	0
2022 Bank Deposits Tax	\$0	0
2022 Ins Co Gross Premiums Tax	\$0	0
2022 Projected Total	\$0	0

VIII. Detail of Tax Expenditure Items - Credits

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2023 Business Corporation Tax	\$0	0
2023 Public Service Corporation Tax	\$0	0
2023 Bank Tax	\$0	0
2023 Bank Deposits Tax	\$0	0
2023 Ins Co Gross Premiums Tax	\$0	0
2023 Projected Total	\$0	0

Law Comparison: Connecticut and Massachusetts have similar provisions.

Connecticut: Connecticut allows a corporation subject to the corporation business tax to claim a credit for expenditures made as a human capital investment. According to the Connecticut statute, “(1) job training which occurs in this state for persons who are employed in this state; (2) work education programs in this state including, but not limited to, programs in public high schools and work education-diversified occupations programs in this state;” and “(3) worker training and education for persons who are employed in this state provided by institutions of higher education in this state” are expenditures that qualify as human capital investments. The tax credit is equal to 5% of the amount paid or incurred by the corporation for a human capital investment. A credit cannot exceed the amount of corporation business tax otherwise payable, although unused amounts may be carried forward for up to five succeeding income years.

Connecticut Statute: Conn. Gen. Stat. § 12-217x

Massachusetts: Massachusetts adopts the federal exclusion for qualified educational expenses for undergraduate and graduate education expenses up to the federal annual maximum of \$5,250 per calendar year.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2

4. Anchor Institution:

Statutory Reference: R.I. Gen. Laws Chapter 42-64.30

Stated Purpose: “The purposes of the program are to encourage economic development and job creation in connection with the relocation of qualified businesses to the state of Rhode Island by providing an incentive to existing Rhode Island businesses to encourage a qualified business to relocate to Rhode Island.”

Year Enacted / Last Year Amended: 2015 / N/A

VIII. Detail of Tax Expenditure Items - Credits

Description: Under the Anchor Institution Tax Credit program, which is administered by the Rhode Island Commerce Corporation, a Rhode Island business may be allowed a credit for having played “a substantial role in the decision of a qualified business to relocate a minimum number of jobs” to Rhode Island. A Rhode Island business is allowed a credit against the tax imposed by R.I. Gen. Laws Chapters 44-11, 44-13, 44-14, and 44-17. The amount of the tax credit shall be based on criteria established by the commerce corporation such as number, types and compensation of jobs created, industry sector and whether the relocation benefits a Hope Community. An Anchor Institution tax credit fund has been established and any appropriations made are for the sole purpose of the redemption of this tax credit or reimbursement to the state for tax credits applied against a taxpayer’s liability. The program may provide tax credits to eligible businesses for up to five years. No credits may be issued after December 31, 2018.

Data Source: Rhode Island Division of Taxation’s testimony at the November 2021 Revenue Estimating Conference

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	\$0	0
2018 Public Service Corporation Tax	\$0	0
2018 Bank Tax	\$0	0
2018 Ins Co Gross Premiums Tax	\$0	0
2018 Total	\$0	0

Law Comparison: No similar provisions found in the other New England states.

5. Apprenticeship:

Statutory Reference: R.I. Gen. Laws § 44-11-41

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1996 / N/A

Description: Any taxpayer who employs a machine tool or metal trade apprentice or plastic process technician apprentice duly enrolled and registered under the terms of a qualified program is eligible for a credit against the tax imposed by R.I. Gen. Laws Chapter 44-11. The amount of the credit is equal to 50% of the actual wages paid to each qualifying apprentice or \$4,800, whichever is less. The number of apprenticeships for which tax credit is allowed must exceed the average number of apprenticeships begun during the five preceding years.

VIII. Detail of Tax Expenditure Items - Credits

The credit is not refundable and any amounts not deductible in the taxable year in which the credit is earned may not be carried forward to succeeding tax years.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	\$0	0
2019 Business Corporation Tax	\$336	< 10

Projection Methodology: Amount of credit and number of taxpayers held constant with TY 2019.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	\$336	< 10
2021 Business Corporation Tax	\$336	< 10
2022 Business Corporation Tax	\$336	< 10
2023 Business Corporation Tax	\$336	< 10

Law Comparison: Only Connecticut and Massachusetts have similar provisions.

Connecticut: A credit may be applied against the Connecticut corporation business tax by corporations that employ apprentices who are receiving training in the manufacturing, plastics and plastics-related, or construction trades. Wages of pre-apprentices are not eligible for this tax credit.

The tax credit allowed per apprentice in the manufacturing trades and plastics and plastics-related trades shall be the lesser of: (1) \$6 per hour multiplied by the total number of hours worked during the income year by apprentices in the first half of a two-year term of apprenticeship and the first three-quarters of a four-year term of apprenticeship, provided the amount of credit allowed for any income year with respect to each such apprenticeship may not exceed \$7,500 or 50 per cent of actual wages paid in such income year to an apprentice in the first half of a two-year term of apprenticeship or in the first three-quarters of a four-year term of apprenticeship, whichever is less. The tax credit allowed per apprentice in construction trades shall be the lesser of: (1) \$2 per hour multiplied by the total number of hours completed by the apprentice during a four-year qualifying apprenticeship training program; (2) 50% of the total wages paid to the apprentice during a four-year qualifying apprenticeship training program; or (3) \$4,000.

Connecticut Statute: Conn. Gen. Stat. § 12-217g

VIII. Detail of Tax Expenditure Items - Credits

Massachusetts: Beginning January 1, 2019 Massachusetts allows a refundable credit awarded to employers registered with the division of apprentice standards as apprenticeship-program sponsors and who have entered into an apprentice agreement with each apprentice for whom the credit is claimed. The credit is equal to \$4,800 or 50% of the wages paid to the apprentice for each apprentice. The total amounts of credits authorized annually is \$2.5 million.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 6(v)

6. **Biotechnology Investment:**

Statutory Reference: R.I. Gen. Laws § 44-31-1.1

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2006 / N/A

Description: Any company primarily engaged in commercial biological research and development or manufacturing and sale of biotechnology products or active pharmaceutical ingredients shall be allowed a credit of 10% of the cost or other basis for federal tax purposes of tangible personal property, excluding vehicles and furniture, and other tangible property with situs in Rhode Island and principally used in the production of biotechnology products after December 31, 2001. This credit can be used against the tax imposed by R.I. Gen. Laws Chapters 44-11.

To qualify for the tax credit a company must pay its employees that work a minimum of 30 hours per week within the state, a median annual wage equal to or greater than 125% of the average annual wage paid by all employers in Rhode Island to employees that work a minimum of 30 hours per week, and the company must provide benefits typical to the biotechnology industry.

Any amount of credit not used in the tax year it was earned may be carried forward for up to 15 succeeding tax years.

Data Source: No reliable data exists for this expenditure item.

Reliability Index: 5 (This credit is included in the Investment Tax Credit.)

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	*	*
2019 Business Corporation Tax	*	*

VIII. Detail of Tax Expenditure Items - Credits

Projection Methodology: No separate projection is made due to lack of reliable data. Projected impact of the Biotechnology Investment Tax Credit is included in the projections of the Investment Tax Credit.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	*	*
2021 Business Corporation Tax	*	*
2022 Business Corporation Tax	*	*
2023 Business Corporation Tax	*	*

Law Comparison: Connecticut and Massachusetts have similar provisions.

Connecticut: Connecticut has a modification reducing taxable income for general partners of a qualified venture capital fund that invests in a Connecticut bioscience business for tax years beginning on or after January 1, 2018.

Connecticut Statute: Conn. Gen. Stat. § 12-704g

Massachusetts: Massachusetts provides for an incentive payment to a biotechnology or medical device manufacturing company that creates 10 or more eligible jobs in the commonwealth during a single calendar year. The jobs incentive payment is equal to 50% multiplied by the applicable Massachusetts income tax rate for the salary paid to the persons who perform the newly created eligible jobs.

Massachusetts also has a life sciences refundable investment tax credit equal to 10% of the cost of qualifying property acquired, constructed or erected during the tax year.

Massachusetts Statute: Mass. Gen. Laws ch. 62C, § 67D(b) and ch 63 §38U

7. **Child and Dependent Care (Federal):**

Statutory Reference: R.I. Gen. Laws § 44-30-2.6(c)(3)(F)(I)(g) / 26 U.S. Code § 21

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

Description: A taxpayer entitled to the federal child and dependent care credit is entitled to a credit against the Rhode Island personal income tax. In general, if a taxpayer can claim the federal credit for expenses paid for someone to care for a dependent that is under age 13 or to care for a spouse or dependent whom is unable to care for himself/herself, then the taxpayer can claim a credit for the same expenses against the tax imposed under R.I. Gen. Laws Chapter 44-30. The child and/or dependent care expenses must be paid in order for

VIII. Detail of Tax Expenditure Items - Credits

the taxpayer to work or look for work. The amount of the credit is equal to 25% of the federal credit that is claimed.

The American Rescue Plan Act of 2021 (ARPA) signed into law on March 11, 2021 made several changes for the purposes of calculating the child and dependent care tax credit for TY 2021 only. The maximum allowable expenses will increase from \$3,000 to \$8,000 for one qualifying child or adult dependent and from \$6,000 to \$16,000 for two or more qualifying children or adult dependents. The maximum credit rate is increased to 50% of allowable expenses up from 35% of allowable expenses. The TY 2021 federal child and dependent care credit phases out for federal returns with a federal adjusted gross income (AGI) over \$125,000 until AGI reaches \$183,000. For returns with a federal AGI of over \$183,000 up to \$400,000, the credit percentage is 20%. There is a further phaseout for returns with a federal AGI of over \$400,000 that phase out until the credit percentage reaches 0% for returns with a federal AGI of over \$438,000. Finally, for TY 2021, the ARPA also increases the maximum amount that you can contribute to an employer-sponsored dependent care flexible spending account (FSA) from \$5,000 to \$10,500, which would increase the allowable expenses for the child and dependent care credit for taxpayers who choose this option (\$2,500 to \$5,000 for eligible married filing separate taxpayers).

Data Source: Office of Revenue Analysis (ORA) calculations based on TY 2018 and TY 2019 personal income tax data.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$3,692,492	26,266
2019 Personal Income Tax	\$3,690,509	25,665

Projection Methodology: The averaged realized growth rate for TY 2018 and TY 2019 was applied to TY 2019 amount of foregone revenue and number of taxpayers to project TY 2020. For tax year 2021-2023, amount of credit and number of taxpayers held constant with TY 2020.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$3,699,704	25,278
2021 Personal Income Tax	\$3,699,704	25,278
2022 Personal Income Tax	\$3,699,704	25,278
2023 Personal Income Tax	\$3,699,704	25,278

Law Comparison: Maine, Massachusetts, and Vermont have similar provisions.

VIII. Detail of Tax Expenditure Items - Credits

Maine: A resident individual is allowed a credit against the tax otherwise due in the amount of 25% of the federal tax credit allowable for child and dependent care expenses in the same tax year, except that for tax years beginning in 2003, 2004 and 2005, the applicable percentage is 21.5% instead of 25%.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5218(1)

Massachusetts: Massachusetts' provisions provide for a reduction in taxes due by any federal credit allowable on the resident's federal income tax return. This includes the federal child and dependent care tax credit. The child and dependent care credit is calculated based on a taxpayer's income and a percentage of expenses that were incurred for the care of qualifying persons. Prior to TY 2021, the maximum deduction was \$4,800 for one qualifying individual and \$9,600 for two or more qualifying individuals. However, for TY 2021 the American Rescue Plan Act of 2021 made the credit substantially more generous, raising the maximum credit to \$4,000 for one qualifying person and \$8,000 for two or more qualifying persons. Taxpayers with an adjusted gross income over \$438,000 are not eligible for this credit. If a taxpayer claims this deduction on their form, they are ineligible to claim the dependent member of household deduction.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 6(a)(ii)

Vermont: A taxpayer is entitled to a credit against the tax imposed of 24% of the childcare and dependent care credit allowed against the taxpayer's federal income tax for the taxable year. Vermont also has a second credit for taxpayers with federal AGI under \$30,000, if filing individually, or \$40,000, if married filing jointly. The credit is equal to 50% of the federal child and dependent care credit for child and dependent care services procured in Vermont, so long as the facility providing these services has been certified by the Agency of Human Services.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 5822d and 5828c

8. **Contributions to Scholarship Organizations:**

Statutory Reference: R.I. Gen. Laws Chapter 44-62

Stated Purpose: "In order to enhance the educational opportunities available to all students in this state, a business entity will be allowed a tax credit...for voluntary cash contribution (sic) made by the business entity to a qualified scholarship."

Year Enacted / Last Year Amended: 2006 / 2014

Description: Taxpayers that make voluntary cash contributions to certified scholarship organizations are entitled to receive a credit against the tax imposed by R.I. Gen. Laws Chapters 44-11, 44-13, 44-14, 44-15, 44-17 or 44-30. The maximum credit allowed a business entity is no greater than \$100,000 in any tax year. The total aggregate amount of

VIII. Detail of Tax Expenditure Items - Credits

all tax credits for contributions to scholarship organizations approved by the Division of Taxation in a fiscal year cannot exceed \$1.5 million.

There are two methods by which the tax credit can be earned, a two-year contribution plan and a one-time contribution plan. Under the two-year contribution plan, the taxpayer commits to making the same amount of contribution for two consecutive tax years. In this case, the yearly tax credit earned is equal to 90% of the total voluntary contribution made by the business entity. Under the one-time contribution plan, the business entity receives a credit equal to 75% of the total voluntary contribution that is made.

The tax credit must be used in the tax year the contribution was made. The tax credit is not refundable, assignable or transferable and any unused credit may not be carried forward. The tax credit may not reduce the tax below the state minimum tax.

Data Source: Rhode Island Division of Taxation Testimony, November 2021 Revenue Estimating Conference.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	\$0	0
2018 Public Service Corporation Tax	\$0	0
2018 Bank Tax	\$0	0
2018 Bank Deposits Tax	\$0	0
2018 Ins Co Gross Premiums Tax	\$0	0
2018 Personal Income Tax	\$1,087,222	59
2018 Total	\$1,087,222	59
2019 Business Corporation Tax	\$0	0
2019 Public Service Corporation Tax	\$0	0
2019 Bank Tax	\$0	0
2019 Bank Deposits Tax	\$0	0
2019 Ins Co Gross Premiums Tax	\$90,000	< 10
2019 Personal Income Tax	\$956,511	53
2019 Total	\$1,046,511	Not Available*

**Indicates data that is not disclosed by Taxation due to taxpayer's confidentiality*

Projection Methodology: TY 2020 amount of credit and number of taxpayers is what was reported at the November 2021 Revenue Estimating Conference by the Division of Taxation. Forgone revenue amounts and the number of taxpayers for TY 2021 – TY 2023

VIII. Detail of Tax Expenditure Items - Credits

are equal to the 3-year average using the TY 2018 - TY 2020 amount of revenue forgone and number of taxpayers. If the count of taxpayers provided by the Division of Taxation was < 10, ORA used the midpoint estimate of 5 taxpayers in calculating the average.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	\$0	0
2020 Public Service Corporation Tax	\$0	0
2020 Bank Tax	\$0	0
2020 Bank Deposits Tax	\$0	0
2020 Ins Co Gross Premiums Tax	\$90,000	< 10
2020 Personal Income Tax	\$992,255	62
2020 Projected Total	\$1,082,255	Not Available*
2021 Business Corporation Tax	\$0	0
2021 Public Service Corporation Tax	\$0	0
2021 Bank Tax	\$0	0
2021 Bank Deposits Tax	\$0	0
2021 Ins Co Gross Premiums Tax	\$60,000	3
2021 Personal Income Tax	\$1,011,996	58
2021 Projected Total	\$1,071,996	61
2022 Business Corporation Tax	\$0	0
2022 Public Service Corporation Tax	\$0	0
2022 Bank Tax	\$0	0
2022 Bank Deposits Tax	\$0	0
2022 Ins Co Gross Premiums Tax	\$60,000	3
2022 Personal Income Tax	\$1,011,996	58
2022 Projected Total	\$1,071,996	61

VIII. Detail of Tax Expenditure Items - Credits

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2023 Business Corporation Tax	\$0	0
2023 Public Service Corporation Tax	\$0	0
2023 Bank Tax	\$0	0
2023 Bank Deposits Tax	\$0	0
2023 Ins Co Gross Premiums Tax	\$60,000	3
2023 Personal Income Tax	\$1,011,996	58
2023 Projected Total	\$1,071,996	61

**Indicates data that is not disclosed by Taxation due to taxpayer's confidentiality*

Law Comparison: Only New Hampshire has a similar provision.

New Hampshire: A tax credit is allowed against the business profits tax and/or the business enterprise tax for business organizations and business enterprises that contribute to scholarship organizations which award scholarships to be used by students to defray educational expenses. For each contribution made to a scholarship organization, a business organization or business enterprise may claim a credit equal to 85% of the contribution against the business profits tax...or against the business enterprise tax...or apportioned against both provided the total credit granted against both shall not exceed the maximum education tax credit allowed. No business organization or business enterprise shall receive more than 10% of the aggregate amount of tax credits permitted. The credit may be carried forward five years by any business organization or business enterprise but shall not exceed \$1 million in any given year. The aggregate of tax credits issued by the commissioner of the department of revenue administration to all taxpayers claiming the credit shall not exceed \$5,100,000.

New Hampshire Statute: N.H. Rev. Stat. Ann., Ch. 77-G(3) and 77-G(4)

9. Earned Income (Federal):

Statutory Reference: R.I. Gen. Laws § 44-30-2.6(c)(2)(N) / United States Public Law No. 116-260 / United States Public Law No. 117-2

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2020

Description: A taxpayer entitled to a federal earned income credit shall be allowed a Rhode Island earned income credit equal to 15% of the federal earned income credit with the excess Rhode Island credit amount fully refundable.

VIII. Detail of Tax Expenditure Items - Credits

In general, a taxpayer can claim the federal credit if he/she is employed and meets certain income criteria and rules including those having to do with children living in the home. The federal earned income tax credit is up to 45% of the first \$14,290 in earned income for taxpayers with three or more eligible dependents in TY 2018.

The Taxpayer Certainty and Disaster Tax Relief Act of 2020 signed into law on December 27, 2020 as part of the Consolidated Appropriations Act, 2021 allows for taxpayers to choose to use their 2019 income for the purposes of calculating the federal earned income tax credit for TY 2020 if the taxpayer's 2020 income is less than their income in 2019.

The American Rescue Plan Act of 2021 (ARPA) signed into law on March 11, 2021 made several changes for the purposes of calculating the federal earned income tax credit for TY 2021 only. The minimum eligible age to receive the credit decreased from 25 years old to 19 years old, except for students whose minimum age is 24 years old and for former foster youth or qualified homeless youth whose minimum age is 18 years old. The maximum age of 64 years old is eliminated for TY 2021. Additionally, the credit and phaseout percentages increase from 7.65% to 15.3%. Finally, there is an increase in the earned income and phaseout amounts from \$4,220 and \$5,280 to \$9,820 and \$11,610, respectively.

Data Source: Rhode Island Division of Taxation Testimony, November 2021 Revenue Estimating Conference.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$27,999,132	85,370
2019 Personal Income Tax	\$27,903,645	86,421
2020 Personal Income Tax	\$22,917,692	76,926

Projection Methodology: The Office of Revenue Analysis (ORA) applied the FY 2021 growth rate in Rhode Island residential employment provided by IHS Markit at the November 2021 Revenue Estimating Conference to the FY 2020 revenue forgone to project FY 2021 revenue forgone. Additionally, the estimated revenue impact from the federal earned income tax credit changes in APRA as calculated by ORA were added to the base revenue forgone projections. A similar process was followed for FY 2022 and FY 2023. The number of taxpayers for TY 2021 – TY 2023 are also grown using the IHS Markit forecast for residential employment. ORA was unable to estimate the additional number of taxpayers eligible for the earned income tax credit due to the changes in APRA.

VIII. Detail of Tax Expenditure Items - Credits

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Personal Income Tax	\$31,682,097	80,282
2022 Personal Income Tax	\$25,194,658	83,822
2023 Personal Income Tax	\$25,814,570	85,515

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Connecticut allows for a refundable earned income tax credit equal to 23% of the federal earned income tax credit to resident taxpayers who work and earn incomes below certain levels. For TY 2021 and beyond, the percentage increases from 23% to 30.5%.

Connecticut Statute: Conn. Gen. Stat. § 12-704e

Maine: The allowable earned income tax credit is in the amount of 5% of the federal earned income tax credit. For tax years beginning on or after January 1, 2016, the earned income tax credit is fully refundable for Maine residents and prorated for part-year residents. Effective for tax years beginning on or after January 1, 2020, the Maine earned income tax credit amount increases to 12% of the federal earned income tax credit amount for eligible taxpayers with qualifying children and to 25% of the federal earned income tax credit amount for eligible taxpayers without qualifying children. In addition, taxpayers aged 18 to 24 years without qualifying children are eligible for the Maine earned income tax credit if they are eligible for the federal earned income tax credit.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5219-S

Massachusetts: Massachusetts' provisions include a credit against the taxes imposed if the taxpayer qualified for and claimed the federal earned income credit. Effective for tax years beginning on or after January 1, 2016, the amount of the credit is 23% of the federal credit received by the taxpayer for the taxable year. For tax years beginning on or after January 1, 2019, the credit increases to 30% of the federal credit. If the taxpayer claims and receives other state income tax credits, this credit must be applied last. If the amount of the credit exceeds the taxpayer's liability, the excess is treated as an overpayment, and the taxpayer will be refunded the excess, without interest. Taxpayers who are victims of domestic abuse that file a Massachusetts personal income tax return as married filing separately may be eligible for the credit, despite not being eligible for the federal earned income tax credit, if they meet certain criteria.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 6(h)

Vermont: The credit is 36% of the individual's federal earned income tax credit multiplied by the percentage of the individual's earned income earned or received while a Vermont

VIII. Detail of Tax Expenditure Items - Credits

resident to the individual's total earned income. If the credit exceeds the taxpayer's income tax liability for the year, the excess of credits over payments due shall be paid to the taxpayer. If the taxpayer's earnings come from periods of part-year residency, then the credit is prorated.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5828b

10. Educational Assistance and Development:

Statutory Reference: R.I. Gen. Laws §§ 44-42-2 and 44-42-5

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1985 / N/A

Description: An 8% credit is allowed against the taxes imposed by R.I. Gen. Laws Chapters 44-11, 44-13 (except R.I. Gen. Laws § 44-13-13), 44-14 and 44-17 for contributions in excess of \$10,000 made to an institution of higher education in Rhode Island (a) for the establishment or maintenance of a faculty chair, department, or program for scientific research or education; (b) for a work fellowship program that is providing training connected with scientific research or education for the students of the institution; or (c) for tangible personal property contributed for use in an educational, training, or research program for scientific research or education excluding sale discounts and sale-gift or similar arrangements for equipment.

The credit cannot reduce the tax due below \$100 in a given tax year. Any amount of credit not used may be carried forward for five succeeding years.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	\$0	0
2018 Public Service Corporation Tax	\$0	0
2018 Bank Tax	\$0	0
2018 Ins Co Gross Premiums Tax	\$0	0
2018 Total	\$0	0

VIII. Detail of Tax Expenditure Items - Credits

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Business Corporation Tax	\$0	0
2019 Public Service Corporation Tax	\$0	0
2019 Bank Tax	\$0	0
2019 Ins Co Gross Premiums Tax	\$0	0
2019 Total	\$0	0

Projection Methodology: Amount of credit and number of taxpayers held constant with TY 2019.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	\$0	0
2020 Public Service Corporation Tax	\$0	0
2020 Bank Tax	\$0	0
2020 Ins Co Gross Premiums Tax	\$0	0
2020 Projected Total	\$0	0
2021 Business Corporation Tax	\$0	0
2021 Public Service Corporation Tax	\$0	0
2021 Bank Tax	\$0	0
2021 Ins Co Gross Premiums Tax	\$0	0
2021 Projected Total	\$0	0
2022 Business Corporation Tax	\$0	0
2022 Public Service Corporation Tax	\$0	0
2022 Bank Tax	\$0	0
2022 Ins Co Gross Premiums Tax	\$0	0
2022 Projected Total	\$0	0
2023 Business Corporation Tax	\$0	0
2023 Public Service Corporation Tax	\$0	0
2023 Bank Tax	\$0	0
2023 Ins Co Gross Premiums Tax	\$0	0
2023 Projected Total	\$0	0

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Law Comparison: Connecticut and Vermont have similar provisions.

Connecticut: Connecticut allows a corporation subject to the corporation business tax to claim a credit for expenditures made as a human capital investment. According to the Connecticut statute, “(4) donations or capital contributions to institutions of higher education in this state for improvements or advancements of technology, including physical plant improvements” are expenditures that qualify as human capital investments. The tax credit is equal to 5% of the amount paid or incurred by the corporation for a human capital investment. A credit cannot exceed the amount of corporation business tax otherwise payable, although unused amounts can be carried forward for up to five succeeding income years.

Connecticut also has a credit for land donated without any financial consideration or sold at a discounted price to a municipality of the state for educational use. The credit is 50% of the difference between the fair market value and the amount received for the donated land. The credit sunset on January 1, 2013 but unused credits may be carried forward for 15 years.

Connecticut Statute: Conn. Gen. Stat. §§ 12-217x and 12-217ff

Vermont: Gifts made on January 1, 2018 and after are eligible for Vermont’s charitable contribution tax credit which is a 5% credit of the first \$20,000 in eligible charitable contributions made during the taxable year regardless of whether taxpayers itemize on their federal returns. The tax credit is nonrefundable. Vermont follows federal law 26 U.S.C. § 170 as amended by the TCJA and other relevant regulations. Federally defined, included under charitable contributions are contributions to an educational organization which normally maintains a regular faculty and curriculum.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5822(c)(3)

11. Employment – Welfare Bonus Program:

Statutory Reference: R.I. Gen. Laws §§ 44-39.1-1, 44-39.1-2, 40-6.3-1, and 40-6.3-4

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1985 / 1986

Description: Any employer participating in the Bonus Program under R.I. Gen. Laws Chapter 40-6.3 is entitled to apply for the employment tax credit. This credit is awarded to employers that hire individuals who had previously received Aid to Families with Dependent Children (AFDC) for 30 consecutive months prior to the law’s enactment and employ such individuals for at least 24 consecutive months prior to application for the credit. The credit is equal to \$250 per eligible employee and can be applied against the tax imposed by R.I. Gen. Laws Chapters 44-11, 44-13, 44-14, 44-15 and 44-17.

VIII. Detail of Tax Expenditure Items - Credits

The credit cannot be applied until all other credits for which the taxpayer is eligible to use have been applied and it cannot reduce the tax due below \$100 in a given tax year. The credit is not refundable and any unused credit amounts cannot be carried forward to succeeding tax years.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	\$0	0
2018 Public Service Corporation Tax	\$0	0
2018 Bank Tax	\$0	0
2018 Bank Deposits Tax	\$0	0
2018 Ins Co Gross Premiums Tax	\$0	0
2018 Total	\$0	0
2019 Business Corporation Tax	\$3,186	< 10
2019 Public Service Corporation Tax	\$0	0
2019 Bank Tax	\$0	0
2019 Bank Deposits Tax	\$0	0
2019 Ins Co Gross Premiums Tax	\$0	0
2019 Total	\$3,186	< 10

Projection Methodology: Amount of credit and number of taxpayers held constant with TY 2019.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	\$3,186	< 10
2020 Public Service Corporation Tax	\$0	0
2020 Bank Tax	\$0	0
2020 Bank Deposits Tax	\$0	0
2020 Ins Co Gross Premiums Tax	\$0	0
2020 Projected Total	\$3,186	< 10

VIII. Detail of Tax Expenditure Items - Credits

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Business Corporation Tax	\$3,186	< 10
2021 Public Service Corporation Tax	\$0	0
2021 Bank Tax	\$0	0
2021 Bank Deposits Tax	\$0	0
2021 Ins Co Gross Premiums Tax	\$0	0
2021 Projected Total	\$3,186	< 10
2022 Business Corporation Tax	\$3,186	< 10
2022 Public Service Corporation Tax	\$0	0
2022 Bank Tax	\$0	0
2022 Bank Deposits Tax	\$0	0
2022 Ins Co Gross Premiums Tax	\$0	0
2022 Projected Total	\$3,186	< 10
2023 Business Corporation Tax	\$3,186	< 10
2023 Public Service Corporation Tax	\$0	0
2023 Bank Tax	\$0	0
2023 Bank Deposits Tax	\$0	0
2023 Ins Co Gross Premiums Tax	\$0	0
2023 Projected Total	\$3,186	< 10

Law Comparison: No similar provisions found in the other New England states.

12. Historic Homeownership Assistance:

Statutory Reference: R.I. Gen. Laws Chapter 44-33.1

Stated Purpose: “The purpose of this chapter is to encourage maintenance and rehabilitation of residential properties that have historic merit by providing income tax credit for the maintenance or rehabilitation of historic residences.”

Year Enacted / Last Year Amended: 1989 / 2017

Description: The historic homeownership tax credit is equal to up to 20% of the certified costs of maintenance or rehabilitation in the year in which the work is completed for a taxpayer who owns and lives in a Rhode Island historical residence. It was eliminated as part of the reform of the personal income tax system that was enacted in June 2010. At

VIII. Detail of Tax Expenditure Items - Credits

that time, taxpayers with unused amounts of credits were denied the opportunity to use these carryforward amounts in tax years beginning after December 31, 2010. In the 2017 session, the General Assembly amended the law to allow the use of these unused amounts of historic homeownership tax credits against personal income tax liabilities effective for tax years beginning after December 31, 2016.

Data Source: Rhode Island Division of Taxation Testimony, November 2021 Revenue Estimating Conference.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$11,770	< 10
2019 Personal Income Tax	\$9,461	< 10

Projection Methodology: The revenue forgone amount and the number of taxpayers for TY 2020 are as reported by the Division of Taxation at the November 2021 Revenue Estimating Conference testimony. TY 2021 – TY 2023 are held constant with TY 2020.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$5,338	< 10
2021 Personal Income Tax	\$5,338	< 10
2022 Personal Income Tax	\$5,338	< 10
2023 Personal Income Tax	\$5,338	< 10

Law Comparison: Connecticut and Vermont have similar provisions.

Connecticut: An owner of an historic home whom incurs qualified rehabilitation expenditures exceeding \$15,000 shall be eligible for a tax credit in an amount equal to 30% of the qualified rehabilitation expenditures not to exceed \$30,000 per dwelling. The owner must occupy the home as a primary residence or convey the historic home to a new owner who will occupy it as a primary residence. Unused credit may be carried forward for four years. On or after July 1, 2015, 70% of \$3 million of total credits reserved must be for owners rehabilitating historic homes located in a regional center as designated in the state plan of conservation and development adopted by the General Assembly.

Conn. Gen. Stat. § 10-416

Vermont: Under the Vermont Downtown and Village Center Tax Credit program, a qualified applicant of a qualified historic rehabilitation project may claim against his or her individual income tax liability a credit of 10% of the qualified rehabilitation expenditures

VIII. Detail of Tax Expenditure Items - Credits

as defined under Section 47(c) of the Internal Revenue Code and properly chargeable to the federally certified rehabilitation. To qualify for this tax credit, expenditures for the qualified project must exceed \$5,000 and applicants must apply prior to completion of the qualified project. This credit is capped at \$2,400,000 annually.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5930cc(a)

13. Historic Preservation:

Statutory Reference: R.I. Gen. Laws Chapter 44-33.6

Stated Purpose: “The purpose of this chapter is to create economic incentives for the purpose of stimulating the redevelopment and reuse of Rhode Island’s historic structures, as well as to generate the positive economic and employment activities that will result from such redevelopment and reuse.”

Year Enacted / Last Year Amended: 2013 / 2021

Description: A taxpayer that incurs qualified rehabilitation expenditures for the substantial rehabilitation of a certified historic structure, provided the taxpayer is not a social club, is entitled to a credit against the taxes imposed by R.I. Gen. Laws Chapters 44-11, 44-13, 44-14, 44-17 or 44-30. The credit is equal to 20% of the qualified rehabilitation expenditures for any certified historic structure or 25% of the qualified rehabilitation expenditures, provided that either (i) at least 25% of the total rentable area of the certified historic structure is available for a trade or business or (ii) the entire rentable area located on the first floor of the certified historic structure is available for a trade or business.

Tax credits are allowed for the tax year in which the structure or an identifiable portion of the structure is placed into service and, if the credits exceed the taxpayer’s tax liability in a given tax year, the unused amounts can be carried forward for up to ten years from the first tax year the credits were utilized. The maximum credit per project cannot exceed \$5 million for all phases of any certified rehabilitation project, and the maximum total credits authorized cannot exceed the sum of the estimated credits available in the historic preservation tax credit trust fund. No credits shall be authorized to be reserved pursuant to R.I. Gen. Laws Chapter 44-33.6 on or after June 30, 2022 or upon the exhaustion of the maximum aggregate credits, whichever comes first. Credits may be allocated to partners, members or owners that are exempt from taxation under section 501(c)(4) or section 501(c)(6) and are listed as non-profit refund under tax type.

Data Source: Rhode Island Division of Taxation. The count of taxpayers is based on unique taxpayer IDs on a certificate. It is possible that a joint filing could have two unique taxpayer IDs.

Reliability Index: 1

VIII. Detail of Tax Expenditure Items - Credits

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	\$150,000	< 10
2018 Public Service Corporation Tax	\$0	0
2018 Bank Tax	\$0	0
2018 Ins Co Gross Premiums Tax	\$1,539,103	< 10
2018 Personal Income Tax	\$5,575,491	124
2018 Non-Profit Refund	\$8,757,801	< 10
2018 Total	\$16,022,395	Not Available*
2019 Business Corporation Tax	\$0	0
2019 Public Service Corporation Tax	\$0	0
2019 Bank Tax	\$0	0
2019 Ins Co Gross Premiums Tax	\$490,897	< 10
2019 Personal Income Tax	\$6,196,825	111
2019 Non-Profit Refund	\$197,050	< 10
2019 Total	\$6,884,772	Not Available*
2020 Business Corporation Tax	\$0	0
2020 Public Service Corporation Tax	\$0	0
2020 Bank Tax	\$0	0
2020 Ins Co Gross Premiums Tax	\$0	0
2020 Personal Income Tax	\$555,552	44
2020 Non-Profit Refund	\$0	0
2020 Total	\$555,552	44

**Indicates data that is not disclosed by Taxation due to taxpayer's confidentiality*

Projection Methodology: The projection for CY 2021-2023 is based on estimates prepared by the Office of Revenue Analysis for the November 2021 Revenue Estimating Conference for FY 2021-2024 for only those projects that qualify under R.I. Gen. Laws Chapter 44-33.6. The allocation of the total amount of historic preservation tax credits to CY 2021-2023 was executed by first allocating the Division of Taxation's approved project list by estimated year of completion. The yearly total historic preservation credit estimates were then allocated to each subsequent tax year by the average amount of credit claimed each year compared to when the credit was assigned. For example, over the past 16 years, 28.5% of the assigned historic credit amount has been claimed in the year following assignment, while 55.6% of the assigned historic credit amount has been claimed in the second year following assignment. The amount of historic preservation tax credits allocated to each

VIII. Detail of Tax Expenditure Items - Credits

tax type is based on each tax type's five-year average percentage of total historic preservation tax credits redeemed. For personal income tax the percentage is 36.0%; for business corporation tax the percentage is 0.8%; for bank (financial institutions) tax the percentage is 10.4% for insurance company gross premiums tax the percentage is 33.8%; and for non-profit refund the percentage is 18.9%. No company has ever used an historic preservation tax credit against the tax owed under the public service corporation tax.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Business Corporation Tax	\$45,686	<i>Unknown</i>
2021 Public Service Corporation Tax	\$0	<i>Unknown</i>
2021 Bank Tax	\$471,012	<i>Unknown</i>
2021 Ins Co Gross Premiums Tax	\$1,653,063	<i>Unknown</i>
2021 Personal Income Tax	\$2,005,726	<i>Unknown</i>
2021 Non-Profit Refund	\$897,438	<i>Unknown</i>
2021 Projected Total	\$5,072,926	<i>Unknown</i>
2022 Business Corporation Tax	\$93,628	<i>Unknown</i>
2022 Public Service Corporation Tax	\$0	<i>Unknown</i>
2022 Bank Tax	\$612,798	<i>Unknown</i>
2022 Ins Co Gross Premiums Tax	\$2,634,215	<i>Unknown</i>
2022 Personal Income Tax	\$4,126,961	<i>Unknown</i>
2022 Non-Profit Refund	\$1,331,322	<i>Unknown</i>
2022 Projected Total	\$8,798,924	<i>Unknown</i>
2023 Business Corporation Tax	\$90,224	<i>Unknown</i>
2023 Public Service Corporation Tax	\$0	<i>Unknown</i>
2023 Bank Tax	\$1,377,217	<i>Unknown</i>
2023 Ins Co Gross Premiums Tax	\$4,220,224	<i>Unknown</i>
2023 Personal Income Tax	\$3,940,106	<i>Unknown</i>
2023 Non-Profit Refund	\$2,416,412	<i>Unknown</i>
2023 Projected Total	\$12,044,183	<i>Unknown</i>

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

VIII. Detail of Tax Expenditure Items - Credits

Connecticut: A tax credit is available to individuals, limited liability companies, non-profit and for-profit corporations or other business entities for expenses associated with rehabilitating certain historic properties. The credit is equal to 25% of the actual rehabilitation expenditures, or 30% of the actual qualified rehabilitation expenditures for projects including affordable housing not exceeding \$4.5 million. The annual limit for all taxpayers is \$31.7 million. Unused credits may be carried forward for 5 years.

Connecticut Statute: Conn. Gen. Stat. § 10-416c

Maine: After December 31, 2007, taxpayers are allowed historic rehabilitation credits for the certified qualified rehabilitation expenditures incurred. A “substantial rehabilitation credit” is allowed against the income tax in an amount equal to 25% of the taxpayer’s certified qualified rehabilitation expenditures for which a tax credit is claimed under the Internal Revenue Code Section 47 for a certified historic structure located in Maine. The credit allowed is refundable and is also increased to 30% of certified qualified rehabilitation expenditures for a certified affordable housing project.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5219-BB

Massachusetts: Massachusetts’ provisions include a 20% credit of qualified rehabilitation expenditures incurred in the rehabilitation of a certified historic structure. The credit is not refundable, but a carryforward is allowable for five tax years. The Commissioner of the Department of Revenue, in consultation with the Massachusetts Historical Commission, will authorize credits annually until December 31, 2022 in an aggregate amount up to \$55 million per year.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 6J, see also TIR 16-15

Vermont: Under the Vermont Downtown and Village Center Tax Credit program, a qualified applicant of a qualified historic rehabilitation project may claim against his or her individual income tax liability a credit of 10% of the qualified rehabilitation expenditures as defined under Section 47(c) of the Internal Revenue Code and properly chargeable to the federally certified rehabilitation. To qualify for this tax credit, expenditures for the qualified project must exceed \$5,000 and applicants must apply prior to completion of the qualified project. This credit is capped at \$2,400,000 annually.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5930cc(a)

14. Historic Structures:

Statutory Reference: R.I. Gen. Laws Chapter 44-33.2

Stated Purpose: “The purpose of this chapter is to create economic incentives for the purpose of stimulating the redevelopment and reuse of Rhode Island’s historic structures.”

Year Enacted / Last Year Amended: 2001 / 2008

VIII. Detail of Tax Expenditure Items - Credits

Description: A credit equal to 30% of the qualified rehabilitation expenditures (QREs) incurred to rehabilitate the historic structure is allowed against the taxes imposed by R.I. Gen. Laws Chapters 44-11, 44-13, 44-14, 44-17 or 44-30 for the redevelopment and reuse of Rhode Island’s historic structures. The structure must have been certified as historic by the Rhode Island Historical Preservation and Heritage Commission and placed into service prior to January 1, 2008. The credit processing fee for these projects is 2.25% of the QREs. Projects that are in progress as of January 1, 2008 but not yet placed into service are eligible to receive a credit equal to either 27% of the QREs incurred with a credit processing fee of 5% of the QREs incurred or 26% of the QREs incurred with a credit processing fee of 4% of the QREs incurred or 25% of the QREs incurred with a credit processing fee of 3% of the same.

Historic structures tax credits are transferrable and unused amounts of the credit may be carried forward to a maximum of 10 succeeding tax years. Proceeds from the sale of historic structures tax credits are exempt from Rhode Island taxes.

Data Source: Rhode Island Division of Taxation Testimony, November 2021 Revenue Estimating Conference and the Office of Revenue Analysis calculations. The count of taxpayers is based on unique taxpayer IDs on a certificate. It is possible that a joint filing could have two unique taxpayer IDs.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	\$0	0
2018 Public Service Corporation Tax	\$0	0
2018 Bank Tax	\$10,000,000	< 10
2018 Ins Co Gross Premiums Tax	\$10,636,025	< 10
2018 Personal Income Tax	\$3,275,313	93
2018 Total	\$23,911,338	Not Available*
2019 Business Corporation Tax	\$17,391	< 10
2019 Public Service Corporation Tax	\$0	0
2019 Bank Tax	\$0	0
2019 Ins Co Gross Premiums Tax	\$3,432,880	< 10
2019 Personal Income Tax	\$3,074,611	75
2019 Total	\$6,524,882	Not Available*

VIII. Detail of Tax Expenditure Items - Credits

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2020 Business Corporation Tax	\$0	0
2020 Public Service Corporation Tax	\$0	0
2020 Bank Tax	\$0	0
2020 Ins Co Gross Premiums Tax	\$653,690	< 10
2020 Personal Income Tax	\$84,221	12
2020 Total	\$737,911	Not Available*

**Indicates data that is not disclosed by Taxation due to taxpayer's confidentiality*

Projection Methodology: The projection for CY 2021-2023 historic structures tax credits is based on Taxation testimony at the November 2021 Revenue Estimating Conference as well as estimates prepared by the Office of Revenue Analysis for FY 2022-2024 for only those projects that qualify under Rhode Island General Laws Chapter 44-33.2. The allocation of the total amount of historic structures tax credits to CY 2021-2023 was executed by taking the five-year average percentage of the total historic preservation and historic structures tax credits issued. The amount of historic preservation and historic structures tax credits allocated to each tax type is based on that tax type's five-year average percentage of total historic preservation and historic structures tax credits redeemed. For personal income tax the percentage is 36.0%; for business corporation tax the percentage is 0.8%; for bank (financial institutions) tax the percentage is 10.4%; for insurance company gross premiums tax the percentage is 33.8%; and for non-profit refund the percentage is 18.9%. No company has ever used a historic tax credit against the tax owed under the public service corporation tax. Finally, the ORA estimates of historic preservation tax credits by tax type are subtracted from the total historic preservation and historic structures tax credits by tax type estimated for CY 2021 – 2023 to arrive at estimates for historic structures tax credits.

VIII. Detail of Tax Expenditure Items - Credits

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Business Corporation Tax	\$5,732	<i>Unknown</i>
2021 Public Service Corporation Tax	\$0	<i>Unknown</i>
2021 Bank Tax	\$0	<i>Unknown</i>
2021 Ins Co Gross Premiums Tax	\$1,700,976	<i>Unknown</i>
2021 Personal Income Tax	\$3,417,944	<i>Unknown</i>
2021 Projected Total	\$5,124,653	<i>Unknown</i>
2022 Business Corporation Tax	\$12,950	<i>Unknown</i>
2022 Public Service Corporation Tax	\$0	<i>Unknown</i>
2022 Bank Tax	\$0	<i>Unknown</i>
2022 Ins Co Gross Premiums Tax	\$391,033	<i>Unknown</i>
2022 Personal Income Tax	\$2,193,244	<i>Unknown</i>
2022 Projected Total	\$2,597,227	<i>Unknown</i>
2023 Business Corporation Tax	\$28,057	<i>Unknown</i>
2023 Public Service Corporation Tax	\$0	<i>Unknown</i>
2023 Bank Tax	\$0	<i>Unknown</i>
2023 Ins Co Gross Premiums Tax	\$794,869	<i>Unknown</i>
2023 Personal Income Tax	\$1,621,378	<i>Unknown</i>
2023 Projected Total	\$2,444,304	<i>Unknown</i>

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: A tax credit is available to individuals, limited liability companies, non-profit and for-profit corporations or other business entities for expenses associated with rehabilitating certain historic properties. The credit is equal to 25% of the actual rehabilitation expenditures, or 30% of the actual qualified rehabilitation expenditures for projects including affordable housing not exceeding \$4.5 million. The annual limit for all taxpayers is \$31.7 million. Unused credits may be carried forward for 5 years.

Connecticut Statute: Conn. Gen. Stat. § 10-416c

Maine: After December 31, 2007, taxpayers are allowed historic rehabilitation credits for the certified qualified rehabilitation expenditures incurred. A “substantial rehabilitation credit” is allowed against the income tax in an amount equal to 25% of the taxpayer’s certified qualified rehabilitation expenditures for which a tax credit is claimed under the

VIII. Detail of Tax Expenditure Items - Credits

Internal Revenue Code Section 47 for a certified historic structure located in Maine. The credit allowed is refundable and is also increased to 30% of certified qualified rehabilitation expenditures for a certified affordable housing project.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5219-BB

Massachusetts: Massachusetts' provisions include a 20% credit of qualified rehabilitation expenditures incurred in the rehabilitation of a certified historic structure. The credit is not refundable, but a carryforward is allowable for five tax years. The Commissioner of the Department of Revenue, in consultation with the Massachusetts Historical Commission, will authorize credits annually until December 31, 2022 in an aggregate amount up to \$55 million per year.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 6J

Vermont: Under the Vermont Downtown and Village Center Tax Credit program, a qualified applicant of a qualified historic rehabilitation project may claim against his or her individual income tax liability a credit of 10% of the qualified rehabilitation expenditures as defined under Section 47(c) of the Internal Revenue Code and properly chargeable to the federally certified rehabilitation. To qualify for this tax credit, expenditures for the qualified project must exceed \$5,000 and applicants must apply prior to completion of the qualified project. This credit is capped at \$2,400,000 annually.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5930cc(a)

15. Hydroelectric Power:

Statutory Reference: R.I. Gen. Laws §§ 44-30-20, 44-30-22, and 44-30-23

Stated Purpose: "It is the policy of this state to support and foster the development of hydropower generating facilities by the establishment of tax incentives for those owners of existing dams who install hydroelectric power generation equipment."

Year Enacted / Last Year Amended: 1980 / N/A

Description: A hydroelectric power developer will be allowed a non-refundable state income tax credit in the amount of 10% of the installation costs of a small hydroelectric power production facility at an existing dam site in Rhode Island. The credit can be used against the taxes imposed by R.I. Gen. Laws Chapters 44-11. This credit is limited to \$500,000 in costs to develop a small hydroelectric power production facility for a maximum credit of \$50,000.

If the allowable amount of the credit exceeds the tax liability of the developer in the taxable year the credit is earned, unused portions of the credit may be carried forward to no more than five succeeding tax years.

VIII. Detail of Tax Expenditure Items - Credits

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	\$0	0
2019 Business Corporation Tax	\$0	0

Projection Methodology: Amount of credit and number of taxpayers held constant with TY 2019.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	\$0	0
2021 Business Corporation Tax	\$0	0
2022 Business Corporation Tax	\$0	0
2023 Business Corporation Tax	\$0	0

Law Comparison: No similar provisions found in the other New England states.

16. Investment:

Statutory Reference: R.I. Gen. Laws § 44-31-1

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1974 / 2002

Description: A credit is allowed against the tax imposed by R.I. Gen. Laws Chapters 44-11, 44-14, and 44-17 for the cost of realty and tangible property in Rhode Island, which are principally used by the taxpayer in the production of goods by manufacturing, processing or assembling. General manufacturers are provided with a credit of 4% of the cost or qualified amounts for leased assets of tangible personal property and buildings and structural components of buildings provided that the assets have a useful life of at least four years. A credit equal to 10% of the cost or qualified amounts for leased assets of tangible personal property, excluding motor vehicles and furniture, provided that the assets have a useful life of at least four years, is granted to manufacturers that are classified in major groups 20 through 39, 50 and 51, 60 through 67, 73, 76, 80 through 82, 87, and 89 in the Standard Industrial Classification manual (SIC Codes). A 10% credit of the cost or qualified amounts for leased assets of buildings and structural components is also provided to “high performance manufacturers” which are defined as businesses described in major groups 28, 30, 34 to 36 and 38 of the SIC Codes. For leased buildings and structural

VIII. Detail of Tax Expenditure Items - Credits

components, the lease must have a term of at least 20 years. High performance manufacturers must also meet certain wage requirements to qualify. The above noted credit percentages also apply to computers, software, and telecommunications hardware even if these assets have useful lives of less than four years.

The 4% credit can reduce the tax due to the amount of the corporate minimum tax, as set forth in R.I. Gen. Laws § 44-11-2(e). The 10% credit can only reduce a tax liability by 50% unless it has been applied by a high-performance manufacturer to the acquisition of buildings by purchase or by a lease of 20 years or more in which case the tax liability can be reduced to the amount of the corporate minimum tax. Credits are non-refundable and unused amounts of the credits not used in the taxable year earned can be carried forward to not more than seven succeeding tax years.

Data Source: Rhode Island Division of Taxation testimony from the May and November 2021 Revenue Estimating Conference.

The figures below include any amounts attributable to the Biotechnology Investment credit.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	\$1,322,354	36
2018 Bank Tax	\$5,079,804	<10
2018 Ins Co Gross Premiums Tax	\$346,899	<10
2018 Total	\$6,749,057	Not Available*
2019 Business Corporation Tax	\$512,971	25
2019 Bank Tax	\$3,916,666	<10
2019 Ins Co Gross Premiums Tax	\$89,189	<10
2019 Total	\$4,518,826	Not Available*

**Indicates data that is not disclosed by Taxation due to taxpayer's confidentiality*

Projection Methodology: TY 2020 amount of credit and number of taxpayers is what was reported at the November 2021 Revenue Estimating Conference by the Division of Taxation. Forgone revenue amounts and the number of taxpayers for TY 2021 are equal to the 3-year average using the TY 2018 - TY 2020 amount of revenue forgone and number of taxpayers. TYs 2022 and 2023 are set equal to TY 2021. If the count of taxpayers provided by the Division of Taxation was < 10, ORA used the midpoint estimate of 5 taxpayers in calculating the average.

VIII. Detail of Tax Expenditure Items - Credits

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	\$457,927	25
2020 Bank Tax	\$0	0
2020 Ins Co Gross Premiums Tax	\$176,982	<10
2020 Total	\$634,909	Not Available*
2021 Business Corporation Tax	\$764,417	29
2021 Bank Tax	\$2,998,823	3
2021 Ins Co Gross Premiums Tax	\$204,357	5
2021 Projected Total	\$3,967,597	37
2022 Business Corporation Tax	\$764,417	29
2022 Bank Tax	\$2,998,823	3
2022 Ins Co Gross Premiums Tax	\$204,357	5
2022 Projected Total	\$3,967,597	37
2023 Business Corporation Tax	\$764,417	29
2023 Bank Tax	\$2,998,823	3
2023 Ins Co Gross Premiums Tax	\$204,357	5
2023 Projected Total	\$3,967,597	37

*Indicates data that is not disclosed by Taxation due to taxpayer's confidentiality

Law Comparison: All of the New England states have similar provisions.

Connecticut: Connecticut allows a credit against corporation business tax equal to 5% of the amount paid or incurred by a corporation for any new fixed capital investments. Any credit not used during the income year in which the acquisition was made may be carried forward to the next five succeeding income years.

Connecticut Statute: Conn. Gen. Stat. § 12-217w

Maine: Maine has three credits which are similar. Maine's jobs and investment tax credit prior to January 1, 2016 was applicable to taxpayers whose property is a qualified investment of at least \$5 million for the taxable year with a situs in Maine. The taxpayer's records must substantiate that at least 100 new jobs were created in the 24-month period following the date the property was placed in service. The amount of the credit is equal to a former federal credit and is limited to \$500,000 or the amount of tax, whichever is less. This tax credit is repealed for tax years beginning on or after January 1, 2016 but may be carried over for a period of seven years.

VIII. Detail of Tax Expenditure Items - Credits

Maine's seed capital investment credit is eligible to an investment in a business that: a) is located in Maine; b) has gross sales of \$5 million or less per year; c) is the full-time, professional activity of at least one of the principal owners; d) that has been determined by the authority to be a manufacturer or a value-added natural resource enterprise; and e) is a manufacturer, or a product or service provider with sales derived predominately from outside the state or to out-of-state residents, or is engaged in developing or applying advanced technologies. The Finance Authority of Maine (FAME) issues a certificate for up to 50% of the cash equity they provide to eligible Maine businesses. 25% of the authorized credit may be used for each tax year.

Finally, Maine has a high-technology investment tax credit. Prior to January 1, 2016, the high-technology activity included the design, creation, and production of computer software, computer equipment, supporting communications components and other accessories that are directly associated with computer software and equipment. Taxpayers engaged in high-technology activity that purchase and use eligible equipment or that lease eligible equipment from a lessor were generally eligible for a credit equal to the investment credit base for equipment that was placed into service in Maine during the tax year. This tax credit is repealed for tax years beginning on or after January 1, 2016 but under certain circumstances may be carried over for a period up to ten years.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 5215, 5216-B and 5219-M

Massachusetts: Massachusetts provisions include only manufacturers; corporations engaged primarily in research and development; or in agriculture or commercial fishing. The credit is 3% of the cost or other basis of the property including buildings and leased tangible property and has a three-year carry forward of unused credit.

Massachusetts Statute: Mass. Gen. Laws ch. 63, § 31A

New Hampshire: An investment tax credit equal to 75% of the contribution made to the Community Development Finance Authority during the contributor's tax year is allowed against the business profits tax, the insurance taxes or the business enterprise tax individually or in combination. The credit or any unused portion of the credit may be carried forward for five succeeding years but may not exceed \$1 million in any given tax year. Contributors may only take the credit after the contributions are received by the authority.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 162-L:10

Vermont: Vermont entitles taxpayers to a credit against the tax imposed of 24% of the federal investment tax credit allowed against the federal income tax for the taxable year attributable to the Vermont-property portion of the investment.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5822(d)

VIII. Detail of Tax Expenditure Items - Credits

17. Jobs Training:

Statutory Reference: R.I. Gen. Laws Chapter 42-64.6

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1996 / 2018

Description: A qualified employer is allowed a credit against the taxes imposed by R.I. Gen. Chapters 44-11, 44-13 (except R.I. Gen. Laws § 44-13-13), 44-14, 44-17, and 44-30 of 50% of the qualifying expenses to provide training and/or retraining to qualifying employees. A qualified employer must be so sanctioned by the Human Resources Investment Council. A qualifying employee is certain individuals employed by the employer in Rhode Island for at least 30 hours per week and earns or will earn immediately upon completion of the training and/or retraining program 150% of the state minimum wage.

Fifty percent of the credit amount can be used in the taxable year in which the expense is incurred with the balance to be used in the succeeding tax year. The maximum credit per employee is no more than \$5,000 in any three-year period. The credit allowed cannot reduce the tax due below the minimum. As of the 2018 legislative session, no credits shall be awarded for tax years beginning on or after January 1, 2018.

Data Source: Rhode Island Division of Taxation testimony provided at the May and November 2021 Revenue Estimating Conferences

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	\$9,753	< 10
2018 Public Service Corporation Tax	\$0	0
2018 Bank Tax	\$0	0
2018 Ins Co Gross Premiums Tax	\$24,140	< 10
2018 Total	\$33,893	Not Available*
2019 Business Corporation Tax	\$0	0
2019 Public Service Corporation Tax	\$0	0
2019 Bank Tax	\$0	0
2019 Ins Co Gross Premiums Tax	\$0	0
2019 Total	\$0	0

**Indicates data that is not disclosed by Taxation due to taxpayer's confidentiality*

VIII. Detail of Tax Expenditure Items - Credits

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Connecticut allows a tax credit equal to 5% of the amount paid or incurred by a corporation for human capital investments. Expenditures that may qualify as human capital investments include:

- In-state job training for persons employed in the state;
- Work education programs in Connecticut, such as programs in public high schools and work education-diversified occupations programs; and
- Worker training and education for persons employed in Connecticut, provided by Connecticut higher education institutions.

A credit cannot exceed the amount of corporation business tax otherwise payable, although unused amounts can be carried forward for up to five succeeding income years.

Connecticut Statute: Conn. Gen. Stat. § 12-217x

18. Juvenile Restitution:

Statutory Reference: R.I. Gen. Laws § 14-1-32.1(c)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1980 / 1989

Description: An employer of a juvenile hired under the juvenile victim restitution program of the Family Court is entitled to receive a credit of 10% of the wages paid to the juvenile annually. The credit cannot exceed \$3,000 annually and may be taken against the taxes imposed by R.I. Gen. Laws Chapter 44-11.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	\$0	0
2019 Business Corporation Tax	\$0	0

Projection Methodology: Amount of credit and number of taxpayers held constant with TY 2019.

VIII. Detail of Tax Expenditure Items - Credits

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	\$0	0
2021 Business Corporation Tax	\$0	0
2022 Business Corporation Tax	\$0	0
2023 Business Corporation Tax	\$0	0

Law Comparison: No similar provisions found in the other New England states.

19. Lead Paint Abatement:

Statutory Reference: R.I. Gen. Laws §§ 44-30.3-1 and 44-30.3-2

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2004 / N/A

Description: A property owner or lessee who resides in Rhode Island is entitled to tax relief for residential lead removal or lead hazard reduction when he or she obtains a Housing Resources Commission regulated certification, obtains a Department of Health regulated lead safe certification and fulfills all requirements, including certain income requirements as provided by this law. The tax relief can be used against the tax imposed by R.I. Gen. Laws Chapter 44-30.

The tax relief shall be equal to the amount actually paid for the required lead abatement or lead hazard mitigation up to a maximum of \$1,500 per dwelling unit for mitigation and up to \$5,000 per dwelling unit for abatement. The credit can be earned on a maximum of three dwelling units per claimant. The tax credit is refundable for the amounts of the credit claimed in excess of the taxpayer's liability.

The maximum amount of credits that can be claimed in a given fiscal year is \$250,000. For tax year 2018, claimants with household incomes of \$45,500 or less shall receive priority in receiving tax credit certificates. For tax years 2019 and 2020 this amount is \$46,800 and \$47,500, respectively.

Data Source: Office of Revenue Analysis (ORA) calculations based on TY 2018 and TY 2019 personal income tax data.

Reliability Index: 1

VIII. Detail of Tax Expenditure Items - Credits

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$228,441	67
2019 Personal Income Tax	\$227,970	51

Projection Methodology: Number of taxpayers held constant with TY 2019. Amount of credit is assumed to be the maximum allowed of \$250,000.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$250,000	51
2021 Personal Income Tax	\$250,000	51
2022 Personal Income Tax	\$250,000	51
2023 Personal Income Tax	\$250,000	51

Law Comparison: Only Massachusetts has a similar provision.

Massachusetts: Massachusetts’ provisions allow a credit to an owner of a residence who pays for the containment or abatement of any paint, plaster or other accessible structural materials containing dangerous levels of lead or who pays for the replacement of one or more window units in a dwelling constructed before 1978 in order to bring the dwelling into full compliance with the provisions of Mass. Gen. L. c. 111, Section 197 (concerning materials containing dangerous levels of lead) may claim a credit for the lesser of the cost of the removal, containment or replacement or \$1,500 per dwelling.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 6(e)

20. Motion Picture Production:

Statutory Reference: R.I. Gen. Laws § 44-31.2-5

Stated Purpose: “The primary objective of this chapter is to encourage development in Rhode Island of a strong capital base for motion picture film, videotape, and television program productions, in order to achieve a more independent, self-supporting industry. This objective is divided into immediate and long-term objectives as follows:

1. Immediate objectives are to:
 - i. Attract private investment for the production of motion pictures, videotape productions, and television programs, which contain substantial Rhode Island content as defined herein.
 - ii. Develop a tax infrastructure, which encourages private investment. This infrastructure will provide for state participation in the form of tax credits to encourage investment in state- certified productions.

VIII. Detail of Tax Expenditure Items - Credits

- iii. Develop a tax infrastructure utilizing tax credits, which encourage investments in multiple state-certified production projects.
2. Long-term objectives are to:
 - i. Encourage increased employment opportunities within this sector and increased competition with other states in fully developing economic development options within the film and video industry.
 - ii. Encourage new education curricula in order to provide a labor force trained in all aspects of film production.”

Year Enacted / Last Year Amended: 2005 / 2021

Description: Effective July 1, 2018, a 30% tax credit based on the amount of state-certified production costs directly attributable to activities within the state may be awarded to a motion picture production company; provided that the primary locations are within the state. The credit can be used against the taxes imposed by R.I. Gen. Laws Chapters 44-11, 44-14, 44-17 and 44-30. To qualify, the minimum total production budget must be at least \$100,000 and the maximum credit allowed is \$7 million per production. The tax administrator is granted authority to waive that cap for feature-length films or TV series. The credit can be transferred or sold to another Rhode Island taxpayer and unused amounts of the credit can be carried forward for not more than three succeeding tax years.

For tax years beginning on or before December 31, 2007, no more than \$15 million in total credits may be issued for any tax year for motion picture production tax credits and/or musical and theatrical production tax credits. No specific amount shall be set aside for either type of production. In the 2019 legislative session, the motion picture production tax credit sunset was extended from July 1, 2024 to July 1, 2027. Additionally, the aggregate annual cap was increased from \$15 million to \$20 million for total motion picture production tax credits and/or musical and theatrical production tax credits, effective for tax years beginning after December 31, 2019. In the 2021 legislative session, the aggregate annual cap was increased from \$20 million to \$30 million for total motion picture production tax credits and/or musical and theatrical production tax credits, effective for TY 2022 only.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

VIII. Detail of Tax Expenditure Items - Credits

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	\$1,322,213	< 10
2018 Bank Tax	\$0	0
2018 Ins Co Gross Premiums Tax	\$348,285	< 10
2018 Personal Income Tax	\$449,094	11
2018 Total	\$2,119,592	Not Available*
2019 Business Corporation Tax	\$1,632,472	< 10
2019 Bank Tax	\$0	0
2019 Ins Co Gross Premiums Tax	\$80,511	< 10
2019 Personal Income Tax	\$81,720	< 10
2019 Total	\$1,794,703	Not Available*
2020 Business Corporation Tax	\$4,717,236	< 10
2020 Bank Tax	\$0	0
2020 Ins Co Gross Premiums Tax	\$0	0
2020 Personal Income Tax	\$437,442	10
2020 Total	\$5,154,678	Not Available*

**Indicates data that is not disclosed by Taxation due to taxpayer's confidentiality*

Projection Methodology: The projection for CY 2021, CY 2022 and CY 2023 motion picture production tax credits is based on estimates prepared by the Office of Revenue Analysis for the November 2021 Revenue Estimating Conference for FY 2021, FY 2022, FY 2023, and FY 2024 for motion picture production projects that qualify under Rhode Island General Laws Chapter 44-31.2. This analysis assumes that the full \$30 million of motion picture production and/or musical and theatrical production tax credits will be utilized in calendar year 2022 while calendar year 2023 assumes a \$20 million maximum allowance. The allocation of the total amount of motion picture production tax credits to CY 2021, CY 2022 and CY 2023 was executed using the percentages derived for the allocation of motion picture production tax credits and the Office of Revenue Analysis applying these percentages to the estimates for FY 2021, FY 2022, FY 2023, and FY 2024 for the included motion picture productions. For CY 2021, the five-year average percentage for the January to June period was multiplied against the estimated FY 2021 total amount of motion picture production tax credits and the five-year average percentage for the July to December period was multiplied against the estimated FY 2022 total amount of motion picture production tax credits. A similar method was used for CY 2022 and CY 2023 and fiscal years 2022, 2023 and 2024. The amount of motion picture production tax credits allocated to each tax type is based on that tax type's three-year average percentage of total motion picture production tax credits redeemed. For personal income tax the percentage is 34.9%; for business corporation tax the percentage is 53.2%; for bank

VIII. Detail of Tax Expenditure Items - Credits

(financial institutions) tax the percentage is 0.0%; and for insurance company gross premiums tax the percentage is 11.9%. No company has ever used a motion picture production tax credit against the tax owed under the franchise tax or the public service corporation tax.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Business Corporation Tax	\$3,931,120	<i>Unknown</i>
2021 Bank Tax	\$0	<i>Unknown</i>
2021 Ins Co Gross Premiums Tax	\$74,133	<i>Unknown</i>
2021 Personal Income Tax	\$771,237	<i>Unknown</i>
2021 Projected Total	\$4,776,490	<i>Unknown</i>
2022 Business Corporation Tax	\$7,055,244	<i>Unknown</i>
2022 Bank Tax	\$0	<i>Unknown</i>
2022 Ins Co Gross Premiums Tax	\$524,591	<i>Unknown</i>
2022 Personal Income Tax	\$4,102,111	<i>Unknown</i>
2022 Projected Total	\$11,681,946	<i>Unknown</i>
2023 Business Corporation Tax	\$11,720,262	<i>Unknown</i>
2023 Bank Tax	\$0	<i>Unknown</i>
2023 Ins Co Gross Premiums Tax	\$2,111,154	<i>Unknown</i>
2023 Personal Income Tax	\$7,730,195	<i>Unknown</i>
2023 Projected Total	\$21,561,611	<i>Unknown</i>

Law Comparison: Connecticut, Maine, and Massachusetts have similar provisions.

Connecticut: Production companies incurring production expenses or costs between \$100,000 and \$500,000 may be eligible for a credit equal to 10% of production expenses or costs, between \$500,000 and \$1 million may be eligible for a credit equal to 15% of production expenses or costs, and more than \$1 million may be eligible for a credit equal to 30% of production expenses or costs. To qualify for the credit, production companies must conduct at least 50% of the principal photography days within the state or expend at least 50% of post-production costs within the state or expend at least \$1 million of post-production costs within the state. No expenses or costs incurred outside the state and used within the state shall be eligible for the credit. No credit may be sold, assigned or otherwise transferred, in whole or in part, more than three times. Issued credits are to be claimed in the next five income years. For income tax years commencing on or after January 1, 2019, for credits that are sold, assigned or otherwise transferred, the taxpayer may only claim 92% to 95% of the credit value determined by the relationship between the buyer and the

VIII. Detail of Tax Expenditure Items - Credits

seller of the credit. Beginning in TY 2022, eligible production companies or other taxpayers claiming the credit (i.e., transferees) may only claim 78% of the credit's value when using it against the sales and use tax, and transferees may claim the credit against the tax only if there is at least 50% common ownership between the transferee and eligible production company that transferred the credit.

Connecticut Statute: Conn. Gen. Stat. § 12-217jj

Maine: Effective March 29, 2006, a visual media production company is allowed a nonrefundable income tax credit in an amount equal to 5% of the nonwage visual media production expenses if such expenses are \$75,000 or greater. In addition, a visual media production company certified by the Department of Economic and Community Development is allowed a reimbursement equal to 12% of certified production wages paid to employees who are residents of Maine and 10% of certified production wages paid to other employees.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 5219-Y and 6902(1)

Massachusetts: Effective for taxable years beginning on or after January 1, 2007, a taxpayer engaged in the making of a motion picture is allowed a credit equal to 25% of the total aggregate payroll paid by a motion picture production company and constitutes Massachusetts source income (excluding any employee whose salary is equal to or greater than \$1 million), if total in state production costs are at least \$50,000. In addition, a taxpayer whose in state production expenses exceed 50% of the total production expenses for a motion picture or who shoot at least 50% of the total principal photography days of the film in Massachusetts is entitled to an additional credit equal to 25% of all Massachusetts production expenses, excluding the payroll expenses. They are also allowed a credit equal to 25% of the total aggregate payroll paid by a motion picture production company that constitutes Massachusetts source income. These tax credits are refundable and may be carried forward to any of the five subsequent taxable years.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 6(l)

21. Motor Carrier Fuel Use Taxes Paid to Rhode Island:

Statutory Reference: R.I. Gen. Laws § 31-36.1-15

Stated Purpose: “The purpose of this chapter is to assure the payment of tax on fuel consumed by motor carriers in propelling qualified motor vehicles on the public highways in Rhode Island.”

Year Enacted / Last Year Amended: 1981 / 2006

Description: All motor carriers are entitled to a credit against the tax imposed by R.I. Gen. Laws Chapter 31-36 on all motor fuel purchased within the state but used outside of the state for its operations, provided that the tax imposed by the laws of the State of Rhode

VIII. Detail of Tax Expenditure Items - Credits

Island has been paid by the motor carrier on said fuel. The credit is equal to the tax rate per gallon of motor fuel in effect when the fuel was purchased. The tax rate per gallon of motor fuel was \$0.33 in CY 2018 and the first half of CY 2019. The rate increased to \$0.34 per gallon as of July 1, 2019.

The tax credit is refundable to the extent that the credit, to which any motor carrier is entitled for any quarter, exceeds the amount of the motor fuel tax for which the motor carrier is liable. The motor carrier is also allowed to use the credit excess towards any of the eight succeeding quarters.

Data Source: Excise Tax Section, Rhode Island Division of Taxation. The number of taxpayers is the number of licensed International Fuel Tax Agreement (IFTA) carriers in Rhode Island.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Motor Carrier Fuel Use Tax	\$3,409,372	934
2019 Motor Carrier Fuel Use Tax	\$3,680,495	1,004
2020 Motor Carrier Fuel Use Tax	\$5,979,435	938

Projection Methodology: Amount of credit and number of taxpayers held constant with CY 2020.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Motor Carrier Fuel Use Tax	\$5,979,435	938
2022 Motor Carrier Fuel Use Tax	\$5,979,435	938
2023 Motor Carrier Fuel Use Tax	\$5,979,435	938

Law Comparison: All of the five New England states are also signatories of the International Fuel Tax Agreement and, therefore, all have similar provisions.

22. Musical and Theatrical Production:

Statutory Reference: R.I. Gen. Laws § 44-31.3-2

Stated Purpose: “The purpose of this chapter is to create economic incentives for the purpose of stimulating the local economy and reducing unemployment in Rhode Island.”

Year Enacted / Last Year Amended: 2012 / 2021

VIII. Detail of Tax Expenditure Items - Credits

Description: Prior to July 1, 2019, this credit is equal to 25% of the production and performance expenditures and transportation expenditures directly attributable to activities in the state for a live stage production in a qualified production facility. Effective July 1, 2019, the credit increased to 30% of production and performance expenditures and transportation expenditures directly attributable to activities in the state for a live stage production in a “qualified production facility.” The credit is allowed against the taxes imposed by R.I. Gen. Laws Chapters 44-11, 44-13, 44-14, 44-17 and 44-30. To qualify, the minimum production budget must be \$100,000 and the maximum credit allowed is \$5 million per production.

“Production and performance expenditures” include expenditures incurred in the state including, but not limited to, expenditures for design, construction and operation, including sets, special and visual effects, costumes, wardrobes, make-up, accessories, costs associated with sound, lighting, staging, payroll, transportation expenditures, advertising and public relations expenditures, facility expenses, rentals, per diems, accommodations and other related costs. “Transportation expenditures” include expenditures for the packaging, crating, and transportation both to the state for use in a qualified theater production of sets, costumes, or other tangible property constructed or manufactured out of state, and/or from the state after use in a qualified theater production of sets, costumes, or other tangible property constructed or manufactured in this state and the transportation of the cast and crew to and from the state. “Qualified production facility” means a facility located in the state in which live theatrical productions are, or are intended to be, exclusively presented that contains at least one stage, a seating capacity of 1,000 or more seats, and dressing rooms, storage areas, and other ancillary amenities necessary for the accredited theater production.

No more than \$15 million may be issued for any tax year for the total combined motion picture production tax credits and musical and theatrical production tax credits. For tax years beginning after December 31, 2019, the cap for total combined motion picture production tax credits and musical and theatrical production tax credits increases to \$20 million. No musical and theatrical production tax credits will be issued on or after July 1, 2024. In the 2021 legislative session, the aggregate annual cap was increased from \$20 million to \$30 million for total motion picture production tax credits and/or musical and theatrical production tax credits, effective for TY 2022 only.

Data Source: Rhode Island Division of Taxation. Data is current as of November 2021.

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VIII. Detail of Tax Expenditure Items - Credits

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	\$0	0
2018 Public Service Corporation Tax	\$0	0
2018 Bank Tax	\$0	0
2018 Ins Co Gross Premiums Tax	\$0	0
2018 Personal Income Tax	\$61,997	< 10
2018 Total	\$61,997	< 10
2019 Business Corporation Tax	\$0	0
2019 Public Service Corporation Tax	\$0	0
2019 Bank Tax	\$0	0
2019 Ins Co Gross Premiums Tax	\$0	0
2019 Personal Income Tax	\$389,925	16
2019 Total	\$389,925	16
2020 Business Corporation Tax	\$0	0
2020 Public Service Corporation Tax	\$0	0
2020 Bank Tax	\$0	0
2020 Ins Co Gross Premiums Tax	\$0	0
2020 Personal Income Tax	\$141,099	18
2020 Total	\$141,099	18

Projection Methodology: The projection for CY 2021-2023 musical and theatrical production tax credits is based on estimates prepared by the Office of Revenue Analysis. For CY 2021 ORA took estimated unused credit amounts as well as credit assigned for CY 2021 reported at the 2021 November Revenue Estimating Conference by the Rhode Island Film and Television Office. Credit usage per year was allocated in the same manner that was observed from previously assigned credit usage in CY 2012-2020. ORA estimates that 35% of the credit issued is used in the year of issuance; 33% of the credit issued is used in the year immediately following issuance; 29% of the credit issued is used in the second year immediately following issuance; and 3% of the credit issued is used in the third year immediately following issuance. A similar method was used for CY 2022 and CY 2023 however, ORA estimated the amount of credit assigned by taking the average amount of credit assigned from CY 2016-2020. Finally, the amount of projected credit was allocated to tax type by utilizing the average credit usage per tax type from CY 2016-2020.

VIII. Detail of Tax Expenditure Items - Credits

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Business Corporation Tax	\$0	<i>Unknown</i>
2021 Public Service Corporation Tax	\$0	<i>Unknown</i>
2021 Bank Tax	\$0	<i>Unknown</i>
2021 Ins Co Gross Premiums Tax	\$0	<i>Unknown</i>
2021 Personal Income Tax	\$975,174	<i>Unknown</i>
2021 Projected Total	\$975,174	<i>Unknown</i>
2022 Business Corporation Tax	\$0	<i>Unknown</i>
2022 Public Service Corporation Tax	\$0	<i>Unknown</i>
2022 Bank Tax	\$0	<i>Unknown</i>
2022 Ins Co Gross Premiums Tax	\$0	<i>Unknown</i>
2022 Personal Income Tax	\$859,085	<i>Unknown</i>
2022 Projected Total	\$859,085	<i>Unknown</i>
2023 Business Corporation Tax	\$0	<i>Unknown</i>
2023 Public Service Corporation Tax	\$0	<i>Unknown</i>
2023 Bank Tax	\$0	<i>Unknown</i>
2023 Ins Co Gross Premiums Tax	\$0	<i>Unknown</i>
2023 Personal Income Tax	\$754,026	<i>Unknown</i>
2023 Projected Total	\$754,026	<i>Unknown</i>

Law Comparison: No similar provisions found in the other New England states.

23. New Qualified Jobs Incentive Act:

Statutory Reference: R.I. Gen. Laws Chapter 44-48.3

Stated Purpose: “Through the establishment of a jobs incentive program, Rhode Island can take steps to stimulate business expansion and attraction, create well-paying jobs for its residents, and generate revenues for necessary state and local governmental services.”

Year Enacted / Last Year Amended: 2015 / 2021

Description: A qualifying business may receive a tax credit of at least \$2,500 a year for each new full-time job created, where the employee works at least 35 hours a week and whose wages are subject to withholding. The credit can rise to \$7,500 a year if the business meets certain criteria. The amount of tax credits may not exceed the reasonable W-2

VIII. Detail of Tax Expenditure Items - Credits

withholding received by the State in that year for each new full-time job created by the recipient. Administered by the Rhode Island Commerce Corporation (CommerceRI), the program may provide tax credits to eligible businesses for a period of up to 10 years. An eligible business under the program is allowed a credit against the taxes imposed by R.I. Gen. Laws Chapters 44-11, 44-13, 44-14, 44-17, and 44-30. If the tax credit exceeds the tax liability for the year in which the credit is allowed, the excess credit is allowed to be applied against the taxes imposed for the succeeding four years. In addition, the tax credit can be redeemed for cash in whole or in part for 90% of the value of the tax credit (reported below as refund option). For each application approved after July 1, 2019, the tax credit was capped at 75% of the reasonable withholding received by the state for each new full-time job created or \$7,500, whichever is greater. The new qualified jobs incentive tax credit sunset was extended to December 31, 2022.

Data Source: Rhode Island Division of Taxation testimony provided at the May and November 2021 Revenue Estimating Conference.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	\$0	0
2018 Public Service Corporation Tax	\$0	0
2018 Bank Tax	\$0	0
2018 Ins Co Gross Premiums Tax	\$0	0
2018 Personal Income Tax	\$96,042	< 10
2018 Refund Option	\$0	0
2018 Total	\$96,042	< 10
2019 Business Corporation Tax	\$0	0
2019 Public Service Corporation Tax	\$0	0
2019 Bank Tax	\$0	0
2019 Ins Co Gross Premiums Tax	\$0	0
2019 Personal Income Tax	\$100,342	< 10
2019 Refund Option	\$0	0
2019 Total	\$100,342	< 10

Projection Methodology: Tax year 2020 is based off testimony provided by the Division of Taxation at the November 2021 Revenue Estimating Conference as well as Taxation data accurate as of October 2021. The Projection for CY 2021, CY 2022 and CY 2023 is based on information provided by CommerceRI in their testimony at the May and November 2021 Revenue Estimating Conferences. CommerceRI reported future credit

VIII. Detail of Tax Expenditure Items - Credits

activity in fiscal years. ORA calculated a CY amount by taking half of each fiscal year the calendar year spanned. The process was repeated for the count of taxpayers reported by CommerceRI. As the new qualified jobs incentive tax credit is dependent on withholding, ORA assumed all credits will be taken against the personal income tax and no credits will be assigned or sold.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$30,637	< 10
2020 Refund Option	\$508,137	< 10
2020 Total	\$538,774	Not Available*
2021 Personal Income Tax	\$2,397,013	15
2022 Personal Income Tax	\$4,957,530	30
2023 Personal Income Tax	\$6,678,512	32

**Indicates data that is not disclosed by Taxation due to taxpayer's confidentiality*

Law Comparison: Connecticut, Massachusetts, New Hampshire, and Vermont have similar provisions.

Connecticut: Under the job creation tax credit, Connecticut provides a credit to companies that relocate out-of-state operations to Connecticut, create at least 10 new, full-time jobs, and hire new employees for those jobs and keep them employed for at least 12 months. Full or partial credits are awarded if the proposed company relocation is not economically viable without the credits and provides a net benefit to economic development and employment in the state. The credit is up to 60% of the state income tax withheld from the new employees' wages. For each new employee, the credit may be claimed for up to five consecutive years. There is a recapture provision if the number of new employees falls below that for which the taxpayer claimed the credit and they are not replaced by other new employees. The annual limit for all companies is \$10 million. Credits must be taken in the same income year they are earned. No new eligibility certificates were issued under this program after January 1, 2012.

Under the job expansion tax credit, Connecticut may allow a taxpayer who creates at least 10 new jobs in Connecticut a credit in an amount up to 60 per cent of the income tax deducted and withheld from the wages of new employees and paid over to the state. For each new employee, credits may be granted for five successive years. The credit shall be claimed in the income year in which it is earned, and any credits not used in a tax year shall expire. The commissioner shall determine whether the taxpayer is eligible for the tax credit, whether the proposed job growth is economically viable only with use of the tax credit, would provide a net benefit to economic development and employment opportunities in the state, and conforms to the state plan of conservation and development. The total amount of credits granted under the job expansion tax credit program, as well as

VIII. Detail of Tax Expenditure Items - Credits

the job creation tax credit program and vocational rehabilitation job creation tax credit program shall not exceed \$20 million in any one fiscal year or \$40 million dollars over the duration of the job expansion tax credit program. No credit is allowed for any new jobs created on or after January 1, 2014.

Connecticut Statutes: Conn. Gen. Stat. §§ 12-217gg, 12-217ii, and 12-217pp

Massachusetts: The Economic Development Incentive Program credit provisions include “certified job creation projects”, with a credit up to \$5,000 per job created. To be certified, the Economic Assistance Coordinating Council (EACC) must approve a project, which is subject to a cap. Criteria such as job creation or capital investment used to certify credit eligible projects are dependent upon the type of project. Credits are not transferable but may be refundable only for certain designated projects. For projects certified on or after January 1, 2017, the amount of tax credit is determined by the EACC. Limitations on the maximum amount of credit awarded to particular certified projects have been eliminated. All types of projects may be certified as refundable credits, up to a maximum of \$5 million per year, and the EACC may specify the timing of the refund.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 6(g) and ch. 63, § 38N, see also TIR 16-15

New Hampshire: New Hampshire provides for a tax credit to businesses who hire new, full-time, year-round employees in Coos County for work directly in one or more business activities. To qualify, an employee must be paid actual wages equal to or greater than 150% of the current state minimum wage. A qualified tax credit employee does not include an employee who is: (a) shifted to a new position because of a merger, acquisition, or restructuring; (b) laid-off and rehired within 270 days to the same or a similar position; or (c) not on the employer's payroll for at least 90 days prior to the date on which the employer claims the credit for the first tax period.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 162-Q

Vermont: Vermont does not include a credit, but does provide a cash incentive, paid in installments, based on new, qualified job and payroll creation in Vermont, to companies authorized by the Vermont Economic Progress Council (VEPC). The incentive amount is earned over a period of up to five years and paid out over a period of up to nine years, provided the company maintains or increases base payroll and meets the necessary targets.

The Vermont Employment Growth Incentive (VEGI) also provides a performance-based employment growth incentive to be paid out of the business’s withholding account upon approval by the Vermont Economic Progress Council (VEPC) and the Vermont Department of Taxes. The value of the incentives is dependent upon the net fiscal benefit resulting from projected qualifying payroll and qualifying capital investment. An incentive ratio is applied to the net fiscal benefit generated by the cost-benefit model in order to determine the maximum award the VEPC may authorize for each application it approves.

VIII. Detail of Tax Expenditure Items - Credits

The VEPC shall calculate an incentive percentage for each approved application as follows: authorized award amount divided by the five-year sum of all payroll targets. An approval shall specify: the application base jobs at the time of the application; total jobs at time of application; the application base payroll; total payroll at time of application; the incentive percentage; the wage threshold; the payroll thresholds; a job target for each year of the award period; a payroll target for each year of the award period; a capital investment target for each year of the award period and a sufficient description of the nature of the qualifying capital investment over the award period. The council may authorize incentives in excess of net fiscal benefit multiplied by the incentive ratio not to exceed an annual authorization established by law.

To the extent a business authorized to earn employment growth incentives...experiences a 90% or greater drop below application base jobs or, in the case of a business with no jobs at the time its application is approved, a 90% or greater drop below its cumulative job target during the utilization period, all authority to earn and claim incentives...shall be revoked, and such business shall be subject to recapture of all incentives previously claimed, together with interest and penalty.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5813(u)

24. Property Tax Relief:

Statutory Reference: R.I. Gen. Laws Chapter 44-33

Stated Purpose: “The purpose of this chapter is to provide relief, through a system of tax credits and refunds and appropriations from the general fund, to elderly and/or disabled persons who own or rent their homes.”

Year Enacted / Last Year Amended: 1977 / 2006

Description: Rhode Island full-year residents with total annual household income of \$30,000 or less are entitled to a credit against the tax imposed by R.I. Gen. Laws Chapter 44-30 equal to the amount by which the property taxes accrued or rent constituting property taxes accrued upon the claimant’s homestead for the taxable year exceeds a certain percentage of the claimant’s total household income for that taxable year, which percentage is based upon income level and household size. This credit is available only to those taxpayers who were over the age of 65 and/or disabled. The credit is computed based on the following table:

<u>Income Range</u>	<u>1 Person</u>	<u>2 or More Persons</u>
Less than \$6,000	3 %	3 %
\$6,001 to \$9,000	4 %	4 %
\$9,001 to \$12,000	5 %	5 %
\$12,001 to \$15,000	6 %	5 %
\$15,001 to \$30,000	6 %	6 %

VIII. Detail of Tax Expenditure Items - Credits

The credit is increased in increments of five dollars from the maximum of \$300 in 2006 based on income derived from video lottery games until a maximum credit of \$500 is reached. The credit maximum in TY 2018 equaled \$365 while in TY 2019 the credit maximum was \$385. In TY 2020 and TY 2021, the credit maximum increased to \$400 and \$415, respectively. The credit is refundable up to the maximum amount of credit in any given tax year.

Data Source: Rhode Island Division of Taxation's testimony at the May and November 2021 Revenue Estimating Conferences

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$3,679,390	13,963
2019 Personal Income Tax	\$3,400,010	12,437
2020 Personal Income Tax	\$3,385,841	11,976

Projection Methodology: TY 2021-2023 projected amounts of credit and number of taxpayers was held constant with TY 2020.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Personal Income Tax	\$3,385,841	11,976
2022 Personal Income Tax	\$3,385,841	11,976
2023 Personal Income Tax	\$3,385,841	11,976

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: The tax credit is a maximum of \$200 with a phase out income schedule based on filing status. For the tax years 2017-2022, eligibility for the credit is limited to taxpayers who are 65 years of age or older or validly claim at least one dependent on their federal income tax return for that year.

Connecticut Statute: Conn. Gen. Stat. § 12-704c

Maine: A refundable tax credit is available for taxpayers equal to 50% of property taxes paid on a resident's homestead above 6% of income. The credit is limited to \$750 for resident individuals under 65 years of age or \$1,200 for resident taxpayers 65 years and older. Rent constituting property tax equals 15% of rent. For tax years beginning on or after January 1, 2020, the credit is increased to 100% of the property taxes paid on a

VIII. Detail of Tax Expenditure Items - Credits

resident's homestead above 5% of income. The credit limits remain \$750 and \$1,200. Maine enacted a one-time increase for TY 2021 in the credit limit to \$1,000 and \$1,500, respectively.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5219-KK

Massachusetts: Massachusetts' provisions include a credit available only to taxpayers 65 and older who rent or own a residential property located in Massachusetts (owners must reside in the property as a principal residence). The credit is equal to the amount by which the real estate tax payment, or 25% of the rent constituting the real estate tax payment, exceeds 10% of the taxpayer's total income, not to exceed \$1,100 for TY 2018 or \$1,130 for TY 2019. For TY 2018, eligible taxpayers cannot have total Massachusetts income exceeding \$58,000 for a single individual who is not the head of household, \$73,000 for a head of household, and \$88,000 for married couples filing a joint return, and with an assessed valuation of the residence that does not exceed \$788,000. For TY 2019, the comparable figures are \$60,000 for single filers, \$75,000 for head of household filers, \$90,000 for joint filers, and \$808,000 for the assessed value of the residence.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 6(k)

Vermont: Vermont's provisions include an adjustment of statewide or local share property tax liability or a homestead owner or renter credit. Homeowners have a two-part calculation in determining the adjustment amount: 1) Single Threshold: 2% adjusted to reflect the district's per pupil spending, with higher thresholds for districts with higher spending. 2) Multiple Threshold: three brackets and thresholds: Lowest Bracket: 2% for income up to \$9,999 and Highest Bracket: 5% for income \$25,000–\$47,000. This includes a minimum benefit based on education taxes on up to \$15,000 of house site value. Renters have a Multiple Threshold calculation: three brackets and thresholds: Lowest Bracket: 2% for income up to \$9,999. Highest Bracket: 5% for income \$25,000–\$47,000. The maximum benefit a taxpayer may receive cannot exceed the amount of the reduced property tax or the amount of the allocable rent.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 6066

25. Real or Personal Property Taxed in Another State:

Statutory Reference: R.I. Gen. Laws § 44-40-3(b)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1981 / 1991

Description: To the extent that a tax is imposed on a generation-skipping transfer by R.I. Gen. Laws § 44-40-3(a) a reduction in said tax is allowed for any real property located in another state or personal property with taxable situs in another state which requires the payment of a tax for which credit is received against the federal generation-skipping

VIII. Detail of Tax Expenditure Items - Credits

transfer tax. The amount of the reduction is the ratio of the value of the property in the other state to the value of the gross generation-skipping transfer for federal tax purposes.

Data Source: Estate Tax Section, Rhode Island Division of Taxation.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Generation Skipping Transfer Tax	\$0	0
2019 Generation Skipping Transfer Tax	\$0	0

Projection Methodology: Amount of credit and number of taxpayers held constant with TY 2017.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Generation Skipping Transfer Tax	\$0	0
2021 Generation Skipping Transfer Tax	\$0	0
2022 Generation Skipping Transfer Tax	\$0	0
2023 Generation Skipping Transfer Tax	\$0	0

Law Comparison: Connecticut, Maine, and Vermont have similar provisions.

Connecticut: Real or tangible personal property location outside of Connecticut that is subject to generation skipping transfer taxes by any state or states other than Connecticut for which such federal credit is allowable, the amount of tax due shall be reduced by the lesser of (1) the amount of any such taxes paid to such other state or states and allowed as a credit against the federal generation skipping transfer tax or (2) an amount computed by multiplying such federal credit by a fraction. Effective July 2019, Connecticut repealed the generation skipping transfer tax.

Connecticut Statute: Conn. Gen. Stat. § 12-390b

Maine: Tax not directly connected with a trade or business or with property held for production of rents or royalties may be deducted only as an itemized deduction on Form 1040, Schedule A. These include the following (1) state, local or foreign real property tax; (2) state or local personal property tax; (3) state, local or foreign income, war profits, or excess profit tax; and (4) generation-skipping transfer tax imposed on income distributions.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5102(1-D)

VIII. Detail of Tax Expenditure Items - Credits

Vermont: State and local property taxes paid by a taxpayer are deductible, but only if the taxes were based on value alone and imposed on a yearly basis. Additionally, there are other miscellaneous taxes that are deductible, such as generation-skipping transfer tax imposed on income distributions.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5811

26. Rebuild Rhode Island:

Statutory Reference: R.I. Gen. Laws Chapter 42-64.20

Stated Purpose: “Through the establishment of a rebuild Rhode Island tax credit program, Rhode Island can take steps to stimulate business development; retain and attract new business and industry to the state; create good-paying jobs for its residents; assist with business, commercial, and industrial real estate development; and generate revenues for necessary state and local governmental services.”

Year Enacted / Last Year Amended: 2015 / 2021

Description: In general, this program offers tax credits against the tax imposed under R.I. Gen. Laws Chapters 44-11, 44-13, 44-14, 44-17, or 44-30 for certain commercial developments that have a financing gap. The project cost must be at least \$5 million. The maximum credit is the lesser of 30% of the total project cost, or the amount needed to close a project financing gap. Overall, the maximum credit is \$15 million per project.

The credit allowed cannot reduce the tax due for any taxable year by more than 50% of the tax liability that would be payable and for corporations to no less than the minimum tax as set in R.I. Gen. Laws § 44-11-2(e). The amount that exceeds the taxpayer's tax liability may be carried forward for credit against the taxes imposed for the succeeding four years, or until the full credit is used, whichever occurs first. Credits may also be assigned or sold. The program is administered by the Rhode Island Commerce Corporation (CommerceRI). At the discretion of CommerceRI, projects eligible for the tax credit may be exempt from sales and use tax on certain items used in the project. No credits may be authorized to be reserved after June 30, 2021. Finally, the credit recipient may also request a refund of his/her credits in whole or in part, for 90% of the credit amount.

In the 2016 Session, the credit was capped at \$15 million for any qualified development project, including projects completed in phases or in multiple projects. However, projects that would develop land or buildings on the “I-195 land” as a separate qualified development project may be exempt from the maximum credit allowed of 30% of the total project cost if it is less than the amount needed to close a project funding gap. Additionally, the maximum aggregate credits authorized under this program was set at \$150 million. In the 2019 session, the amounts awarded for any sales and use tax exemptions were incorporated under the established per project cap of \$15 million and the maximum aggregate tax credits was set at \$210 million, excluding credits issued for projects on the “I-195 land.” The project cap for a project on “I-195 land” was set at \$25 million, also

VIII. Detail of Tax Expenditure Items - Credits

inclusive of any sales and use tax exemptions. The sunset date was extended to December 31, 2022.

Data Source: Rhode Island Division of Taxation's testimony at the May and November 2021 Revenue Estimating Conferences.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	\$0	0
2018 Public Service Corporation Tax	\$0	0
2018 Bank Tax	\$0	0
2018 Ins Co Gross Premiums Tax	\$0	0
2018 Personal Income Tax	\$457,794	< 10
2018 Refund Option	\$486,263	< 10
2018 Total	\$944,057	Not Available*
2019 Business Corporation Tax	\$150,000	< 10
2019 Public Service Corporation Tax	\$0	0
2019 Bank Tax	\$0	0
2019 Ins Co Gross Premiums Tax	\$3,861,009	19
2019 Personal Income Tax	\$941,449	10
2019 Refund Option	\$1,786,134	< 10
2019 Total	\$6,738,592	Not Available*

**Indicates data that is not disclosed by Taxation due to taxpayer's confidentiality*

Projection Methodology: TY 2020 projected revenue forgone amounts and the number of taxpayers were reported by the Division of Taxation and are accurate as of October 2021. For TY 2021-TY 2023 projections, the Division of Taxation provided testimony at the November 2021 REC and is reported below. As of November 2021, CommerceRI reports that 58 projects have been confirmed under this program. Because credits may be assigned or sold, the estimate of the number of taxpayers is not possible. (Actual and projected revenue forgone for the Rebuild Rhode Island sales and use tax exemption is included in the exemptions section.)

VIII. Detail of Tax Expenditure Items - Credits

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	\$0	0
2020 Public Service Corporation Tax	\$0	0
2020 Bank Tax	\$0	0
2020 Ins Co Gross Premiums Tax	\$6,720,643	22
2020 Personal Income Tax	\$1,290,175	28
2020 Refund Option	\$3,050,357	< 10
2020 Projected Total	\$11,061,175	Not Available*
2021 Business Corporation Tax	\$150,000	<i>No estimate possible</i>
2021 Public Service Corporation Tax	\$0	<i>No estimate possible</i>
2021 Bank Tax	\$0	<i>No estimate possible</i>
2021 Ins Co Gross Premiums Tax	\$6,951,601	<i>No estimate possible</i>
2021 Personal Income Tax	\$666,667	<i>No estimate possible</i>
2021 Refund Option	\$930,375	<i>No estimate possible</i>
2021 Projected Total	\$8,698,643	<i>No estimate possible</i>
2022 Business Corporation Tax	\$150,000	<i>No estimate possible</i>
2022 Public Service Corporation Tax	\$0	<i>No estimate possible</i>
2022 Bank Tax	\$0	<i>No estimate possible</i>
2022 Ins Co Gross Premiums Tax	\$6,226,320	<i>No estimate possible</i>
2022 Personal Income Tax	\$0	<i>No estimate possible</i>
2022 Refund Option	\$236,096	<i>No estimate possible</i>
2022 Projected Total	\$6,612,416	<i>No estimate possible</i>

VIII. Detail of Tax Expenditure Items - Credits

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2023 Business Corporation Tax	\$150,000	<i>No estimate possible</i>
2023 Public Service Corporation Tax	\$0	<i>No estimate possible</i>
2023 Bank Tax	\$0	<i>No estimate possible</i>
2023 Ins Co Gross Premiums Tax	\$6,238,680	<i>No estimate possible</i>
2023 Personal Income Tax	\$0	<i>No estimate possible</i>
2023 Refund Option	\$0	<i>No estimate possible</i>
2023 Projected Total	\$6,388,680	<i>No estimate possible</i>

**Indicates data that is not disclosed by Taxation due to taxpayer's confidentiality*

Law Comparison: Maine has a similar provision.

Maine: The tax credit for any taxable year is applicable only to those taxpayers with property considered to be a qualified investment of at least \$5,000,000 for the taxable year with a situs in Maine and placed into service by the taxpayer on or after January 1, 1979. The taxpayer must substantiate that at least 100 new jobs attributable to a qualified investment were created in the 24-month period following the date the property was placed in service. The amount of the credit allowed for any taxable year is limited to \$500,000 or the amount of the tax, whichever is less. Unused credits may be carried over to future years, but the carryforward period must not exceed six years. This tax credit was repealed for tax years beginning on or after January 1, 2016.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5215

27. Research and Development Expense:

Statutory Reference: R.I. Gen. Laws § 44-32-3

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1994 / 1999

Description: A taxpayer is allowed a credit against the tax imposed under R.I. Gen. Laws Chapters 44-11, or 44-17 for the excess, if any, of the qualified research expenses for the taxable year over the base period research expenses, where qualified and base period research expenses are as defined in 26 U.S.C. § 41. The amount of credit is equal to 22.5% of expenses for the first \$25,000 worth of credit taken and 16.9% of expenses for any amount of applicable credit above \$25,000.

VIII. Detail of Tax Expenditure Items - Credits

The credit allowed cannot reduce the tax due for any taxable year by more than 50% of the tax liability that would be payable and for corporations to no less than the minimum tax as set in R.I. Gen. Laws § 44-11-2(e). Unused amounts of the credit earned in a taxable year may be carried forward to not more than seven succeeding tax years.

Data Source: Rhode Island Division of Taxation’s testimony at the May and November 2021 Revenue Estimating Conferences

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	\$2,474,845	57
2018 Ins Co Gross Premiums Tax	\$1,872,596	<10
2018 Total	\$4,347,441	Not Available*
2019 Business Corporation Tax	\$3,373,897	71
2019 Ins Co Gross Premiums Tax	\$1,012,030	<10
2019 Total	\$4,385,927	Not Available*

*Indicates data that is not disclosed by Taxation due to taxpayer’s confidentiality

Projection Methodology: TY 2020 amount of credit and number of taxpayers is what was reported at the November 2021 Revenue Estimating Conference by the Division of Taxation. TY 2021 forgone revenue and number of taxpayers is equal to the TY 2018 – TY 2020 average amount of revenue forgone and count of taxpayers. TY 2022 and TY 2023 are set equal to TY 2021. If the count of taxpayers provided by the Division of Taxation was < 10 and otherwise unknown, ORA used the midpoint estimate of 5 taxpayers in calculating the average.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	\$4,144,235	65
2020 Ins Co Gross Premiums Tax	\$463,771	< 10
2020 Projected Total	\$4,608,006	Not Available*
2021 Business Corporation Tax	\$3,330,992	64
2021 Ins Co Gross Premiums Tax	\$1,116,132	4
2021 Projected Total	\$4,447,125	68

VIII. Detail of Tax Expenditure Items - Credits

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2022 Business Corporation Tax	\$3,330,992	64
2022 Ins Co Gross Premiums Tax	\$1,116,132	4
2022 Projected Total	\$4,447,125	68
2023 Business Corporation Tax	\$3,330,992	64
2023 Ins Co Gross Premiums Tax	\$1,116,132	4
2023 Projected Total	\$4,447,125	68

**Indicates data that is not disclosed by Taxation due to taxpayer's confidentiality*

Law Comparison: All of the New England states have similar provisions.

Connecticut: A corporation may receive a credit against its corporation business tax equal to 25% of the amount by which research and experimental expenditures, as defined in Section 174 of the Internal Revenue Code, in the current income year exceed expenditures in the preceding year. Unused credits may be carried forward for 15 years.

Connecticut also allows a credit against corporation business taxes for research and development expenditures incurred in the state. The credit increases from 1% of expenditures up to \$50 million, to \$500,000 plus 2% of the excess of expenses between over \$50 million and up to \$100 million, to \$1.5 million plus 4% of the excess of expenses between over \$100 million and up to \$200 million, to 6% of expenditures over \$200 million. Unused credits may be carried forward until fully taken. Beginning in TY 2021, the carry forward period is capped at 15 years. Current law caps the total value of credits corporations may claim at 50.01% of their annual tax liability. The credits for research and development expenditures can reduce up to 60% of their liability for the 2021 income year and 70% of their liability for the 2022 income year and for each income year after that.

Companies with less than \$70 million in gross sales that cannot take either research and development credit because they do not have a tax liability, are permitted to sell unused credits back to the state at 65% of their value. The maximum annual refund is \$1.5 million per company.

Connecticut Statute: Conn. Gen. Stat. §§ 12-217j, 12-217n and 12-217ee

Maine: Maine's provisions include a credit of 5% of the excess, if any, of the qualified research expenses for the tax year over the base amount of the average spent on research expenses over the last 3 years, and 7.5% of the basic research payments. The credit is limited to 100% of the corporation's first \$25,000 of tax and 75% of the tax in excess of \$25,000 and has a 15-year carry forward.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 5219-K

VIII. Detail of Tax Expenditure Items - Credits

Massachusetts: A credit is allowed for domestic or foreign corporations against its excise tax equal to the sum of 10% of the excess, if any, of the qualified research expenses for the taxable year over the base amount; and 15% of the basic research payments determined under Section 41(e)(1)(A) of the Federal Revenue Code.

Massachusetts Statute: Mass. Gen. Laws ch. 63, § 38M

New Hampshire: There shall be allowed a research and development tax credit for qualified manufacturing research and development expenditures made or incurred during the fiscal year, as follows: (1) The aggregate of tax credits issued by the commissioner to all taxpayers claiming the credit shall not exceed \$7,000,000 for any fiscal year, (2) Each credit shall be used to offset the taxpayer's tax liability within the subsequent 5 tax years. The amount of the credit shall be the lesser of: (A) 10% of the excess of the qualified manufacturing research and development expenses for the taxable year over the base amount; (B) The proportional share of the maximum aggregate credit amount allowed in subparagraph (1); (C) \$50,000.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 77-A:5(XIII)

Vermont: A taxpayer of this State shall be eligible for a credit against the tax imposed in an amount equal to 27% of the amount of the federal tax credit allowed in the taxable year for eligible research and development expenditures under 26 U.S.C. § 41(a) and which are made within this State. Any unused credit may be carried forward for up to 10 years.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5930ii

28. Research and Development Property:

Statutory Reference: R.I. Gen. Laws § 44-32-2

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1994 / 1999

Description: A taxpayer is allowed a credit against the tax imposed under R.I. Gen. Laws Chapters 44-11, or 44-17 for tangible personal property and other tangible property, including buildings and structural components of buildings that is acquired, constructed or reconstructed, or erected after July 1, 1994. The property must be depreciable or a recovery property as determined under 26 U.S.C. § 167 and § 168, have a useful life of at least three years, have a situs in the state, and are used principally for purposes of research and development in the experimental or laboratory sense. The amount of credit is equal to 10% of the cost or other basis for Federal income tax purposes of the property.

The credit allowed cannot reduce the tax due for corporations to less than the minimum tax as set in R.I. Gen. Laws § 44-11-2(e). Unused amounts of the credit earned in a taxable year may be carried forward to not more than seven succeeding tax years.

VIII. Detail of Tax Expenditure Items - Credits

Data Source: Rhode Island Division of Taxation's testimony at the May and November 2021 Revenue Estimating Conferences

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	\$118,399	< 10
2018 Ins Co Gross Premiums Tax	\$0	0
2018 Total	\$118,399	< 10
2019 Business Corporation Tax	\$160,697	< 10
2019 Ins Co Gross Premiums Tax	\$0	0
2019 Total	\$160,697	< 10

Projection Methodology: TY 2020 amount of credit and number of taxpayers is what was reported at the November 2021 Revenue Estimating Conference by the Division of Taxation. TY 2021 forgone revenue and number of taxpayers is equal to the TY 2018 – TY 2019 average amount of revenue forgone and count of taxpayers. TY 2022 and TY 2023 are set equal to TY 2021.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	\$0	0
2020 Ins Co Gross Premiums Tax	\$0	0
2020 Projected Total	\$0	0
2021 Business Corporation Tax	\$139,548	< 10
2021 Ins Co Gross Premiums Tax	\$0	0
2021 Projected Total	\$139,548	< 10
2022 Business Corporation Tax	\$139,548	< 10
2022 Ins Co Gross Premiums Tax	\$0	0
2022 Projected Total	\$139,548	< 10
2023 Business Corporation Tax	\$139,548	< 10
2023 Ins Co Gross Premiums Tax	\$0	0
2023 Projected Total	\$139,548	< 10

Law Comparison: Only Maine has a similar provision.

VIII. Detail of Tax Expenditure Items - Credits

Maine: Maine has a capital investment credit equal to 10% of the amount of the net increase in the depreciation deduction reported as an addition to income for the taxable year. The credit is not refundable but any unused portions may be carried forward for a period not to exceed 20 years.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 5219-GG

29. Residential Renewable Energy System:

Statutory Reference: R.I. Gen. Laws Chapter 44-57

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2000 / 2009

Description: An eligible person who pays all or part of the cost of an eligible renewable energy system is allowed a credit of 25% of the cost of the system against the tax imposed by R.I. Gen. Laws Chapter 44-11. Eligible renewable energy systems consist of a photovoltaic system, a solar domestic hot water system, an active solar space heating system, a geothermal system or a wind-generating system that is installed in a dwelling.

The computation of the credit is subject to a maximum renewable energy system cost of \$15,000 for a photovoltaic system, \$7,000 for a solar domestic hot water system, \$15,000 for an active solar heating system, \$7,000 for a geothermal system and \$15,000 for a wind-energy system. Renewable energy systems with cost in excess of these maximums will receive a credit of 25% of the maximum allowable system cost.

The tax credit cannot lower the claimant's tax liability to below the minimum tax as required by Rhode Island law and unused amounts of the credit cannot be carried forward to succeeding tax years.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	\$0	0
2019 Business Corporation Tax	\$0	0

Projection Methodology: Amount of credit and number of taxpayers is held constant with TY 2019.

VIII. Detail of Tax Expenditure Items - Credits

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	\$0	0
2021 Business Corporation Tax	\$0	0
2022 Business Corporation Tax	\$0	0
2023 Business Corporation Tax	\$0	0

Law Comparison: Massachusetts and Vermont have similar provisions.

Massachusetts: Massachusetts provides a credit equal to the lesser of 15% of the net expenditure or \$1,000. Massachusetts allows a carry-over of any excess amount for three years.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 6(d)

Vermont: A taxpayer is entitled to a 100% credit for the Vermont-property portion of the business solar energy tax credit component of the Federal investment tax credit applied against the taxpayer’s Federal tax liability.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5930z

30. Rhode Island Small Business Development Fund:

Statutory Reference: R.I. Gen. Laws § 42-64.33-3

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2019 / N/A

Description: Under the Rhode Island Small Business Development Fund tax credit program, a small business fund investor upon making a capital investment, is eligible for a nonrefundable tax credit against the tax imposed under R.I. Gen. Laws Chapters 44-17. An eligible business is defined as a business at the time of initial qualified investment that has less than 250 employees, has its principal business operations in the state, had \$15 million or less in net income from the preceding tax year and is engaged in industries listed in R.I. Gen. Laws §42-64.33-2(6)(iv). Any unused amount of credit may be carried forward for a period of seven years. Credits earned by or allocated to a partnership, limited liability company, or S corporation may be allocated to the partners, members, or shareholders of the entity for their direct use against state tax liability.

This tax credit program allows the State to recapture tax credit amounts if the small business fund investor fails to meet some or all requirements of the program. If an investor fails to meet any of the requirements stipulated in R.I. Gen. Laws §42-64.33-5, then the credit may be recaptured. Such stipulations include if a small business development fund

VIII. Detail of Tax Expenditure Items - Credits

does not invest 100% of its capital investment authority in qualified investments in this state within three years of the first credit allowance date.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Ins Co Gross Premiums Tax	\$0	0

Projection Methodology: Amount of credit and number of taxpayers is held constant in TY 2019. As this is a new credit, ORA is unable to estimate future use.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Ins Co Gross Premiums Tax	\$0	0
2021 Ins Co Gross Premiums Tax	\$0	0
2022 Ins Co Gross Premiums Tax	\$0	0
2023 Ins Co Gross Premiums Tax	\$0	0

Law Comparison: Maine has a similar provision.

Maine: Maine’s seed capital investment credit is eligible to an investment in a business that: a) is located in Maine; b) has gross sales of \$5 million or less per year; c) is the full-time, professional activity of at least one of the principal owners; d) that has been determined by the authority to be a manufacturer or a value-added natural resource enterprise; and e) is a manufacturer, or a product or service provider with sales derived predominately from outside the state or to out-of-state residents, or is engaged in developing or applying advanced technologies. The Finance Authority of Maine issues a certificate for up to 50% of the cash equity they provide to eligible Maine businesses. Each tax year, 25% of the authorized credit may be used.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 5215, 5216-B

31. Stay Invested in RI Wavemaker Fellowship:

Statutory Reference: R.I. Gen. Laws Chapter 42-64.26

Stated Purpose: “The purpose of the fund is to expand employment opportunities in the state and to retain talented individuals in the state by providing tax credits in relation to education loan repayment expenses to applicants who meet the eligibility requirements under this chapter.”

VIII. Detail of Tax Expenditure Items - Credits

Year Enacted / Last Year Amended: 2015 / 2021

Description: Provides a tax credit that can be claimed by an applicant who “shall have graduated from an accredited two year, four year or graduate post-secondary institution of higher learning with an associate's, bachelor's, graduate, or post-graduate degree and at which the applicant incurred education loan repayment expenses” and who is “a full-time employee with a Rhode Island-based employer located in this state for a term of up to four consecutive 12 month periods” and “whose employment is for work in one or more of the following covered fields: life, natural or environmental sciences; computer, information or software technology; advanced mathematics or finance; engineering; industrial design or other commercially related design field; or medicine or medical device technology.”

The amount of credit that can be granted by the Rhode Island Commerce Corporation to an applicant is “up to a maximum amount for each” 12 month period “of \$1,000 for an associate's degree holder, \$4,000 for a bachelor's degree holder, and \$6,000 for a graduate or post-graduate degree holder,...not to exceed the education loan repayment expenses incurred by such applicant during each 12 month period completed for up to four consecutive 12 month periods.”

The credit is allowed against the tax imposed by R.I. Gen. Laws Chapter 44-30. The fellowship recipient may also request a refund of his/her credits in whole or in part, for 100% of the credit amount. In the 2021 legislative session, the Stay Invested in RI Wavemaker Fellowship tax credit sunset was extended to December 31, 2022.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$97,208	33
2018 Refund Option	\$815,941	206
2018 Total	\$913,149	239
2019 Personal Income Tax	\$94,434	28
2019 Refund Option	\$1,103,149	309
2019 Total	\$1,197,583	337
2020 Personal Income Tax	\$50,111	28
2020 Refund Option	\$1,396,808	379
2020 Total	\$1,446,919	407

Projection Methodology: TY 2021 forgone revenue and number of taxpayers is equal to the TY 2018 – TY 2020 average amount of revenue forgone and count of taxpayers. TY 2022 and TY 2023 are set equal to TY 2021.

VIII. Detail of Tax Expenditure Items - Credits

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Personal Income Tax	\$80,584	30
2021 Refund Option	\$1,105,299	298
2021 Projected Total	\$1,185,884	328
2022 Personal Income Tax	\$80,584	30
2022 Refund Option	\$1,105,299	298
2022 Projected Total	\$1,185,884	328
2023 Personal Income Tax	\$80,584	30
2023 Refund Option	\$1,105,299	298
2023 Projected Total	\$1,185,884	328

Law Comparison: Connecticut and Maine have similar provisions.

Connecticut: For tax years beginning on or after January 1, 2019, Connecticut has a refundable tax credit for certain college graduates against personal income tax. Eligible taxpayers are employed in the state, receive a bachelor's, master's, or doctoral degree in a science, technology, engineering or math-related field, from an institution of higher education on or after January 1, 2019, and reside in the state or move to the state within two years of completing such degree. The credit is \$500 and may be claimed for the five successive taxable years after the date of graduation provided that the employment and residency status continue. Connecticut repealed this tax credit in June 2019. Currently in law it is being replaced beginning in tax year 2022 with a business tax credit awarded to businesses who make student loan payments on behalf of an employee.

Connecticut Statute: Conn. Gen. Stat. §§ 12-704f

Maine: A credit is available for certain educational loan payments for Maine resident individuals who earn an associate or bachelor's degree from a Maine or non-Maine community college, college or university or a graduate degree from an accredited Maine college or university and who subsequently live in Maine, work for an employer located in Maine and pay taxes in Maine. The credit is available for individuals graduating after 2007 and is prorated by the fraction of coursework for the degree occurring after 2007. The credit is available to eligible graduates and employers making loan payments on behalf of qualifying employees. Unused credits may be carried over for up to 10 tax years. Beginning with the 2013 tax year the individual credit is refundable for graduates with a degree in science, technology, engineering, or mathematics. Beginning with the 2016 tax year the individual credit is refundable to the extent the credit is based on loans included in the financial aid package acquired to obtain an associate degree.

VIII. Detail of Tax Expenditure Items - Credits

The employer credit is limited to eligible payments made during the term of the qualified employee's employment and is also limited to 50% of the credit amount if the qualified employee works only part-time (16-32 hours weekly).

Maine Statute: 36 Me. Rev. Stat. Ann tit. 36, § 5217-D

32. **Tax on Net Estate of Decedent:**

Statutory Reference: R.I. Gen. Laws § 44-22-1.1

Year Enacted / Last Year Amended: 1985 / 2014

Description: Provides a credit against the taxes owed under R.I. Gen. Laws Chapter 44-22 for decedents whose death occurs on or after January 1, 2015 and whose net estate is over a specific threshold. The Rhode Island credit amount and threshold amounts are adjusted by the percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as of September 30 of the prior calendar year compounded annually and rounded up to the nearest \$5.00 increment. See below for the inflation figures for the credit amount and exemption threshold:

<i>Year of Death of Decedent</i>	<i>Credit Amount</i>	<i>Threshold Amount</i>
2018	\$66,810	\$1,537,656
2019	\$68,350	\$1,561,719
2020	\$69,515	\$1,579,922
2021	\$70,490	\$1,595,156

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Estate and Transfer Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Estate and Transfer Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

VIII. Detail of Tax Expenditure Items - Credits

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Estate and Transfer Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Estate and Transfer Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Estate and Transfer Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Estate and Transfer Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Connecticut, Maine, Massachusetts and Vermont have similar provisions.

Connecticut: For decedents dying on or after January 1, 2018 if the taxable estate is not over \$2.6 million then there is no estate tax owed. For anything over \$2.6 million, Connecticut taxes the amount in a graduated rate schedule from 7.2% to 12% on the excess over \$10.1 million. For tax years 2019 through 2022, the estate tax threshold will increase annually until it matches the federal threshold (currently \$11.18 million and is indexed to inflation). The threshold will be \$3.6 million in TY 2019, \$5.1 million in TY 2020, \$7.1 million in TY 2021, and \$9.1 million in TY 2022. Connecticut is scheduled to match the federal exemption in TY 2023.

Connecticut Statute: Conn. Gen. Stat. § 12-402

Maine: For estates of decedents dying on or after January 1, 2018, the annual Maine exclusion amount is \$5.6 million. Maine has a 3-tier tax rate system of 8%, 10%, and 12% based on the amount of the value of the estate. ORA calculates that the Rhode Island credit equivalent of Maine's \$5.6 million exception would be \$462,800.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §4102

Massachusetts: Massachusetts has decoupled from the federal estate tax system. Since 2006, an exclusion amount of \$1.0 million has been in place. ORA calculates the Rhode Island credit equivalent of such an exemption would be \$33,200.

Massachusetts Statute: Mass. Gen. Laws ch. 65C, § 3

Vermont: Vermont has an independent estate tax rate schedule and exemption amount, no longer relying on the federal credit calculations repealed by Congress in 2005. Estates have an exemption amount of \$5 million and are taxed at 16% for any value over that.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 7442a

33. Taxes Paid to Other States:

Statutory Reference: R.I. Gen. Laws § 44-30-18

VIII. Detail of Tax Expenditure Items - Credits

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1971 / 1972

Description: A resident shall be allowed a credit against the tax imposed by R.I. Gen. Laws Chapter 44-30 for the aggregate of net income taxes imposed for the taxable year by other states, including the District of Columbia of the United States, provided that such taxes are imposed irrespective of the residence of the taxpayer. The credit shall not exceed the proportion of the taxpayer’s Rhode Island personal income tax that the taxpayer’s Rhode Island income derived from the other taxing states bears to his or her entire Rhode Island income for the same taxable year.

Data Source: Office of Revenue Analysis (ORA) calculations based on TY 2018 and TY 2019 personal income tax data.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$206,123,402	91,137
2019 Personal Income Tax	\$215,700,781	93,788

Projection Methodology: The average realized growth rate for TY 2018 and TY 2019 was applied to TY 2019 amount of forgone revenue and number of taxpayers to project TY 2020. For tax years 2021-2023, amount of credit and number of taxpayers held constant with TY 2020.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$221,973,398	97,506
2021 Personal Income Tax	\$221,973,398	97,506
2022 Personal Income Tax	\$221,973,398	97,506
2023 Personal Income Tax	\$221,973,398	97,506

Law Comparison: Connecticut, Maine, Massachusetts and Vermont have similar provisions.

Connecticut: Connecticut allows a credit against personal income taxes in the amount of any income tax imposed on any resident or part-year resident for the taxable year by another state.

Connecticut Statute: Conn. Gen. Stat. § 12-704

VIII. Detail of Tax Expenditure Items - Credits

Maine: Maine's provisions also include the income taxes of any state, political subdivision thereof, the District of Columbia, or any political subdivision of a foreign country, which is analogous to a state of the United States; however, the other taxing jurisdiction must allow a reciprocal reduction of its tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5217-A

Massachusetts: Massachusetts' provisions also include the income taxes of all territories or possessions of the United States [e.g. Guam, Puerto Rico, the US Virgin Islands], as well as, of the Canadian provinces.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 6(a)

Vermont: Vermont's provisions also include credit for the income taxes of all territories or possessions of the United States [e.g. Guam, Puerto Rico, U.S. Virgin Islands], the District of Columbia and a limited credit for the income taxes of the Canadian provinces.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5825

DEDUCTIONS

VIII. Detail of Tax Expenditure Items - Deductions

1. **Accelerated Amortization for Certain Manufacturers:**

Statutory Reference: R.I. Gen. Laws § 44-11-11.3

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1994 / N/A

Description: Any taxpayer engaged in manufacturing activities in Rhode Island that has, on the average, over the five previous years annually produced goods at facilities located in Rhode Island which generate net sales of at least \$10 million and where, on the average, at least 80% of that production has been for eventual sale to a branch of the United States armed services may, if it represents that it anticipates the need to reduce its reliance on such sales, elect to amortize the unrecovered basis of all or a portion of its depreciable assets over a 60 month period in equal monthly installments.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: No similar provisions were found for the other New England states.

2. **Alimony Paid (Federal):**

Statutory Reference: R.I. Gen. Laws §§ 44-30-2.6(c)(3) and 44-30-32(a) / U.S. Public Law 115-97

Stated Purpose: No stated purpose given in law.

VIII. Detail of Tax Expenditure Items - Deductions

Year Enacted / Last Year Amended: 2001 / 2017

Description: Rhode Island’s income tax system for a resident individual starts with the individual’s federal adjusted gross income (AGI). The Rhode Island income of a non-resident individual includes “[t]he net amount of items of income and deductions entering into his or her federal adjusted gross income derived from or connected with Rhode Island sources.”

Federal AGI includes a deduction for alimony paid “under divorce or separate maintenance decrees or written separation agreements” between the taxpayer and the taxpayer’s spouse or former spouse.

The Tax Cuts and Jobs Act of 2017 eliminated the federal deduction for alimony paid effective for divorce or separation agreements entered into in tax years beginning after December 31, 2018. The passage of this act effectively eliminates the deduction of alimony paid for Rhode Island personal income tax purposes for these same divorce and separation agreements.

Data Source: TY 2018 and TY 2019 Statistics of Income Bulletin, Internal Revenue Service. The federal deduction data is scaled for Rhode Island by using the ratio of total Rhode Island adjusted gross income to total federal AGI for each tax year. Forgone revenue is determined by multiplying the calculated Rhode Island value of the deduction by an effective tax rate of 2.962% for TY 2018 and 3.02% for TY 2019. Federal number of taxpayers’ data is scaled for Rhode Island by using the ratio of total Rhode Island tax filers to total federal tax filers for each tax year.

Reliability Index: 4

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$1,299,418	2,036
2019 Personal Income Tax	\$1,225,198	1,716

Projection Methodology: For TY 2020 - 2023, the forgone revenue amounts and the number of taxpayers were held constant with TY 2019 due to the federal law change.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$1,225,198	1,716
2021 Personal Income Tax	\$1,225,198	1,716
2022 Personal Income Tax	\$1,225,198	1,716
2023 Personal Income Tax	\$1,225,198	1,716

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

VIII. Detail of Tax Expenditure Items - Deductions

Connecticut: Connecticut's income base provisions begin with federal AGI and, therefore, allow this item because it is part of the determination of the taxpayer's federal AGI.

Connecticut Statute: Conn. Gen. Stat. § 12-701(a)(19)

Maine: Maine's personal income tax base is federal AGI, as defined by federal law, which by application allows a deduction for alimony paid.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5121

Massachusetts: Massachusetts' provisions include a deduction for amounts paid to former spouses for alimony or separate maintenance under court order as stated on the federal tax return. Alimony will continue to be deductible by the payor for divorce settlements made after December 31, 2018.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(d)(1)

Vermont: Because Vermont uses federal AGI as the starting point for calculating Vermont income tax liability, the federal treatment of alimony or separate maintenance payments is adopted.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5811(21)

3. **Amortization of Air or Water Pollution Prevention and Treatment Facilities:**

Statutory Reference: R.I. Gen. Laws § 44-11-11.1

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1966 / 2000

Description: A taxpayer, at his or her election, is allowed a deduction for the amortization of the adjusted basis for determining gain of any "treatment facility" over a period of 60 months. The deduction is allowed against the tax imposed by R.I. Gen. Laws Chapter 44-11. The amortization deduction requires that the federal depreciation or amortization, if any, must be added back before the Rhode Island calculation is made.

A treatment facility means "any land, facility, device, building, machinery, or equipment, the construction, reconstruction, erection, installation, or acquisition of which" meets federal and state standards for the control of air or water pollution, has been made primarily to control the pollution of water or air and applies only to water and air pollution control facilities that are installed for the treatment of waste waters and air contaminants resulting from industrial processes.

A prevention facility means "any land, facility, device, building, machinery, or equipment the construction, reconstruction, erection, installation, or acquisition of which" meets federal and state standards for the prevention of air or water pollution or contamination, has been made primarily to prevent the pollution or contamination of water or air, and applies only to water and air pollution

VIII. Detail of Tax Expenditure Items - Deductions

prevention facilities that are installed for the prevention of waste waters, air contaminants, and hazardous solid wastes resulting from industrial processes.

The treatment or prevention facility must be certified by the Director of the Department of Environmental Management.

Data Source: Rhode Island Division of Taxation and Office of Revenue Analysis Calculations. The amount of forgone revenue is derived by multiplying the deduction by the business corporation tax rate of 7%.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	\$0	0
2019 Business Corporation Tax	\$0	0

Projection Methodology: For TY 2020 - 2023, the forgone revenue amounts and the number of taxpayers were held constant with TY 2019.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	\$0	0
2021 Business Corporation Tax	\$0	0
2022 Business Corporation Tax	\$0	0
2023 Business Corporation Tax	\$0	0

Law Comparison: Only Massachusetts has a similar provision.

Massachusetts: Massachusetts' provisions include a deduction for 100% of the costs associated with the construction, reconstruction, erection, or improvement of the facility of an approved industrial air pollution control facility or industrial waste treatment facility during the taxable year.

Massachusetts Statute: Mass. Gen. Laws ch. 63, § 38D

4. Certain Business Expenses of Reservists, etc. (Federal):

Statutory Reference: R.I. Gen. Laws §§ 44-30-2.6(c)(3) and 44-30-32(a) / 26 U.S.C. § 62(a)(2)(B-C) and (E)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

VIII. Detail of Tax Expenditure Items - Deductions

Description: Rhode Island’s income tax system for a resident individual starts with the individual’s federal adjusted gross income (AGI). The Rhode Island income of a non-resident individual includes “[t]he net amount of items of income and deductions entering into his or her federal adjusted gross income derived from or connected with Rhode Island sources.”

Federal AGI includes a deduction for certain business expenses of Armed Forces reservists, qualified performing artists, and fee-basis state and local government officials, and employees with impairment-related work expenses. These expenses are ordinary and necessary unreimbursed expenses attributable to an individual’s job including vehicle expenses, expenses related to travel that is not overnight (parking fees, tolls, transportation by train, bus, etc.), expenses related to overnight travel (lodging, airfare, etc.), other business expenses, and meals.

Data Source: TY 2018 and TY 2019 Statistics of Income Bulletin, Internal Revenue Service. The federal deduction data is scaled for Rhode Island by using the ratio of total Rhode Island AGI to total federal AGI for each tax year. Forgone revenue is determined by multiplying the calculated Rhode Island value of the deduction by an effective tax rate of 2.962% for TY 2018 and 3.02% for TY 2019. Federal number of taxpayers’ data is scaled for Rhode Island by using the ratio of total Rhode Island tax filers to total federal tax filers for each tax year.

Reliability Index: 4

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$200,405	1,069
2019 Personal Income Tax	\$273,709	1,199

Projection Methodology: For TY 2020 - 2023, the forgone revenue amounts and the number of taxpayers were held constant with TY 2019.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$273,709	1,199
2021 Personal Income Tax	\$273,709	1,199
2022 Personal Income Tax	\$273,709	1,199
2023 Personal Income Tax	\$273,709	1,199

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Connecticut’s income base provisions begin with federal AGI and, therefore, allow this item because it is part of the determination of the taxpayer’s federal AGI.

Connecticut Statute: Conn. Gen. Stat. § 12-701(a)(19)

VIII. Detail of Tax Expenditure Items - Deductions

Maine: Maine’s personal income tax base is federal AGI, as defined by federal law, which by application allows a deduction for certain business expenses of Armed Forces reservists, qualified performance artists, and fee-based government officials.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5121

Massachusetts: Massachusetts’ provisions include a deduction for certain business expenses of Armed Forces reservists, qualified performing artists, and fee-based government officials as stated on the taxpayer’s federal income tax return.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(d)(1)

Vermont: Because Vermont uses federal AGI as the starting point for calculating Vermont income tax liability, the federal treatment of certain business expenses of Armed Forces reservists, qualified performance artists, and fee-based government officials is adopted.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5811(21)

5. Connecting Fees, Switching and Carrier Access Charges:

Statutory Reference: R.I. Gen. Laws § 44-13-1(b)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1942 / 1985

Description: All amounts paid by a corporation subject to the tax imposed under R.I. Gen. Laws § 44-13-4(4) to another corporation for connecting fees, switching charges, and carrier access charges shall be deducted from the gross earnings of the paying corporation.

Data Source: Rhode Island Division of Taxation and Office of Revenue Analysis (ORA) calculations. The amount of forgone revenue is derived by multiplying the amount of deduction by the public service corporation tax rate for telecommunications corporations of 5%. This item includes an unknown amount of uncollectable bad debt.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Public Service Corporation Tax	\$1,739,998	49
2019 Public Service Corporation Tax	\$1,571,958	42

Projection Methodology: For projected forgone revenue and projected number of taxpayers for tax years 2020 - 2023, ORA took the average of tax years 2018 and 2019.

VIII. Detail of Tax Expenditure Items - Deductions

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Public Service Corporation Tax	\$1,655,978	46
2021 Public Service Corporation Tax	\$1,655,978	46
2022 Public Service Corporation Tax	\$1,655,978	46
2023 Public Service Corporation Tax	\$1,655,978	46

Law Comparison: Maine and New Hampshire have similar provisions.

Maine: Sales of services to another service provider for resale, including access services, are exempt from the service provider tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 2557(30)

New Hampshire: Communication services for purposes of the calculation of the New Hampshire communications tax does not include purchases of communications services by a communications services provider for use as a component part of the service provided by him to the ultimate retail consumer who originates or terminates the taxable end-to-end communications, including carrier access charges, right of access charges, charges for use of inter-company facilities, and all communications services resold in the subsequent provision of, used as a component of, or integrated into end-to-end communications services.

New Hampshire Statute: N.H. Rev. Stat. Ann. §§ 82-A:2, III(b)

6. **Educator Expenses (Federal):**

Statutory Reference: R.I. Gen. Laws §§ 44-30-2.6(c)(3) and 44-30-32(a) / 26 U.S.C. § 62(a)(2)(D) / U.S. Public Law No. 116-260

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2020

Description: Rhode Island's income tax system for a resident individual starts with the individual's federal adjusted gross income (AGI). The Rhode Island income of a non-resident individual includes "[t]he net amount of items of income and deductions entering into his or her federal adjusted gross income derived from or connected with Rhode Island sources."

Federal AGI allows a qualified educator to deduct unreimbursed expenses incurred for books, supplies, computer equipment, other equipment, and supplementary materials used in a classroom or related to athletics. The maximum allowable deduction is \$250 per eligible educator.

The COVID-related Tax Relief Act of 2020 signed into law on December 27, 2020 as part of the Consolidated Appropriations Act of 2021 allows for the cost of personal protective equipment,

VIII. Detail of Tax Expenditure Items - Deductions

disinfectant, and other supplies used for the prevention of the spread of COVID-19 to be considered qualified expenses for this federal deduction, retroactive to March 12, 2020.

Data Source: TY 2018 and TY 2019, Internal Revenue Service, Statistics of Income (SOI), Table 2: Individual Income and Tax Data, by State and Size of Adjusted Gross Income. TY 2018 and TY 2019 data is for Rhode Island resident returns only. Forgone revenue is determined by multiplying the reported amount of the deduction by the Rhode Island resident effective personal income tax rate for each reported federal AGI category and then summing the forgone revenue amounts across all federal AGI categories. For TY 2018, these Rhode Island resident effective tax rates range from -0.6229% for the federal AGI category of under \$25,000 to 4.6668% for the federal AGI category of \$1,000,000 or more. For TY 2019, the comparable numbers are -0.9640% for the federal AGI category of under \$25,000 and 4.7433% for the federal AGI category of \$1,000,000 or more. The number of taxpayers is the total number reported in the IRS' SOI report for the given tax year.

Reliability Index: 2

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$93,534	14,700
2019 Personal Income Tax	\$92,425	14,770

Projection Methodology: For projected forgone revenue and projected number of taxpayers for tax years 2020-2023, ORA took the average of tax years 2018 and 2019. ORA estimates the TY 2020 and TY 2021 revenue impact from the change in the COVID-related Tax Relief Act of 2020 will be negligible.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$92,979	14,735
2021 Personal Income Tax	\$92,979	14,735
2022 Personal Income Tax	\$92,979	14,735
2023 Personal Income Tax	\$92,979	14,735

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Connecticut's income base provisions begin with federal AGI and, therefore, allow this item because it is part of the determination of the taxpayer's federal AGI.

Connecticut Statute: Conn. Gen. Stat. § 12-701(a)(19)

Maine: Maine's personal income tax base is federal AGI, as defined by federal law, which by application allows a deduction for educator expenses.

VIII. Detail of Tax Expenditure Items - Deductions

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5121

Massachusetts: Massachusetts' provisions include a deduction for educator expenses as stated on the taxpayer's federal income tax return.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(d)(1)

Vermont: Because Vermont uses federal AGI as the starting point for calculating Vermont income tax liability, the federal treatment of educator expenses is adopted.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5811(21)

7. **Electricity for Resale:**

Statutory Reference: R.I. Gen. Laws § 44-13-4(2)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1942 / 2008

Description: The transmission or sale of electricity to other public utility corporations, non-regulated power producers, or municipal utilities for resale, whether within the state or not, shall be deducted from gross earnings prior to the calculation of the tax imposed by this section.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

VIII. Detail of Tax Expenditure Items - Deductions

Law Comparison: Only Connecticut has a similar provision.

Connecticut: A deduction is allowed from all sales for resale of water, steam, gas, and electricity to public service corporations and municipal utilities, whether such purchasers are Connecticut public service corporations or Connecticut municipal utilities, and whether or not they are subject to the public service companies tax.

Connecticut Statute: Conn. Gen. Stat. § 12-265(b)(1)(A)

8. **Expensing of Assets in Lieu of Depreciation, Section 179 of Internal Revenue Code:**

Statutory Reference: R.I. Gen. Laws § 44-61-1.1 / 26 U.S.C. § 179

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2003 / 2013

Description: For purposes of the expensing of assets under R.I. Gen. Laws Chapters 44-11, 44-14 and 44-30, the expense deduction for Rhode Island tax purposes shall be allowed in the same manner as is provided for under § 179 of the Internal Revenue Code (IRC). Any remaining tax basis of the asset purchased shall be depreciated as provided for under the IRC §§ 167 and 168, excluding bonus depreciation as set forth in § 168(k).

Prior to tax years beginning on or after January 1, 2014, Rhode Island's rule regarding § 179 expensing was a timing difference with Rhode Island disallowing § 179 expensing of more than \$25,000 in a given tax year while the federal government allowed § 179 expensing of up to \$500,000 in a given tax year. In this case, taxpayers had to add back to taxable income the amount of § 179 expensing greater than \$25,000 for Rhode Island tax purposes with this difference depreciated over the useful life of the asset. In tax years after the first year in which § 179 expensing greater than \$25,000 was used for federal income tax purposes, taxpayers subtracted the depreciation value of the asset from taxable income for Rhode Island tax purposes. Thus, over the useful life of the asset, the expense allowed for Rhode Island and federal tax purposes will be equal.

For tax years beginning after December 31, 2013, Rhode Island conformed to federal law with respect to § 179 expensing. Thus, whatever the deduction amount that was taken federally under § 179 expensing is also allowed for Rhode Island tax purposes. As a result, for assets placed in service after December 31, 2013, there is no tax expenditure associated with § 179 expensing as the deduction allowed for Rhode Island tax purposes is the same as the deduction allowed for federal tax purposes.

The Division of Taxation allows corporate tax filers to report bonus depreciation, which is disallowed by Rhode Island law, and § 179 expensing on the same line as a total. As a result, depending on the tax year, the reported amounts on Rhode Island business corporation tax returns include both bonus depreciation and § 179 expensing. Generally, after tax year 2018, it is presumed that § 179 expensing deductions will no longer be reported as they will no longer exist

VIII. Detail of Tax Expenditure Items - Deductions

due to conformity with federal tax law on § 179 expensing. Thus, this tax expenditure will, in general, terminate for tax years beginning after December 31, 2018.

Data Source: *Business Corporation Tax and Bank Tax:* No reliable data exists for this tax expenditure item. (This deduction is included in the Bonus Depreciation Modification.)

Personal Income Tax: Rhode Island Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Deduction includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2018 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the deduction for the timing of § 179 expensing for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	*	*
2018 Bank Tax	*	*
2018 Personal Income Tax	\$299,482	3,358
2018 Total	\$299,482	3,358

*No reliable data exists for this tax expenditure item.

Law Comparison: Connecticut, Maine, Massachusetts, and New Hampshire have similar provisions.

Connecticut: Beginning on or after January 1, 2018, individuals and corporations are required to apportion the federal deduction for the cost of qualifying § 179 property over a five-year period. Taxpayers must add back 80% of the federal deduction in the first year and may deduct 25% of the disallowed portion of the deduction in each of the four succeeding tax years.

Connecticut Statute: Conn. Gen. Stat. §§ 12-217(b)(2)(C), 12-701(a)(20)(A)(xiv), and 12-701(a)(20)(B)(xxv)

Maine: Maine's tax laws conform to the § 179 deduction as included in the calculation of federal AGI.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 5102(1-D)

Massachusetts: For both the corporate excise and the personal income tax, Massachusetts's tax laws allow taxpayers to elect to expense certain business assets purchased during the taxable year following the current code for purposes of IRC. The taxpayer is allowed the same deduction as allowed federally.

VIII. Detail of Tax Expenditure Items - Deductions

Massachusetts Statute: Mass. Gen. Laws ch. 62, §§ 1(c) and 6F(c)(2)-(3), ch. 63, § 1

New Hampshire: In determining gross business profits before net operating loss and special deductions, a business organization must first calculate expense deductions under §179 of the IRC. For TY 2018 and TY 2019, the definition of United States Internal Revenue Code under New Hampshire tax law references the IRC in effect on December 31, 2016, and for TY 2020 and thereafter the definition was updated to the IRC in effect on December 31, 2018, with some exceptions. Expense deductions, as allowed under § 179, were capped at \$500,000 starting in TY 2018.

New Hampshire Statute: N.H. Rev. Stat. Ann. §§ 77-A:1(XX) and 77-A:3-a

9. Health Savings Account (Federal):

Statutory Reference: R.I. Gen. Laws §§ 44-30-2.6(c)(3) and 44-30-32(a) / 26 U.S.C. §§ 62(a)(19) and 223

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

Description: Rhode Island's income tax system for a resident individual starts with the individual's federal adjusted gross income (AGI). The Rhode Island income of a non-resident individual includes "[t]he net amount of items of income and deductions entering into his or her federal adjusted gross income derived from or connected with Rhode Island sources."

Federal AGI allows for the deduction of contributions to a qualified health savings account (HSA). For contributions to an HSA to be deductible, the taxpayer must be enrolled in a high-deductible health insurance plan and not be covered by another type of health insurance. The high deductible health insurance plan must satisfy certain criteria. The maximum deductible HSA contributions for tax years 2018 through 2022 are listed below:

<i>Tax Year</i>	<i>Single Coverage</i>	<i>Family Coverage</i>
2018	\$3,450	\$6,900
2019	\$3,500	\$7,000
2020	\$3,550	\$7,100
2021	\$3,600	\$7,200
2022	\$3,650	\$7,300

Data Source: TY 2018 and TY 2019 Statistics of Income Bulletin, Internal Revenue Service. The federal deduction data is scaled for Rhode Island by using the ratio of total Rhode Island AGI to total federal AGI for each tax year. Forgone revenue is determined by multiplying the calculated Rhode Island value of the deduction by an effective tax rate of 2.962% for TY 2018 and 3.02% for TY 2019. Federal number of taxpayers' data is scaled for Rhode Island by using the ratio of total Rhode Island tax filers to total federal tax filers for each tax year.

Reliability Index: 4

VIII. Detail of Tax Expenditure Items - Deductions

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$534,762	6,882
2019 Personal Income Tax	\$567,219	7,067

Projection Methodology: For projected forgone revenue and projected number of taxpayers for tax years 2020-2023, ORA took the average of tax years 2018 and 2019.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$550,990	6,974
2021 Personal Income Tax	\$550,990	6,974
2022 Personal Income Tax	\$550,990	6,974
2023 Personal Income Tax	\$550,990	6,974

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Connecticut's income base provisions begin with federal AGI and, therefore, allow this item as it is part of the determination of the taxpayer's federal AGI.

Connecticut Statute: Conn. Gen. Stat. § 12-701(a)(19)

Maine: Maine's personal income tax base is federal AGI, as defined by federal law, which by application allows a deduction for contributions to an HSA.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5121

Massachusetts: Massachusetts' provisions include a deduction from total income for contributions to an HSA as stated on the taxpayer's federal income tax return.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(d)(1)

Vermont: Because Vermont uses federal AGI as the starting point for calculating Vermont income tax liability, the federal treatment of HSA contributions is adopted.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5811(21)

10. Individual Retirement Arrangement (IRA) Contributions (Federal):

Statutory Reference: R.I. Gen. Laws §§ 44-30-2.6(c)(3) and 44-30-32(a) / 26 U.S.C. §§ 62(a)(7) and 219

VIII. Detail of Tax Expenditure Items - Deductions

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

Description: Rhode Island’s income tax system for a resident individual starts with the individual’s federal adjusted gross income (AGI). The Rhode Island income of a non-resident individual includes “[t]he net amount of items of income and deductions entering into his or her federal adjusted gross income derived from or connected with Rhode Island sources.”

Federal AGI includes a deduction for contributions to traditional individual retirement arrangements. For TY 2018, contributions were subject to a maximum amount of \$5,500 for taxpayers less than 50 years old and \$6,500 for taxpayers 50 years old or more. For tax years 2019 - 2022, the comparable figures are \$6,000 and \$7,000, respectively.

This deduction is subject to a phase-out at the federal level based on the taxpayer’s modified AGI. The table below lists the phase-out ranges for single and head of household filers who are covered by a workplace retirement plan, the income phase-out ranges for married couples filing jointly where the spouse making the IRA contribution is covered by a workplace retirement plan, and the phase-out ranges for married couples filing jointly where the IRA contributor is not covered by a workplace retirement plan but is married to someone who is covered for tax years 2018 through 2022. For married individuals filing separately who lived apart, the deduction thresholds are the same as single filers. For married individuals filing separately and living together for at least part of the year that are covered by a retirement plan at work or have a spouse that is covered by a workplace plan, the phase-out range for tax years 2018 through 2022 includes any modified AGI below \$10,000.

<i>Tax Year</i>	<i>Single / Heads of Household / Married Filing Separately and Living Apart</i>	<i>Married Filing Jointly Contributor Covered by Workplace Plan</i>	<i>Married Filing Jointly Contributor Not Covered by Workplace Plan but Spouse is Covered</i>
2018	\$63,000 - \$73,000	\$101,000 - \$121,000	\$189,000 - \$199,000
2019	\$64,000 - \$74,000	\$103,000 - \$123,000	\$193,000 - \$203,000
2020	\$65,000 - \$75,000	\$104,000 - \$124,000	\$196,000 - \$206,000
2021	\$66,000 - \$76,000	\$105,000 - \$125,000	\$198,000 - \$208,000
2022	\$68,000 - \$78,000	\$109,000 - \$129,000	\$204,000 - \$214,000

Data Source: TY 2018 and TY 2019, Internal Revenue Service, Statistics of Income (SOI), Table 2: Individual Income and Tax Data, by State and Size of Adjusted Gross Income. TY 2018 and TY 2019 data is for Rhode Island resident returns only. Forgone revenue is determined by multiplying the reported amount of the deduction by the Rhode Island resident effective personal income tax rate for each reported federal AGI category and then summing the forgone revenue amounts across all federal AGI categories. For TY 2018, these Rhode Island resident effective tax rates range from -0.6229% for the federal AGI category of under \$25,000 to 4.6668% for the federal AGI category of \$1,000,000 or more. For TY 2019, the comparable numbers are -0.9640% for the federal AGI category of under \$25,000 and 4.7433% for the federal AGI category of

VIII. Detail of Tax Expenditure Items - Deductions

\$1,000,000 or more. The number of taxpayers is the total number reported in the IRS' SOI report for the given tax year.

Reliability Index: 2

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$1,017,235	8,900
2019 Personal Income Tax	\$1,009,245	8,640

Projection Methodology: For projected forgone revenue and projected number of taxpayers for tax years 2020-2023, ORA took the average of tax years 2018 and 2019.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$1,013,240	8,770
2021 Personal Income Tax	\$1,013,240	8,770
2022 Personal Income Tax	\$1,013,240	8,770
2023 Personal Income Tax	\$1,013,240	8,770

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Connecticut's income base provisions begin with federal AGI and, therefore, allow this item as part of the determination of the taxpayer's federal AGI.

Connecticut Statute: Conn. Gen. Stat. § 12-701(a)(19)

Maine: Maine's personal income tax base is federal AGI, as defined by federal law, which by application allows a deduction for contributions to an IRA.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5121

Massachusetts: Massachusetts' provisions include a deduction from total gross income for contributions to an IRA as stated on the taxpayer's federal income tax return.

Massachusetts Statute: Mass. Gen. Laws ch. 62, §§ 2(a)(2)(F) and 5(b)

Vermont: Because Vermont uses federal AGI as the starting point for calculating Vermont income tax liability, the federal treatment of contributions to IRAs is adopted.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5811(21)

VIII. Detail of Tax Expenditure Items - Deductions

11. Keogh Plan and Simplified Employee Pension Plan Contributions (Federal):

Statutory Reference: R.I. Gen. Laws §§ 44-30-2.6(c)(3) and 44-30-32(a) / 26 U.S.C. §§ 62(a)(7) and 219

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

Description: Rhode Island's income tax system for a resident individual starts with the individual's federal adjusted gross income (AGI) with the modifications. The Rhode Island income of a non-resident individual includes "[t]he net amount of items of income and deductions entering into his or her federal adjusted gross income derived from or connected with Rhode Island sources."

Federal AGI includes a deduction for contributions to a Keogh plan and a Simplified Employee Pension (SEP) plan. The deduction is limited to the lesser of total contributions made to the business' defined-contribution Keogh or SEP plan, including any excess contributions carryover, or 25% of compensation paid to employees participating in the plan. The contributions an employer can make to an employee's defined-contribution Keogh or SEP plan are limited to 25% of the employee's compensation or a specific maximum deduction, whichever is less. The allowable compensation to be included in the calculation of the 25% is also limited to a specific dollar amount. The table below lists the maximum amounts of allowable compensation to be considered for the deduction and the maximum deductible contribution to an eligible employee's plan.

<i>Tax Year</i>	<i>Maximum Allowable Compensation</i>	<i>Maximum Contribution to an Eligible Employee's Plan</i>
2018	\$275,000	\$55,000
2019	\$280,000	\$56,000
2020	\$285,000	\$57,000
2021	\$290,000	\$58,000

Data Source: TY 2018 and TY 2019, Internal Revenue Service, Statistics of Income (SOI), Table 2: Individual Income and Tax Data, by State and Size of Adjusted Gross Income. TY 2018 and TY 2019 data is for Rhode Island resident returns only. Foregone revenue is determined by multiplying the reported amount of the deduction by the Rhode Island resident effective personal income tax rate for each reported federal AGI category and then summing the forgone revenue amounts across all federal AGI categories. For TY 2018, these Rhode Island resident effective tax rates range from -0.6229% for the federal AGI category of under \$25,000 to 4.6668% for the federal AGI category of \$1,000,000 or more. For TY 2019, the comparable numbers are -0.9640% for the federal AGI category of under \$25,000 and 4.7433% for the federal AGI category of \$1,000,000 or more. The number of taxpayers is the total number reported in the IRS' SOI report for the given tax year.

Reliability Index: 2

VIII. Detail of Tax Expenditure Items - Deductions

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$3,267,415	3,970
2019 Personal Income Tax	\$3,355,909	3,970

Projection Methodology: For projected forgone revenue and projected number of taxpayers for tax years 2020-2023, ORA took the average of tax years 2018 and 2019.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$3,311,662	3,970
2021 Personal Income Tax	\$3,311,662	3,970
2022 Personal Income Tax	\$3,311,662	3,970
2023 Personal Income Tax	\$3,311,662	3,970

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Connecticut's income base provisions begin with federal AGI and, therefore, allow this item as part of the determination of the taxpayer's federal AGI.

Connecticut Statute: Conn. Gen. Stat. § 12-701(a)(19)

Maine: Maine's personal income tax base is federal AGI, as defined by federal law, which by application allows a deduction for contributions to Keogh and SEP plans equal to 25% of their income.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5121

Massachusetts: Massachusetts' provisions include a deduction for contributions to Keogh and SEP plans as stated on the taxpayer's federal income tax return. However, the deduction for contributions on behalf of employees as defined in Internal Revenue Code § 401(c)(1) (e.g., partners and owners of sole proprietorships) is specifically disallowed.

Massachusetts Statute: Mass. Gen. Laws ch. 62, §§ 2(a)(2)(F) and 2(d)(1)(D)

Vermont: Because Vermont uses federal AGI as the starting point for calculating Vermont income tax liability, the federal treatment of deductions for contributions to Keogh and SEP plans is adopted.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5811(21)

VIII. Detail of Tax Expenditure Items - Deductions

12. **Merchandise Sold:**

Statutory Reference: R.I. Gen. Laws § 44-13-5(a)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1942 / 2003

Description: Corporations with a principal line of business in manufacturing, selling, and distributing to the public electric or heating gas and in the case of every public service cable corporation may deduct from the gross earnings reported on the corporations' gross earnings tax return the net invoice price plus the transportation cost of any merchandise sales.

Data Source: Rhode Island Division of Taxation

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Public Service Corporation Tax	\$0	0
2019 Public Service Corporation Tax	\$0	0

Projection Methodology: The forgone revenue amounts and the number of taxpayers for tax years 2020 - 2023 are held constant with TY 2019.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Public Service Corporation Tax	\$0	0
2021 Public Service Corporation Tax	\$0	0
2022 Public Service Corporation Tax	\$0	0
2023 Public Service Corporation Tax	\$0	0

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Connecticut's provisions allow a deduction from the utility companies tax for sales of appliances, which use water, steam, gas, or electricity. The deduction is the net invoice price plus transportation costs of such appliances.

Connecticut Statute: Conn. Gen. Stat. § 12-265(b)(1)(C)

VIII. Detail of Tax Expenditure Items - Deductions

13. **Moving Expenses (Federal):**

Statutory Reference: R.I. Gen. Laws §§ 44-30-2.6(c)(3) and 44-30-32(a) / 26 U.S.C. §§ 62(a)(15), 132, and 217

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

Description: Rhode Island's income tax system for a resident individual starts with the individual's federal adjusted gross income (AGI). The Rhode Island income of a non-resident individual includes "[t]he net amount of items of income and deductions entering into his or her federal adjusted gross income derived from or connected with Rhode Island sources."

Federal AGI includes a deduction for moving expenses provided that the expenses are incurred within one year from the date that the taxpayer has reported to work in the new location, the new main job location is at least 50 miles farther from the taxpayer's former home than the prior job location, and the taxpayer works full-time for 39 weeks in the first 12 months after arrival in the area of the new job location (self-employed taxpayers must also work 78 weeks in the first 24 months after arrival in the area of the new job location).

The federal Tax Cuts and Jobs Act of 2017 eliminated the federal deduction for moving expenses, except for members of the Armed Forces, effective for tax years beginning after December 31, 2017 and prior to January 1, 2026.

Data Source: TY 2018 and TY 2019 Statistics of Income Bulletin, Internal Revenue Service. The federal deduction data is scaled for Rhode Island by using the ratio of total Rhode Island AGI to total federal AGI for each tax year. Forgone revenue is determined by multiplying the 3.02% for TY 2019. Federal number of taxpayers' data is scaled for Rhode Island by using the ratio of total Rhode Island tax filers to total federal tax filers for each tax year.

Reliability Index: 4

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$30,800	368
2019 Personal Income Tax	\$29,085	391

Projection Methodology: For projected forgone revenue and projected number of taxpayers for tax years 2020-2023, ORA took the average of tax years 2018 and 2019.

VIII. Detail of Tax Expenditure Items - Deductions

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$29,942	380
2021 Personal Income Tax	\$29,942	380
2022 Personal Income Tax	\$29,942	380
2023 Personal Income Tax	\$29,942	380

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Connecticut's income base provisions begin with federal AGI and, therefore, allow this item as part of the determination of the taxpayer's federal AGI.

Connecticut Statute: Conn. Gen. Stat. § 12-701(a)(19)

Maine: Maine's personal income tax base is federal AGI, as defined by federal law, which by application allows a deduction for moving expenses.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5121

Massachusetts: Massachusetts' provisions include a deduction for moving expenses as stated on the taxpayer's federal income tax return for tax years beginning before December 31, 2017. Massachusetts did not conform to the elimination of this federal deduction as Massachusetts follows the Internal Revenue Code in effect as of January 1, 2005 regarding this issue. Thus, this deduction is still allowed in the calculation of Massachusetts taxable income.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(d)(1)

Vermont: Vermont uses an individual's federal taxable income as the starting point for calculating Vermont income tax liability, and thus the federal treatment of deductions for moving expenses is adopted.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5811(21)

14. Net Operating Losses:

Statutory Reference: R.I. Gen. Laws § 44-11-11(b) / 26 U.S.C. § 172

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1938 / 2007

Description: A taxpayer subject to the tax imposed by R.I. Gen. Laws Chapter 44-11 is allowed a net operating loss deduction that is the same as that allowed under 26 U.S.C. § 172, subject to the specific determinative criteria outlined in R.I. Gen. Laws § 44-11-11. This section also allows the

VIII. Detail of Tax Expenditure Items - Deductions

taxpayer to carry the net operating loss forward for five succeeding tax years and disallows the carryback of a net operating loss. Prior to the Tax Cuts and Jobs Act of 2017, federal tax law allowed a two-year carryback of a net operating loss and a 20-year carry-forward of a net operating loss. For tax years beginning after December 31, 2017, federal tax law disallows the carryback of a net operating loss but provides for an indefinite carryforward period.

Data Source: Rhode Island Division of Taxation and Office of Revenue Analysis (ORA) calculations. This deduction includes amounts that are not necessarily specific to Rhode Island-based activity. The amount of forgone revenue is derived by multiplying the apportioned deduction by the business corporation tax rate of 7%. The number of taxpayers includes C-corporations that had a deduction decreasing federal taxable income.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	\$19,640,728	2,295
2019 Business Corporation Tax	\$18,018,827	1,825

Projection Methodology: TY 2020 - TY 2023 forgone revenue amounts and number of taxpayers are the average of the revenue forgone amounts and number of taxpayers from TY 2018 and TY 2019.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	\$18,829,778	2,059
2021 Business Corporation Tax	\$18,829,778	2,059
2022 Business Corporation Tax	\$18,829,778	2,059
2023 Business Corporation Tax	\$18,829,778	2,059

Law Comparison: All New England states have net operating loss deduction provisions.

Connecticut: Connecticut has a specific statutory provision allowing a net operating loss carryover deduction and does not simply follow the Internal Revenue Code § 172. The Connecticut statute provides any excess of allowable deductions over the gross income in the same year, or the amount of such excess apportioned to Connecticut under Conn. Gen. Stat. § 12-218, is an operating loss and is deductible as an operating loss carryover for operating losses incurred in income years commencing on or after January 1, 2000, in each of the 20 income years following the loss year. For tax years beginning on or after January 1, 2015, carryforwards are limited to 50% of net income. Taxpayers with net operating losses greater than \$6 billion from pre-2013 years and a tax liability greater than \$2.5 million may elect to use net operating loss carryforwards earlier than otherwise allowed. Net operating losses may not be carried back.

VIII. Detail of Tax Expenditure Items - Deductions

Connecticut Statute: Conn. Gen. Stat. § 12-217(a)(4)(A)

Maine: Maine generally conforms to the Internal Revenue Code as of a specific date but requires several modifications to federal taxable income related to net operating losses in order to arrive at Maine net income. For each taxable year beginning on or after January 1, 2002 and prior to January 1, 2008, subsequent to the year of the loss, a subtraction modification is allowed for an amount equal to the absolute value of the amount of any net operating loss for which federal adjusted gross income was increased under Me. Rev. Stat. Ann. tit. 36, § 5200-A(1)(H), and that, pursuant to 26 U.S.C. § 172, was carried back for federal income tax purposes, less the absolute value of loss used in the taxable year of loss to offset any addition modification required by Me. Rev. Stat. Ann. tit. 36, § 5200-A(1). The carryforward period for Maine conforms to the federal carryforward period. For taxable years beginning in 2008, the amount of loss carried forward cannot exceed \$100,000, and for taxable years 2009, 2010, and 2011 the modification under paragraph 2 cannot be claimed. The amount not deducted as a result of the restriction in 2009, 2010, and 2011 can be deducted in tax years beginning after December 31, 2011, but only if Maine taxable income is not reduced to zero, the amount has not been previously used as a modification, and the taxable year is within the allowable federal period for carryover plus the number of years that the net operating loss carryover adjustment was not deducted as a result of the restriction with respect to tax years beginning in 2009, 2010, or 2011.

For tax years beginning on or after January 1, 2018, an income addition modification is required in an amount equal to the net operating loss carryforward claimed as a federal deduction for the same tax year.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 5122(1)(LL) and (TT), 5200-A(1)(N) and (2)(M)

Massachusetts: Corporations are allowed a deduction for net operating losses computed under Massachusetts' law. The Massachusetts net operating loss is the amount by which the sum of the deductions allowed to arrive at net income, excluding the deductions for net operating loss and the dividends-received deduction exceeds gross income for the taxable year. The number of years for which such a loss may be carried forward is 20 taxable years for losses incurred in taxable years beginning on or after January 1, 2010. Net operating losses cannot be carried back, and capital losses cannot be carried forward or back.

Massachusetts Statute: Mass. Gen. Laws ch. 63, § 30(5)(b)(4)

New Hampshire: New Hampshire allows a deduction for the amount of the net operating loss carryover determined under 26 U.S.C. § 172 in effect on December 31, 1996, except for the limitation to a carryforward for 10 years following the loss year. The law does not allow for the carryback of losses in any instance. A net operating loss is apportioned in the year incurred. For taxable years ending on or after January 1, 2013, the amount of net operating loss generated in a tax year that may be carried forward may not exceed \$10,000,000.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 77-A:4, XIII

VIII. Detail of Tax Expenditure Items - Deductions

Vermont: Vermont’s statutes include a net operating loss deduction in place of the federal net operating loss deduction. Vermont net operating loss is defined as any negative income after allocation and apportionment of Vermont net income. The net operating loss is allowed as a carryforward in the 10 years following the loss year.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 5811(25), 5832, and 5888(4)(B)

15. One-Half of Self-Employment Tax (Federal):

Statutory Reference: R.I. Gen. Laws §§ 44-30-2.6(c)(3) and 44-30-32 / 26 U.S.C § 164(f)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

Description: Rhode Island’s income tax system for a resident individual starts with the individual’s federal adjusted gross income (AGI). The Rhode Island income of a non-resident individual includes “[t]he net amount of items of income and deductions entering into his or her federal adjusted gross income derived from or connected with Rhode Island sources.”

Federal AGI includes a deduction for one-half of the amount of self-employment tax paid by self-employed taxpayers. Self-employed individuals, those taxpayers who are sole proprietors, independent contractors, partners in a partnership, and members in a single member LLC, must pay a tax on net earnings from self-employment for Social Security and Medicare. Because taxpayers that are employees are responsible for only one-half of the Social Security and Medicare taxes assessed, the other half being paid by the employer, self-employed taxpayers can deduct one-half of the self-employment tax paid to Social Security and Medicare.

Data Source: TY 2018 and TY 2019 Statistics of Income Bulletin, Internal Revenue Service. The federal deduction data is scaled for Rhode Island by using the ratio of total Rhode Island AGI to total federal AGI for each tax year. Forgone revenue is determined by multiplying the calculated Rhode Island value of the deduction by an effective tax rate of 2.962% for TY 2018 and 3.02% for TY 2019. Federal number of taxpayers’ data is scaled for Rhode Island by using the ratio of total Rhode Island tax filers to total federal tax filers for each tax year.

Reliability Index: 4

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$3,124,904	70,976
2019 Personal Income Tax	\$3,331,242	71,481

Projection Methodology: For projected forgone revenue and projected number of taxpayers for tax years 2020-2023, ORA took the average of tax years 2018 and 2019.

VIII. Detail of Tax Expenditure Items - Deductions

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$3,228,073	71,229
2021 Personal Income Tax	\$3,228,073	71,229
2022 Personal Income Tax	\$3,228,073	71,229
2023 Personal Income Tax	\$3,228,073	71,229

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Connecticut's income base provisions begin with federal AGI and, therefore, allow this item as part of the determination of the taxpayer's federal AGI.

Connecticut Statute: Conn. Gen. Stat. § 12-701(a)(19)

Maine: Maine's personal income tax base is federal AGI, as defined by federal law, which by application allows a deduction for one-half of the self-employment tax paid.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5121

Massachusetts: Massachusetts' provisions include a deduction of up to \$2,000 for self-employment tax payments.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(d)(1)(K)

Vermont: Because Vermont uses federal AGI as the starting point for calculating Vermont income tax liability, the federal treatment of deductions for one-half of the self-employment tax is adopted.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5811(21)

16. Penalty for Early Withdrawal of Savings (Federal):

Statutory Reference: R.I. Gen. Laws §§ 44-30-2.6(c)(3) and 44-30-32(a) / 26 U.S.C §§ 62(a)(9) and 165

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

Description: Rhode Island's income tax system for a resident individual starts with the individual's federal adjusted gross income (AGI). The Rhode Island income of a non-resident individual includes "[t]he net amount of items of income and deductions entering into his or her federal adjusted gross income derived from or connected with Rhode Island sources."

VIII. Detail of Tax Expenditure Items - Deductions

Federal AGI allows a deduction for the penalty paid for the withdrawal of monies from a certificate of deposit (CD) or other time deposit savings account prior to the maturation of the time deposit savings account.

Data Source: TY 2018 and TY 2019 Statistics of Income Bulletin, Internal Revenue Service. The federal deduction data is scaled for Rhode Island by using the ratio of total Rhode Island AGI to total federal AGI for each tax year. Forgone revenue is determined by multiplying the calculated Rhode Island value of the deduction by an effective tax rate of 2.962% for TY 2018 and 3.02% for TY 2019. Federal number of taxpayers' data is scaled for Rhode Island by using the ratio of total Rhode Island tax filers to total federal tax filers for each tax year.

Reliability Index: 4

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$25,450	1,749
2019 Personal Income Tax	\$24,104	1,751

Projection Methodology: For projected forgone revenue and projected number of taxpayers for tax years 2020-2023, ORA took the average of tax years 2018 and 2019.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$24,777	1,750
2021 Personal Income Tax	\$24,777	1,750
2022 Personal Income Tax	\$24,777	1,750
2023 Personal Income Tax	\$24,777	1,750

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Connecticut's income base provisions begin with federal AGI and, therefore, allow this item because it is part of the determination of the taxpayer's federal AGI.

Connecticut Statute: Conn. Gen. Stat. § 12-701(a)(19)

Maine: Maine's personal income tax base is federal AGI, as defined by federal law, which by application allows a deduction for the penalty on the early withdrawal of monies from time deposit savings accounts.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5121

VIII. Detail of Tax Expenditure Items - Deductions

Massachusetts: Massachusetts' provisions include a deduction for the penalty on the early withdrawal of monies from time deposit savings accounts as stated on the taxpayer's federal income tax return.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(d)(1)

Vermont: Because Vermont uses federal AGI as the starting point for calculating Vermont income tax liability, the federal treatment of the penalty on the early withdrawal of monies from time deposit savings accounts is adopted.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5811(21)

17. Qualified Charitable Contribution for Non-Itemized Returns (Federal):

Statutory Reference: R.I. Gen. Laws §§ 44-30-2.6(c)(3) and 44-30-32(a) / 26 U.S.C. § 62(a)(22) / U.S. Public Law No. 116-136

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2020

Description: Rhode Island's income tax system for a resident individual starts with the individual's federal adjusted gross income (AGI). The Rhode Island income of a non-resident individual includes "[t]he net amount of items of income and deductions entering into his or her federal adjusted gross income derived from or connected with Rhode Island sources."

The federal Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 created a federal deduction for TY 2020 of up to \$300 for charitable contributions for eligible taxpayers who do not elect to itemize deductions for federal tax purposes. This deduction reduces the taxpayer's federal adjusted gross income (AGI) and, as a result, will reduce Rhode Island tax liability for eligible taxpayers.

The American Rescue Plan Act of 2021 reinstated the qualified charitable contribution for non-itemized returns at \$300 for individual filers and \$600 for joint filers for TY 2021. However, this deduction will be placed on the federal tax return after the calculation of federal AGI. Thus, there is no TY 2021 impact for Rhode Island personal income tax purposes.

Projection Methodology: For projected forgone revenue, ORA scaled the federal estimate provided by the Joint Committee on Taxation to Rhode Island using ratio of the amount of charitable contributions taken by Rhode Island residents on the TY 2017 federal individual income tax return to the total amount of charitable contributions taken on all federal TY 2017 individual income tax returns. ORA then applied an assumed federal income tax rate of 25% to find the estimated gross amount of charitable contributions claimed by this federal deduction and then applied a Rhode Island personal income tax rate of 5.99%.

VIII. Detail of Tax Expenditure Items - Deductions

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$707,461	No estimate possible

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Connecticut's income base provisions begin with federal AGI and, therefore, allow this item because it is part of the determination of the taxpayer's federal AGI.

Connecticut Statute: Conn. Gen. Stat. § 12-701(a)(19)

Maine: Maine's personal income tax base is federal AGI, as defined by federal law, which by application allowed for a deduction of up to \$300 for charitable contributions for eligible taxpayers who do not elect to itemize deductions for federal tax purposes for TY 2020.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5121

Massachusetts: Massachusetts did not conform to the above-the-line deduction for charitable contributions for non-itemized returns. However, for tax years beginning on or after January 1, 2021, Massachusetts separately allows a deduction for charitable contributions with no itemization requirement.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 3B(a)(13)

Vermont: Because Vermont uses federal AGI as the starting point for calculating Vermont income tax liability, the federal treatment of qualified charitable contribution for non-itemized returns is adopted.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5811(21)

18. Qualifying Investment in a Certified Venture Capital Partnership:

Statutory Reference: R.I. Gen. Laws § 44-43-2

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1987 / N/A

Description: A deduction reducing net income or net worth, gross earnings, or gross premiums for making a qualifying investment in a certified venture capital partnership shall be allowed equal to the qualifying investment in the year in which the taxpayer first makes such an investment prior to computing the tax owed under R.I. Gen. Laws Chapters 44-11, 44-13, 44-14, or 44-17. A modification reducing federal AGI shall be allowed prior to computing the tax owed under R.I. Gen. Laws Chapter 44-30 and is included in the modifications section of this report.

VIII. Detail of Tax Expenditure Items - Deductions

Data Source: Business Corporation: Rhode Island Division of Taxation and Office of Revenue Analysis (ORA) calculations. The amount of forgone revenue is derived by multiplying the deduction by the business corporation tax rate of 7%. The number of taxpayers includes C-corporations that had a deduction decreasing federal taxable income.

Public Service Corporation Taxes: Rhode Island Division of Taxation and ORA calculations. The amount of forgone revenue is derived by multiplying the deduction amount by a weighted average public service corporation gross earnings tax rate of 4.09% for TY 2018 and 4.04% for TY 2019.

Bank Taxes: Rhode Island Division of Taxation.

Insurance Company Gross Premiums Tax: Rhode Island Division of Taxation and ORA calculations. The amount of forgone revenue is derived by multiplying the deduction amount by the insurance company gross premiums tax rate of 2%.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	\$7,450	< 10
2018 Public Service Corporation Tax	\$0	0
2018 Bank Tax	\$0	0
2018 Ins Co Gross Premiums Tax	\$0	0
2018 Total	\$7,450	< 10
2019 Business Corporation Tax	\$27,957	< 10
2019 Public Service Corporation Tax	\$0	0
2019 Bank Tax	\$0	0
2019 Ins Co Gross Premiums Tax	\$0	0
2019 Total	\$27,957	< 10

Projection Methodology: Business Corporation, Bank, and Insurance Company Gross Premiums Taxes: TY 2020-TY 2023 forgone revenue amounts and number of taxpayers is the average forgone revenue and number of taxpayers from TY 2018-TY 2019.

Public Service Corporation Taxes: TY 2020-TY 2023 forgone revenue amounts and number of taxpayers were held constant with TY 2020.

VIII. Detail of Tax Expenditure Items - Deductions

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	\$17,704	< 10
2020 Public Service Corporation Tax	\$0	0
2020 Bank Tax	\$0	0
2020 Ins Co Gross Premiums Tax	\$0	0
2020 Projected Total	\$17,704	< 10
2021 Business Corporation Tax	\$17,704	< 10
2021 Public Service Corporation Tax	\$0	0
2021 Bank Tax	\$0	0
2021 Ins Co Gross Premiums Tax	\$0	0
2021 Projected Total	\$17,704	< 10
2022 Business Corporation Tax	\$17,704	< 10
2022 Public Service Corporation Tax	\$0	0
2022 Bank Tax	\$0	0
2022 Ins Co Gross Premiums Tax	\$0	0
2022 Projected Total	\$17,704	< 10
2023 Business Corporation Tax	\$17,704	< 10
2023 Public Service Corporation Tax	\$0	0
2023 Bank Tax	\$0	0
2023 Ins Co Gross Premiums Tax	\$0	0
2023 Projected Total	\$17,704	< 10

Law Comparison: No similar provisions found in the other New England states.

19. Return or Unabsorbed Premiums or Premiums for Reinsurance Assumed:

Statutory Reference: R.I. Gen. Laws § 44-17-2

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1896 / 2007

Description: Taxpayers subject to the tax imposed by R.I. Gen. Laws Chapter 44-17 can deduct from gross premiums the amount of return premiums on contracts covering property and risks, the amount of premiums for reinsurance assumed of the property and risks, and, for mutual insurance

VIII. Detail of Tax Expenditure Items - Deductions

companies, the amount of dividends or unused or unabsorbed portion of the premiums applied as a partial payment of the premiums or returned to policyholders in cash or credited to policyholders.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Ins Co Gross Premiums Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Ins Co Gross Premiums Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: Amount of deduction and number of taxpayers were held constant with TY 2017.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Ins Co Gross Premiums Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Ins Co Gross Premiums Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Ins Co Gross Premiums Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Ins Co Gross Premiums Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: All New England states have similar provisions.

Connecticut: Connecticut levies a tax on net direct premiums on domestic and nonresident and foreign insurance companies. Net direct premiums include all receipts of premiums from policyholders and applicants for policies, whether received in the form of money or other valuable consideration but excluding annuity premiums and considerations and premiums received for reinsurances assumed from other insurance companies, less returned or canceled premiums and dividends paid to policyholders on direct business.

Connecticut Statute: Conn. Gen. Stat. §§ 12-201(7), (8)

Maine: The Maine insurance premiums tax is measured by the full amount of gross insurance premiums, reduced by all direct return premiums on the gross direct premiums, and all dividends paid to policy holders on direct premiums. Except when direct return premiums are returned in the same tax year that the premium was paid, the deduction allowed may be taken only if the tax has been paid.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 2515

Massachusetts: In determining the tax payable by insurance companies, all premiums on policies written but not taken or canceled through default of payment and all premiums returned or credited

VIII. Detail of Tax Expenditure Items - Deductions

to policyholders during the tax year may be deducted, provided that all premiums for which the deduction is claimed have been included as premium receipts on the tax return. This deduction does not include premiums returned or credited on reinsurance assumed.

Massachusetts Statute: Mass. Gen. Laws ch. 63, §§ 20 and 24

New Hampshire: The premium tax on authorized and formerly authorized insurers is calculated based on the total of gross direct premiums received during the previous calendar year for policies insuring property, subjects, or risks for residents located in the state or to be performed in the state, minus premiums or dividends returned or credited to policyholders. Title insurers may also deduct the portion of the premiums chargeable to title search and examination services. The tax on premiums for surplus lines is also calculated based on the amount of gross premiums less the amount of return premiums.

New Hampshire Statute: N.H. Rev. Stat. Ann. §§ 400-A:31(I) and 405:29(I)

Vermont: From the full amount of insurance company premiums and assessments, there is a deduction for all sums paid for return premiums on canceled policies upon risk located in the state and dividends actually paid or allowed to policyholders residing in the state.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 8554

20. Self-Employed Health Insurance (Federal):

Statutory Reference: R.I. Gen. Laws §§ 44-30-2.6(c)(3) and 44-30-32(a) / 26 U.S.C. § 162(l)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

Description: Rhode Island's income tax system for a resident individual starts with the individual's federal adjusted gross income (AGI). The Rhode Island income of a non-resident individual includes "[t]he net amount of items of income and deductions entering into his or her federal adjusted gross income derived from or connected with Rhode Island sources."

Federal AGI includes a deduction for the premiums paid for medical, dental, and qualified long-term care insurance for the taxpayer, the taxpayer's spouse, and the taxpayer's dependents if the taxpayer is a self-employed individual with a net profit, a partner with net earnings from self-employment, or a shareholder owning more than 2% of the outstanding stock of an S corporation with wages from the corporation. The insurance plan must be established under the business. The premium deduction for qualified long-term care insurance is subject to a maximum allowable amount.

Data Source: TY 2018 and TY 2019, Internal Revenue Service, Statistics of Income (SOI), Table 2: Individual Income and Tax Data, by State and Size of Adjusted Gross Income. TY 2018 and TY 2019 data is for Rhode Island resident returns only. Revenue forgone is determined by

VIII. Detail of Tax Expenditure Items - Deductions

multiplying the reported amount of the deduction by the Rhode Island resident effective personal income tax rate for each reported federal AGI category and then summing the forgone revenue amounts across all federal AGI categories. For TY 2018, these Rhode Island resident effective tax rates range from -0.6229% for the federal AGI category of under \$25,000 to 4.6668% for the federal AGI category of \$1,000,000 or more. For TY 2019, the comparable numbers are -0.9640% for the federal AGI category of under \$25,000 and 4.7433% for the federal AGI category of \$1,000,000 or more. The number of taxpayers is the total number reported in the IRS' SOI report for the given tax year.

Reliability Index: 2

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$3,597,998	13,790
2019 Personal Income Tax	\$3,601,642	13,720

Projection Methodology: For projected forgone revenue and projected number of taxpayers for tax years 2020-2023, ORA took the average of tax years 2018 and 2019.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$3,599,820	13,755
2021 Personal Income Tax	\$3,599,820	13,755
2022 Personal Income Tax	\$3,599,820	13,755
2023 Personal Income Tax	\$3,599,820	13,755

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Connecticut's income base provisions begin with federal AGI and, therefore, allow this item because it is part of the determination of the taxpayer's federal AGI.

Connecticut Statute: Conn. Gen. Stat. § 12-701(a)(19)

Maine: Maine's personal income tax base is federal AGI, as defined by federal law, which by application allows a deduction for payments for health insurance by the self-employed.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5121

Massachusetts: Massachusetts' provisions include a deduction for payments for health insurance by the self-employed as stated on the taxpayer's federal income tax return.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(d)(1)

VIII. Detail of Tax Expenditure Items - Deductions

Vermont: Because Vermont uses federal AGI, as the starting point for calculating Vermont income tax liability, the federal treatment of deductions for payments for health insurance by the self-employed is adopted.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5811(21)

21. Standard Deduction:

Statutory Reference: R.I. Gen. Laws § 44-30-2.6(c)(3)(B)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

Description: Rhode Island allows a basic standard deduction from modified adjusted gross income (AGI). The standard deduction values are adjusted for inflation as specified by R.I. Gen. Laws § 44-30-2.6(c)(2)(J).

The table below lists the standard deduction for single, married filing separately, head of household, married filing jointly, and qualifying widow(er) personal income tax filers. For taxpayers with a modified federal adjusted gross income (AGI) greater than a specified amount in each tax year, regardless of filing status, there is a phase-out in the deduction amount allowed to be taken. For example, for each \$5,950 increase, or part thereof, in modified AGI, a reduction of 20% in the allowable standard deduction amount was imposed in TY 2018. Once a taxpayer's modified AGI exceeds the phase-out limit, the allowable standard deduction amount is zero.

<i>Tax Year</i>	<i>Single / Married Filing Separately</i>	<i>Head of Household</i>	<i>Married Filing Jointly / Widow(er)</i>	<i>Phase-Out Range</i>
2018	\$8,525	\$12,800	\$17,050	\$199,000 - \$221,800
2019	\$8,750	\$13,100	\$17,500	\$203,850 - \$227,050
2020	\$8,900	\$13,350	\$17,800	\$207,700 - \$231,500
2021	\$9,050	\$13,550	\$18,100	\$210,750 - \$234,750

Data Source: Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2018 and TY 2019 laws and the Rhode Island tax liability for each taxpayer without the applicable standard deduction for the same tax years, then summed the results for both calculations across all taxpayers. Foregone revenue is determined by taking the difference between the two tax liability calculations. Number of taxpayers includes all taxpayers that had a non-zero tax difference between the two calculations above. It should be noted that the forgone revenue amounts and the number of taxpayers exclude taxpayers who may have claimed the standard deduction on their tax form but had a Rhode Island modified AGI of \$0 or less. These taxpayers received no positive benefit from the standard deduction and thus there was no forgone revenue from these returns for this expenditure item.

Reliability Index: 1

VIII. Detail of Tax Expenditure Items - Deductions

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$204,632,378	550,362
2019 Personal Income Tax	\$210,447,185	553,259

Projection Methodology: The projected forgone revenue was calculated for TY 2020 – TY 2023 by applying the growth in the United States consumer price index for all urban consumers from the November 2021 IHS Markit forecast. The projected number of taxpayers for TY 2020 – TY 2023 is calculated using the three-year average growth rate in the number of filers for Rhode Island resident and non-resident returns of 1.07%.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$213,074,353	559,202
2021 Personal Income Tax	\$222,267,375	565,209
2022 Personal Income Tax	\$228,918,003	571,280
2023 Personal Income Tax	\$233,663,718	577,416

Law Comparison: Maine and Vermont have similar provisions.

Maine: Maine’s standard deduction is equal to the federal standard deduction, including the additional standard deduction amount for age and blindness.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5124-C

Vermont: Vermont has a state-defined standard deduction of \$6,000 for single filers or married filing separately, \$9,000 for head of household filers, and \$12,000 for married filing jointly or qualifying widow(er) for TY 2018. There is an additional deduction of \$1,000 for taxpayers who are 65 years and older and/or blind and who qualified and received the deduction at the federal level. All deduction amounts are subject to inflation on an annual basis. The TY 2019 figures for the standard deduction are \$6,150 for single filers or married filing separately, \$9,200 for head of household filers, and \$12,300 for married filing jointly or qualifying widow(er), with an additional \$1,000 for individuals 65 and older and/or blind. For TY 2020, the comparable standard deduction figures are \$6,250, \$9,400, and \$12,500, with an additional \$1,050 for individuals 65 and older and/or blind.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5811(21)(C)(ii)

VIII. Detail of Tax Expenditure Items - Deductions

22. Student Loan Interest (Federal):

Statutory Reference: R.I. Gen. Laws §§ 44-30-2.6(c)(3) and 44-30-32(a) / 26 U.S.C. §§ 62(a)(17) and 221

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

Description: Rhode Island’s income tax system for a resident individual starts with the individual’s federal adjusted gross income (AGI). The Rhode Island income of a non-resident individual includes “[t]he net amount of items of income and deductions entering into his or her federal adjusted gross income derived from or connected with Rhode Island sources.”

Federal AGI allows a deduction for the interest paid on a qualified student loan. A qualified student loan is a loan that was taken out solely to pay qualified education expenses. For tax years 2018 through 2022, the maximum deduction amount for student loan interest is \$2,500 per return, subject to a phase out for taxpayers with a modified federal AGI over a certain amount. Taxpayers who are married filing separately or who can be claimed as a dependent are ineligible for this deduction.

<i>Tax Year</i>	<i>Single / Head of Household/ Widow(er)</i>		<i>Married Filing Jointly</i>	
	<i>Deduction Maximum</i>	<i>Phase-Out Range</i>	<i>Deduction Maximum</i>	<i>Phase-Out Range</i>
2018	\$2,500	\$65,000 - \$80,000	\$2,500	\$135,000 - \$165,000
2019	\$2,500	\$70,000 - \$85,000	\$2,500	\$140,000 - \$170,000
2020	\$2,500	\$70,000 - \$85,000	\$2,500	\$140,000 - \$170,000
2021	\$2,500	\$70,000 - \$85,000	\$2,500	\$140,000 - \$170,000
2022	\$2,500	\$70,000 - \$85,000	\$2,500	\$145,000 - \$175,000

Data Source: TY 2018 and TY 2019, Internal Revenue Service, Statistics of Income (SOI), Table 2: Individual Income and Tax Data, by State and Size of Adjusted Gross Income. TY 2018 and TY 2019 data is for Rhode Island resident returns only. Forgone revenue is determined by multiplying the reported amount of the deduction by the Rhode Island resident effective personal income tax rate for each reported federal AGI category, excluding married filing separately and dependent returns as these filers do not qualify for the federal student loan interest deduction, and then summing the forgone revenue amounts across all federal AGI categories. For TY 2018, these Rhode Island resident effective tax rates range from -0.8509% for the federal AGI category of under \$25,000 to 2.8882% for the federal AGI category of \$100,000 to \$200,000. For TY 2019, the comparable numbers are -1.5376% for the federal AGI category of under \$25,000 and 2.8463% for the federal AGI category of \$100,000 to \$200,000. The number of taxpayers is the total number reported in the IRS’ SOI report for the given tax year.

Reliability Index: 2

VIII. Detail of Tax Expenditure Items - Deductions

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$910,809	50,740
2019 Personal Income Tax	\$911,862	51,810

Projection Methodology: For projected forgone revenue and projected number of taxpayers for tax years 2020-2023, ORA took the average of tax years 2018 and 2019.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$911,335	51,275
2021 Personal Income Tax	\$911,335	51,275
2022 Personal Income Tax	\$911,335	51,275
2023 Personal Income Tax	\$911,335	51,275

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Connecticut's income base provisions begin with federal AGI and, therefore, allow this item because it is part of the determination of the taxpayer's federal AGI.

Connecticut Statute: Conn. Gen. Stat. § 12-701(a)(19)

Maine: Maine's personal income tax base is federal AGI, as defined by federal law, which by application allows a deduction for interest paid on a student loan up to \$2,500.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5121

Massachusetts: Massachusetts' provisions follow the federal deduction for interest paid by the taxpayer for a qualified education loan for graduate or undergraduate education, subject to taxpayer income limitations.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(d)(1) and 3B(a)(12)

Vermont: Because Vermont uses federal AGI as the starting point for calculating Vermont income tax liability, the federal treatment of interest paid on a student loan is adopted.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5811(21)

23. Tax Incentives for Employers:

Statutory Reference: R.I. Gen. Laws § 44-55-4.1

Stated Purpose: No stated purpose given in law.

VIII. Detail of Tax Expenditure Items - Deductions

Year Enacted / Last Year Amended: 1997 / N/A

Description: Businesses that employ and retain in the State employees who have been previously unemployed for at least 26 consecutive calendar weeks and have been domiciled residents of Rhode Island for at least 52 consecutive calendar weeks or have been a recipient of Rhode Island's Aid to Families with Dependent Children program for at least one year preceding the date of hire shall receive a deduction from the corporate income, gross earnings, bank income, bank deposits, or gross premiums subject to the taxes imposed by R.I. Gen. Laws Chapters 44-11, 44-13, 44-14, 44-15 and 44-17. The deduction is equal to 40% of the eligible employee's first year wages, up to a maximum \$2,400 per eligible employee. A modification reducing income subject to the tax imposed by R.I. Gen. Laws Chapter 44-30 shall apply to eligible businesses and is listed in the modification section of this report.

Data Source: *Business Corporation:* Rhode Island Division of Taxation and Office of Revenue Analysis (ORA) calculations. The amount of forgone revenue is derived by multiplying the apportioned deduction by the business corporation tax rate of 7%. The number of taxpayers includes C-corporations that had a deduction decreasing federal taxable income.

Bank Tax: Rhode Island Division of Taxation and Office of Revenue Analysis (ORA) calculations. The amount of forgone revenue is derived by multiplying the apportioned deduction by the bank excise tax rate of 9%.

Bank Deposits Tax: No reliable data exists for this tax expenditure item.

Insurance Company Gross Premiums Taxes, Rhode Island Division of Taxation and ORA calculations. The amount of forgone revenue is derived by multiplying the deduction by the insurance company gross premiums tax of 2%.

Public Service Corporation Tax: No reliable data exists for this tax expenditure item.

Reliability Index: *Business Corporation, Bank, and Insurance Company Gross Premiums Taxes, 1; Public Service Corporation, Bank Deposits Taxes, 5*

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	\$2,232,937	68
2018 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2018 Bank Tax	\$0	0
2018 Bank Deposits Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2018 Ins Co Gross Premiums Tax	\$0	0
2018 Total	\$2,232,937	68

VIII. Detail of Tax Expenditure Items - Deductions

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Business Corporation Tax	\$253,265	56
2019 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Bank Tax	\$0	0
2019 Bank Deposits Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Ins Co Gross Premiums Tax	\$0	0
2019 Total	\$253,265	56

Projection Methodology: *Business Corporation, Bank Tax, And Insurance Company Gross Premiums Taxes:* TY 2020-TY 2023 forgone revenue amounts and number of taxpayers is the average revenue forgone and number of taxpayers from TY 2018-TY 2019.

Public Service Corporation and Bank Deposits Taxes: No projection is made due to lack of reliable data.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	\$1,243,101	62
2020 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2020 Bank Tax	\$0	0
2020 Bank Deposits Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2020 Ins Co Gross Premiums Tax	\$0	0
2020 Projected Total	\$1,243,101	62
2021 Business Corporation Tax	\$1,243,101	62
2021 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Bank Tax	\$0	0
2021 Bank Deposits Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Ins Co Gross Premiums Tax	\$0	0
2021 Projected Total	\$1,243,101	62

VIII. Detail of Tax Expenditure Items - Deductions

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2022 Business Corporation Tax	\$1,243,101	62
2022 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Bank Tax	\$0	0
2022 Bank Deposits Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Ins Co Gross Premiums Tax	\$0	0
2022 Projected Total	\$1,243,101	62
2023 Business Corporation Tax	\$1,243,101	62
2023 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Bank Tax	\$0	0
2023 Bank Deposits Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Ins Co Gross Premiums Tax	\$0	0
2023 Projected Total	\$1,243,101	62

Law Comparison: No similar provisions found in the other New England states.

EXCLUSIONS

1. Biodiesel Portion of Blended Gallon of Diesel Fuel:

Statutory Reference: R.I. Gen. Laws § 31-36-1(6)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1925 / 2009

Description: The manufactured biodiesel portion of any gallon of blended biodiesel and petroleum diesel fuel is excluded from the state’s motor fuel tax provided that the manufactured biodiesel consists of “[m]ono-alkyl esters of long chain fatty acids derived from vegetable oils or animal fats which conform to ASTM D6751 specifications for use in diesel engines” and the production of which “results in employment at a fixed location at a manufacturing facility for biodiesel fuel.”

Data Source: Excise Tax Section, Rhode Island Division of Taxation. Total biodiesel gallons are summed and multiplied by the motor fuel tax rate of \$0.33 per gallon for FY 2018 and the motor fuel tax rate of \$0.34 per gallon for FY 2019 - 2021. Number of taxpayers is as reported by Biodiesel Magazine.

Reliability Index: 1

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Motor Fuel Tax	\$2,120,414	1
2019 Motor Fuel Tax	\$2,491,881	1
2020 Motor Fuel Tax	\$2,596,954	1
2021 Motor Fuel Tax	\$2,244,196	1

Projection Methodology: The amount of exclusion is a three-year average of revenue forgone from FY 2019 – FY 2021, and the number of taxpayers held constant with FY 2021.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2022 Motor Fuel Tax	\$2,444,344	1
2023 Motor Fuel Tax	\$2,444,344	1

Law Comparison: Only Massachusetts has a similar provision.

Massachusetts: For fuel consisting of eligible cellulosic biofuel or of a blend of gasoline and eligible cellulosic biofuel, the tax per gallon shall be reduced in proportion to the percentage of the fuel content consisting of eligible cellulosic biofuel, measured by available energy content, as determined by the department of energy resources.

Massachusetts Statute: Mass. Gen. Laws ch. 64A, § 1A

2. Conveyance of Mobile/Manufactured Homes for Consideration of \$100 or Less:

Statutory Reference: R.I. Gen. Laws § 31-44-20

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1996 / N/A

Description: The tax imposed by R.I. Gen. Laws § 31-44-20 applies only to mobile and manufactured homes that are conveyed for a consideration of more than \$100. If no consideration is paid for the conveyance of a mobile/manufactured home, no documentary stamps are required on the instrument of conveyance.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Real Estate Conveyance Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Real Estate Conveyance Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Real Estate Conveyance Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Real Estate Conveyance Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Real Estate Conveyance Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Real Estate Conveyance Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: No similar provisions found in the other New England states.

3. Conveyance of Real Estate for Consideration of \$100 or Less:

Statutory Reference: R.I. Gen. Laws §§ 44-25-1(a) – 44-25-1(b)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1968 / 2004

VIII. Detail of Tax Expenditure Items – Exclusions

Description: The tax imposed by R.I. Gen. Laws § 44-25-1 applies only to “lands, tenements or other realty” that are conveyed for a consideration of more than \$100. In the event that no consideration is paid for the conveyance of the lands, tenements or other realty, no documentary stamps are required on the instrument of conveyance.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Real Estate Conveyance Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Real Estate Conveyance Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Real Estate Conveyance Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Real Estate Conveyance Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Real Estate Conveyance Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Real Estate Conveyance Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Connecticut, Massachusetts, New Hampshire, and Vermont have similar provisions.

Connecticut: Connecticut’s provisions include exclusion for conveyance of property when the consideration is less than \$2,000.

Connecticut Statute: Conn. Gen. Stat. § 12-498(a)(10)

Massachusetts: Massachusetts’ provisions include exclusion for conveyance where the consideration is not more than \$100.

Massachusetts Statute: Mass. Gen. Laws ch. 64D, § 1

New Hampshire: New Hampshire’s provisions include exclusion for conveyance where the consideration is \$4,000 or less at which time a minimum fee of \$20 is imposed.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 78-B:1, I(b)

Vermont: Vermont’s provisions include an exclusion of the first \$110,000 in value of the property transferred if the purchaser obtains a purchase money mortgage funded in part with a homeland

grant through the Vermont Housing and Conservation Trust Fund or which the Vermont Housing and Finance Agency or U.S. Department of Agriculture and Rural Development has committed to make or purchase. A tax at the rate of 1.25% is imposed on the value of that property in excess of \$110,000. Otherwise, Vermont does not have an exclusion and instead has a minimum tax of \$1.00.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9602(1)

4. Conveyance of Real Estate Relating to the Capitol Center Project:

Statutory Reference: R.I. Gen. Laws § 44-25-2(c)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1968 / 2000

Description: The tax imposed by R.I. Gen. Laws § 44-25-1 “does not apply to any deed, instrument, or writing that has or shall be executed, delivered, accepted, or presented for recording...certain master property conveyance contract dated December 29, 1982, and recorded in the land evidence records of the city of Providence on January 27, 1983, at 1:30 p.m. in book 1241 at page 849” that relates to the Capitol Center Project in the City of Providence.

Data Source: Rhode Island Department of Revenue.

Reliability Index: 1

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Real Estate Conveyance Tax	\$0	0
2019 Real Estate Conveyance Tax	\$0	0
2020 Real Estate Conveyance Tax	\$0	0
2021 Real Estate Conveyance Tax	\$0	0

Projection Methodology: Amount of exclusion and number of taxpayers held constant with FY 2021.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2022 Real Estate Conveyance Tax	\$0	0
2023 Real Estate Conveyance Tax	\$0	0

Law Comparison: No similar provisions found in the other New England states.

5. Corporations Exempt from Taxation by Charter:

Statutory Reference: R.I. Gen. Laws § 44-11-1(4)(vi)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1938 / 1994

Description: By definition, “[a]ny corporation expressly exempt from taxation by charter” is excluded from the base of taxpayers subject to the tax imposed by R.I. Gen. Laws Ch. 44-11.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: No similar provisions found in the other New England states.

6. Corporations Not Doing Business for Profit:

Statutory Reference: R.I. Gen. Laws § 44-11-1(4)(iv)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1938 / 1994

Description: By definition, “[c]orporations specified in § 7-6-4, incorporated hospitals, schools, colleges, and other institutions of learning not organized for business purposes and not doing business for profit and no part of the net earnings of which inures to the benefit of any private

VIII. Detail of Tax Expenditure Items – Exclusions

stockholder or individual,” are excluded from the base of taxpayers subject to the tax imposed by R.I. Gen. Laws Ch. 44-11.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: All of the New England states have similar provisions.

Connecticut: Connecticut’s provisions include exclusion for companies exempt by the federal corporation net income tax law or under any other section of the Internal Revenue Code; however, such organizations are likewise taxed on their unrelated business income.

Connecticut Statute: Conn. Gen. Stat. § 12-214(a)(2)(B)

Maine: Maine’s provisions include a general exclusion for a corporation, which is exempt from federal income tax from the Maine corporate income tax by definition. Maine also exempts associations, trusts, or other unincorporated organizations which by reason of its purposes or activities is exempt from federal income tax with respect to its unrelated business taxable income.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 5102(6) and 5162(2)

Massachusetts: Massachusetts’ provisions include exclusion for corporations, which are tax exempt for federal income tax purposes under § 501 of the Internal Revenue Code.

Massachusetts Statute: Mass. Gen. Laws ch. 63, §§ 30(1) and 30(2)

New Hampshire: New Hampshire’s provisions provide an exclusion from the business profits tax for organizations exempt from federal tax under § 501(c)(3) of the Internal Revenue Code.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 77-A:1, I

Vermont: Corporations that are organized for religious, charitable, scientific, or educational purposes for which no part of the net earnings benefits any private stockholder or individual member are exempt from corporate income tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5811

7. **Corporations that Maintain and Manage Intangible Investments:**

Statutory Reference: R.I. Gen. Laws § 44-11-1(4)(vii)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1938 / 1994

Description: Corporation is defined in R.I. Gen. Laws § 44-11-1(4). By definition “[c]orporations which together with all corporations under direct or indirect common ownership that ... employ not less than five full-time equivalent employees in the state; which maintain an office in the state; and activities within the state are confined to the maintenance and management of their intangible investments ... and the collection and distribution of the income from those investments or from tangible property physically located outside the state” are excluded from the base of taxpayers subject to the tax imposed by R.I. Gen. Laws Ch. 44-11.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

VIII. Detail of Tax Expenditure Items – Exclusions

Law Comparison: Connecticut, Massachusetts, and New Hampshire have similar provisions.

Connecticut: Passive investment companies are exempt from the corporation business tax. In addition, dividends received, directly or indirectly, from such companies do not constitute gross income for corporation business tax purposes.

Connecticut Statute: Conn. Gen. Stat. § 12-213(a)(9)(D)

Massachusetts: Corporate regulated investment companies are exempt from the corporate excise.

Massachusetts Statute: Mass. Gen. Laws ch. 63, §§ 30 and 38B

New Hampshire: New Hampshire's provisions provide an exclusion from the business profits tax for qualified investment companies.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 77-A:1, I

8. Dividends Received From Shares of Stock:

Statutory Reference: R.I. Gen. Laws §§ 44-11-12(1) and 44-14-15

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1938 / 1989

Description: Dividends received from the shares of stock of any business entity subject to the tax imposed by R.I. Gen. Laws Ch. 44-11, 44-13 or 44-14 shall be excluded from a taxpayer's net income.

Data Source: *Business Corporation Tax:* Rhode Island Division of Taxation. Amount of exempt interest and dividends was multiplied by the taxpayer's apportionment factor in each tax year for any taxpayer that took this exclusion. The amount of revenue forgone is derived by multiplying the apportioned dividends received by the business corporation tax rate of 7% for TY 2018 and TY 2019.

Bank Tax: Rhode Island Division of Taxation. Amount of exempt interest and dividends was multiplied by the taxpayer's apportionment factor in each tax year for any taxpayer that took this exclusion. The amount of revenue forgone is derived by multiplying the apportioned dividends received by the banking institution excise tax rate of 9% for TY 2018 and TY 2019.

Public Service Corporation Tax: No reliable data exists for this tax expenditure item.

Reliability Index: *Business Corporation Tax, Bank Tax:* 1; *Public Service Corporation Tax:* 5;

VIII. Detail of Tax Expenditure Items – Exclusions

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	\$16,486,664	1,933
2018 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2018 Bank Tax	\$1,921,344	28
2018 Total	\$18,408,008	1,961
2019 Business Corporation Tax	\$10,338,849	1,589
2019 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Bank Tax	\$1,207,363	30
2019 Total	\$11,546,212	1,619

Projection Methodology: *Business Corporation Tax and Bank Tax:* TY 2020-TY 2023 is the average number of taxpayers and revenue forgone from TY 2018-TY 2019.

Public Service Corporation Tax: No projection is made due to lack of reliable data.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	\$13,412,757	1,761
2020 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2020 Bank Tax	\$1,564,354	29
2020 Projected Total	\$14,977,110	1,790
2021 Business Corporation Tax	\$13,412,757	1,761
2021 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Bank Tax	\$1,564,354	29
2021 Projected Total	\$14,977,110	1,790
2022 Business Corporation Tax	\$13,412,757	1,761
2022 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Bank Tax	\$1,564,354	29
2022 Projected Total	\$14,977,110	1,790
2023 Business Corporation Tax	\$13,412,757	1,761
2023 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Bank Tax	\$1,564,354	29
2023 Projected Total	\$14,977,110	1,790

Law Comparison: Connecticut, Maine, and Massachusetts have similar provisions.

Connecticut: “In arriving at net income... whether or not the taxpayer is taxable under the federal corporation net income tax, there shall be deducted from gross income... in the case of all taxpayers, all dividends as defined in the Internal Revenue Code effective and in force on the last day of the income year not otherwise deducted from gross income, ...other than thirty per cent of dividends received from a domestic corporation in which the taxpayer owns less than twenty per cent of the total voting power and value of the stock of such corporation.”

Connecticut Statute: Conn. Gen. Stat. § 12-217(a)(1)(D)

Maine: The taxable income of the taxpayer under the laws of the United States shall be decreased by “[f]ifty percent of the apportionable dividend income... the taxpayer received during the taxable year from an affiliated corporation that is not included with the taxpayer in a Maine combined report.”

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5200-A.2.G

Massachusetts: “Net income...adjusted as follows shall constitute taxable net income: (1) 95.0 percent of dividends exclusive of distributions in liquidation, included therein shall be deducted other than dividends from or on account of the ownership of... (iii) any class of stock, if the corporation owns less than fifteen per cent of the voting stock of the corporation paying such dividend.”

Massachusetts Statute: Mass. Gen. Laws ch. 63, § 38(a)(1)

9. Financial Institutions:

Statutory Reference: R.I. Gen. Laws § 44-11-1(4)(i)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1938 / 1994

Description: By definition, “[s]tate banks, mutual savings banks, federal savings banks, trust companies, national banking associations, building and loan associations, credit unions, and loan and investment companies” are excluded from the base of taxpayers that are subject to the tax imposed by R.I. Gen. Laws Ch. 44-11. These financial institutions are taxable under R.I. Gen. Laws Ch. 44-14 or 44-15.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

VIII. Detail of Tax Expenditure Items – Exclusions

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: There is an exemption from the corporation business tax for qualified banks, insurers and investment companies located in a designated insurance and financial services export zone within the City of Hartford.

Connecticut Statute: Conn. Gen. Stat. § 32-531

Maine: Financial corporations subject to the Maine financial institutions franchise tax under Me. Rev. Stat. Ann. tit. 36, § 5206 are not subject to the Maine corporate income tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5102(6)

Massachusetts: In lieu of the corporate excise tax, every financial institution engaged in business in Massachusetts is subject to an excise tax for financial institutions measured by taxable net income.

Massachusetts Statute: Mass. Gen. Laws ch. 63, § 2(a)

Vermont: Banking corporations and loan associations are exempt from the corporation income tax. Instead, they are subject to a franchise tax on the privilege of doing business in Vermont. The tax is imposed on every corporation that is a bank, savings bank, savings institution, trust company, savings and loan association, and building and loan association located in Vermont.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5836(g)

10. Fraternal Beneficiary Societies:

Statutory Reference: R.I. Gen. Laws § 44-11-1(4)(v)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1938 / 1994

Description: Fraternal beneficiary societies, as defined in R.I. Gen. Laws § 27-25-1, are excluded from the base of taxpayers subject to the tax imposed by R.I. Gen. Laws Ch. 44-11.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Fraternal benefit societies that are operated under the lodge system and designed to provide benefits to members and their dependents and other domestic fraternal societies operated under the lodge system, which devote their net earnings to charitable purposes are exempt from federal income tax under Internal Revenue Code §§ 501(c)(8) and 501(c)(10) and, therefore, are exempt from the Connecticut corporation business, dues, and insurance tax. However, entities exempt from federal income tax under Internal Revenue Code § 501 may be subject to the Connecticut tax on unrelated business income, under appropriate circumstances.

Connecticut Statute: Conn. Gen. Stat. § 12-543(b)(3)

Maine: Maine's provisions include a general exclusion for a corporation, which is exempt from federal income tax from the Maine corporate income tax by definition. Maine also exempts

VIII. Detail of Tax Expenditure Items – Exclusions

associations, trusts, or other unincorporated organizations which by reason of its purposes or activities is exempt from federal income tax with respect to its unrelated business taxable income.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 5102(6) and 5162(2)

Massachusetts: Massachusetts’ provisions include exemption for those corporations, which are tax exempt for federal income tax purposes under § 501 of the Internal Revenue Code.

Massachusetts Statute: Mass. Gen. Laws ch. 63, §§ 30(1) and 30(2)

Vermont: Corporations that are organized for religious, charitable, scientific or educational purposes for which no part of the net earnings benefits any private stockholder or individual member are exempt from corporate income tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5811

11. **Fraternal Benefit Societies:**

Statutory Reference: R.I. Gen. Laws § 44-17-1(a)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1896 / 2010

Description: Insurers that are organized as fraternal benefit societies, as defined in R.I. Gen. Laws § 27-25-1, are excluded from the base of taxpayers subject to the tax imposed by R.I. Gen. Laws Ch. 44-17.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Ins Co Gross Premiums Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Ins Co Gross Premiums Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

VIII. Detail of Tax Expenditure Items – Exclusions

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Ins Co Gross Premiums Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Ins Co Gross Premiums Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Ins Co Gross Premiums Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Ins Co Gross Premiums Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: All the other New England states have similar provisions.

Connecticut: Fraternal benefit societies are excluded from the definition of insurance company for Connecticut tax purposes.

Connecticut Statute: Conn. Gen. Stat. § 12-201(4)

Maine: Every society organized or licensed as a fraternal benefit society is defined as a charitable and benevolent institution, and all its funds are exempt from state, county, district, municipal, and school tax other than taxes on real estate and office equipment.

Maine Statute: Me. Rev. Stat. Ann. tit. 24-A, §4140

Massachusetts: Every society organized or licensed as a fraternal benefit society is defined as a charitable and benevolent institution, and all its funds are exempt from state, county, district, municipal, and school tax other than taxes on real estate and office equipment.

Massachusetts Statute: Mass. Gen. Laws ch. 176, §49

New Hampshire: Fraternal benefit societies are excluded from the insurance premium tax.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 400-A:39, X

Vermont: Every society organized or licensed as a fraternal benefit society is defined as a charitable and benevolent institution, and all its funds shall be exempt from state, county, district, municipal, and school taxes other than taxes on real estate and office equipment.

Vermont Statute: Vt. Stat. Ann. tit. 8, § 4500

12. Gain or Loss on Sale of Any Property Other Than Securities:

Statutory Reference: R.I. Gen. Laws § 44-14-11

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1942 / 1956

VIII. Detail of Tax Expenditure Items – Exclusions

Description: By definition, taxpayers subject to the tax imposed by R.I. Gen. Laws Ch. 44-14 exclude gains and losses from the sale or other disposition of any property other than securities from gross income.

Data Source: Rhode Island Division of Taxation. The gains and losses reported were multiplied by the taxpayer’s apportionment factor in each tax year for any taxpayer that took this exclusion. ORA then subtracted the losses from the gains. The amount of revenue forgone is derived by multiplying the result by the banking institution excise tax rate of 9% for TY 2018. For TY 2019, the total amount of losses from the sale or other disposition of any property other than securities were more than the total amount of gains from the sale or other disposition of any property other than securities and thus there was no tax expenditure for that tax year. The number of taxpayers includes only taxpayers who reported gains from the sale or other disposition of any property other than securities.

Reliability Index: 1

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Bank Tax	\$33,235	< 10
2019 Bank Tax	\$0	< 10

Projection Methodology: TY 2020-TY 2023 is the average number of taxpayers and revenue forgone from TY 2018-TY 2019.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Bank Tax	\$16,617	< 10
2021 Bank Tax	\$16,617	< 10
2022 Bank Tax	\$16,617	< 10
2023 Bank Tax	\$16,617	< 10

Law Comparison: No similar provisions found in the other New England states.

13. Income from Sale of International Investment Management Services:

Statutory Reference: R.I. Gen. Laws § 44-11-14.5 / Rhode Island Regulation 280-RICR-20-25-9.11

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1997 / N/A

VIII. Detail of Tax Expenditure Items – Exclusions

Description: A taxpayer located in Rhode Island that employs, separately or as part of a consolidated tax return, an average of not less than 500 full-time equivalent employees in the state shall exclude from its net income subject to tax under R.I. Gen. Laws Ch. 44-11 any income derived from the sale of international investment management services to non-U.S. persons or non-U.S. investment funds.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Earnings from international banking facilities are allowed to be deducted under the net income base.

Connecticut Statute: Conn. Gen. Stat. § 12-217(a)(1)(C)

14. Insurance and Surety Companies:

Statutory Reference: R.I. Gen. Laws § 44-11-1(4)(iii)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1938 / 1994

Description: By definition, insurance and surety companies are excluded from the base of taxpayers that are subject to the tax imposed by R.I. Gen. Laws Ch. 44-11. These companies are subject to the tax imposed under R.I. Gen. Laws Ch. 44-17.

VIII. Detail of Tax Expenditure Items – Exclusions

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: All the other New England states have similar provisions.

Connecticut: Connecticut’s provisions include exclusion from the corporation business tax for domestic insurance companies or those organized or incorporated under the laws of any other state or foreign government.

Connecticut Statute: Conn. Gen. Stat. § 12-214(2)(A)

Maine: Maine’s provisions include exclusion from the Maine corporate income tax for insurance companies by definition.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5102(6)

Massachusetts: Massachusetts’ provisions include exclusion for insurance companies from the corporate excise tax but provide that such companies are subject to a tax on premiums.

Massachusetts Statute: Mass. Gen. Laws ch. 63, §§ 20, 22, 23, 30(1), and 30(2)

New Hampshire: While not excluded from the business profits tax base, taxpayers are eligible for a tax credit for taxes paid to the insurance premium tax.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 77-A:5, III

Vermont: Insurance companies are excluded from the corporate income tax in Vermont.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5811(3)(A)

15. Interest Received from Debt Instruments Issued by Public Service Corporations:

Statutory Reference: R.I. Gen. Laws § 44-11-12(2)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1938 / 1989

Description: Interest received from the debt instruments or the distributive share of the taxable income of any company subject to the tax imposed by R.I. Gen. Laws Ch. 44-13 are excluded from a taxpayer's net income that is subject to the tax imposed under R.I. Gen. Laws Ch. 44-11.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: No similar provisions found in the other New England states.

16. Long-Term Gain from Capital Investment in Small Business:

Statutory Reference: R.I. Gen. Laws §§ 44-43-1 and 44-43-5

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1987 / N/A

VIII. Detail of Tax Expenditure Items – Exclusions

Description: A long-term capital gain realized from the sale or exchange of an interest in any entity which at the time the interest was acquired was a “qualifying business entity” is excluded from the determination of income that is subject to the tax imposed by R.I. Gen. Laws Ch. 44-11, 44-13, 44-14, or 44-30.

A “qualifying business entity” is a business entity that has average annual gross revenue less than \$2.5 million; has been in business for less than four years; expends to establish, expand or increase its operations at a regular place of business in Rhode Island; and has received certification from the Rhode Island Commerce Corporation.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2018 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2018 Bank Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2018 Personal Income Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2018 Total	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Bank Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Personal Income Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Total	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2020 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2020 Bank Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2020 Personal Income Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2020 Projected Total	<i>No estimate possible</i>	<i>No estimate possible</i>

VIII. Detail of Tax Expenditure Items – Exclusions

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Bank Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Personal Income Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Projected Total	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Bank Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Personal Income Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Projected Total	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Bank Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Personal Income Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Projected Total	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Only Vermont has a similar provision.

Vermont: An exclusion from taxable income for the first \$5,000 of adjusted net long-term capital gains. Gains from the sale of standing timber and farms retained the previous 40% exclusion.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5811(21)(B)(ii)

17. Lubricating Oils, Marine Diesel Fuel, Aviation Fuel and Heating Oil:

Statutory Reference: R.I. Gen. Laws § 31-36-1(4)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1925 / 2009

Description: Lubricating oils, marine diesel fuel, aviation fuel, and heating oil are excluded from the list of fuels that are suitable to use in the operation and propulsion of motor vehicles with internal combustion engines that are subject to the tax imposed by R.I. Gen. Laws Ch. 31-36.

VIII. Detail of Tax Expenditure Items – Exclusions

Data Source: Annual Energy Outlook, Independent Statistics and Analysis, U.S. Energy Information Administration; U.S. Department of Energy, FY 2018 - 2021. Other non-taxable distribution (gallons), jet fuel, and marine diesel fuel, Excise Tax Section, Rhode Island Division of Taxation. Total gallons of residential fuel oil and other non-taxable fuel are summed and multiplied by the motor fuel tax rate of \$0.33 per gallon for FY 2018 and \$0.34 per gallon in FY 2019 – FY 2021 to arrive at the revenue forgone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 2

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Motor Fuel Tax	\$214,888,245	<i>No estimate possible</i>
2019 Motor Fuel Tax	\$255,893,225	<i>No estimate possible</i>
2020 Motor Fuel Tax	\$276,627,413	<i>No estimate possible</i>
2021 Motor Fuel Tax	\$392,508,124	<i>No estimate possible</i>

Projection Methodology: Amount of revenue forgone for FY 2022 is the average of revenue forgone for FY 2020 and FY 2021. Amount of exclusion for FY 2023 is held constant with FY 2022. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2022 Motor Fuel Tax	\$334,567,769	<i>No estimate possible</i>
2023 Motor Fuel Tax	\$334,567,769	<i>No estimate possible</i>

Law Comparison: Connecticut, Maine, Massachusetts, New Hampshire and Vermont have similar provisions.

Connecticut: Connecticut’s motor vehicle fuels tax excludes lubricating oils from the definition of “fuels.”

Connecticut Statute: Conn. Gen. Stat. § 12-455a

Maine: Maine’s provisions exclude lubricating oils from the definition of internal combustion engine fuel. Aircraft users are entitled to a reimbursement in the amount of the tax paid, less 4 cents per gallon upon presenting to the State Tax Assessor a refund application accompanied by the original invoices showing those purchases.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 2902 and 2910

Massachusetts: Massachusetts’ provisions exclude lubricating oils from the definition of fuel in the taxation of gasoline law cite.

Massachusetts Statute: Mass. Gen. Laws ch. 64A, § 1

New Hampshire: Motor fuel is defined as all products used in an internal combustion engine for the generation of power to propel motor vehicles or mechanical contrivances on or over the ways of the state. Thus, lubricating oils are excluded from the tax on the sale of motor fuels.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 259:58

Vermont: Vermont’s law excludes lubricating oils from the gasoline tax definition. Gasoline or other motor fuel is defined to mean any type of fuel, by whatever name it may be called, used in an internal combustion engine to generate power to propel a motor vehicle upon a highway.

Vermont Statute: Vt. Stat. Ann. tit. 23, § 3173

18. Maximum Tax of \$0.50 per Cigar:

Statutory Reference: R.I. Gen. Laws §§ 44-20-13.2(a)(1) and 44-20-13.2(a)(2)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1992 / 2009

Description: The tax imposed by R.I. Gen. Laws § 44-20-13.2(a)(1) is placed on all smokeless tobacco, cigars, and pipe tobacco products sold or held for sale in the state by any person. The tax is imposed at a rate of 80% of the wholesale cost of cigars, pipe tobacco products and smokeless tobacco other than snuff. Under R.I. Gen. Laws § 44-20-13.2(a)(2), notwithstanding the 80% rate, the tax on cigars shall not exceed \$0.50 for each cigar.

Data Source: Excise Tax Section, Rhode Island Division of Taxation. *US Adult Cigar Smoking Patterns, Purchasing Behaviors, and Reasons for Use According to Cigar Type: Findings From the Population Assessment of Tobacco and Health (PATH) Study, 2013–2014*, Corey et al., Nicotine & Tobacco Research, 2018. The total number of individual cigars with a wholesale cost greater than \$0.63 was 3,172,076 in FY 2018; 3,340,148 in FY 2019; 2,400,197 in FY 2020 and 3,793,758 in FY 2021. Based on cigar consumption and price data reported by Corey et al. in 2018, 15.8% of cigars reported smoked by study participants in the most recent 30 days were premiums cigars and 84.2% of cigars smoked in the most recent 30 days were nonpremium. This same study reported the median retail price of premium cigars was \$7.49 and the median retail price of nonpremium cigars was \$1.00. Premium and nonpremium cigars were categorized based on the tobacco blends, components, manufacturing process and other characteristics associated with the usual brand smoked by current cigar smokers surveyed.

ORA used this data to estimate the number of cigars with a wholesale cost of greater than \$0.63 in Rhode Island that were premium and nonpremium. Accounting for the state 7% sales and use tax and the wholesale markup fees, cartage fees, and retail markup fees, ORA calculated median wholesale costs of \$6.43 and \$0.86 for premium and nonpremium cigars, respectively. Using this

VIII. Detail of Tax Expenditure Items – Exclusions

price data, ORA then calculated the total wholesale cost for cigars sold in Rhode Island with a wholesale cost of greater than \$0.63. Revenue forgone for these cigars is based on the difference between taxes estimated using 80% of the estimated total wholesale costs, computed using the price data and estimated number of cigars for premium and nonpremium cigars and actual taxes collected each year. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 2

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Cigarette Tax	\$2,822,259	<i>No estimate possible</i>
2019 Cigarette Tax	\$2,971,796	<i>No estimate possible</i>
2020 Cigarette Tax	\$2,135,503	<i>No estimate possible</i>
2021 Cigarette Tax	\$3,375,382	<i>No estimate possible</i>

Projection Methodology: Amount of exclusion is the average of revenue forgone from FY 2019 through FY 2021. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2022 Cigarette Tax	\$2,827,560	<i>No estimate possible</i>
2023 Cigarette Tax	\$2,827,560	<i>No estimate possible</i>

Law Comparison: Connecticut and Vermont have similar provisions.

Connecticut: The tax on all tobacco products is 50% of the wholesale price but in the case of cigars the tax shall not exceed \$0.50 per cigar.

Connecticut Statute: Conn. Gen. Stat. §§ 12-330c(a)(1) and 12-330c(a)(2)

Vermont: The tax on cigars is 92% of the wholesale price for cigars with a wholesale price greater than \$2.17 per cigar or \$4.00 per cigar for cigars with a wholesale price of \$10.00 or more per cigar.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 7811

19. Paycheck Protection Program Loan Forgiveness:

Statutory Reference: R.I. Gen. Laws §§ 44-11-11(a)(1)(v), 44-14-11, and 44-30-12 / R.I. Pub. Laws 2021, Ch. 162, Art. 6, §§ 11-13 / U.S. Pub. Law No. 116-136

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2021 / N/A

Description: Any amount of a Paycheck Protection Program (PPP) loan that is forgiven for federal income tax purposes under the Coronavirus Aid, Relief, and Economic Security Act of 2020 as part of the Consolidated Appropriations Act of 2021 and/or any other subsequent federal stimulus relief packages enacted by law must be included in net income for the calculation of business corporation tax imposed under R.I. Gen. Laws Ch. 44-11, gross income for the calculation of the bank excise tax imposed under R.I. Gen. Laws Ch. 44-14, or Rhode Island adjusted gross income for the calculation of the personal income tax imposed under R.I. Gen. Laws Ch. 44-30 only to the extent that the amount of the loan forgiven exceeds \$250,000. This enacted change was retroactive to January 1, 2020. Due to the timing of the passage of this enacted change, only FY 2021 and FY 2022 will be impacted.

Projection Methodology: Projected revenue forgone is estimated by ORA using data provided by the United States Small Business Administration. Number of taxpayers is based on the number of loans less than \$250,000 issued to Rhode Island PPP recipients.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Business Corporation Tax	\$22,945,550	4,390
2021 Bank Tax	\$0	0
2021 Personal Income Tax	\$13,216,412	8,828
2021 Projected Total	\$36,161,961	13,218
2022 Business Corporation Tax	\$15,707,986	2,556
2022 Bank Tax	\$0	0
2022 Personal Income Tax	\$8,760,808	5,529
2022 Projected Total	\$24,468,794	8,085

Law Comparison: All the other New England states have similar provisions.

Connecticut: Connecticut's income base provisions begin with federal definitions of adjusted gross income (personal income tax) and taxable income (corporate income tax) and, therefore, PPP loan forgiveness is excluded from taxation in Connecticut because PPP loan forgiveness is not included in the determination of the taxpayer's federal definitions of adjusted gross income or taxable income.

Connecticut Statute: Conn. Gen. Stat. § 12-701(a)(19)

Maine: Maine's personal income tax base is federal AGI, as defined by federal law, and, therefore, PPP loan forgiveness is excluded from taxation in Maine because PPP loan forgiveness is not included in the determination of the taxpayer's federal definitions of AGI or taxable income.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5121

Massachusetts: Massachusetts enacted legislation to exclude from the personal income tax any loan forgiveness allowed under the federal CARES Act for TY 2020. For purposes of the corporate excise tax, Massachusetts follows the Internal Revenue Code as currently in effect. Therefore, any amount forgiven for a corporate borrower would be excluded from Massachusetts gross income.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2; “An Act Financing a Program for Improvements to the Unemployment Insurance Trust Fund and Providing Relief to Employers and Workers in the Commonwealth”, § 12; Mass. Gen. Laws ch. 63, § 1

New Hampshire: No amount of loans forgiven under the federal PPP loan program is required to be included in the gross business income of the taxpayer for purposes of calculating the business profits tax.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 77-A:3-c; N.H. Technical Information Release 2021-003

Vermont: Because Vermont uses federal AGI as the starting point for calculating Vermont personal income tax liability and taxable income as the starting point for calculating Vermont corporate income tax liability, the federal treatment of PPP loan forgiveness is adopted.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5811(21)

20. Possession of Ten Packs of Cigarettes with Out-of-State Tax Stamps:

Statutory Reference: R.I. Gen. Laws § 44-20-16

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1948 / 1991

Description: The provisions of R.I. Gen. Laws §§ 44-20-13 – 44-20-17 do not apply to the use or storage of cigarettes up to a maximum of 10 packs as “ordinarily defined by the practice of the trade” which have been brought into the state on the person.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Cigarette Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Cigarette Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Cigarette Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Cigarette Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Cigarette Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Cigarette Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Connecticut, Maine, and Vermont have similar provisions.

Connecticut: Connecticut’s provisions allow an individual the use or storage of cigarettes in an amount not exceeding 200 cigarettes which have been brought into this state on the person or in accompanying baggage.

Connecticut Statute: Conn. Gen. Stat. §12-320

Maine: Maine’s provisions allow an unlicensed individual to transport cigarettes for personal use not to exceed two cartons as commonly defined.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 4366-B

Vermont: Products purchased outside of Vermont by an individual in quantities of 400 or less of cigarettes, little cigars, and 0.0325 ounce units of roll-your-own tobacco, and brought into the state for that individual’s own use or consumption is exempt from the cigarettes and tobacco products tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 7771(c)(1)(C)

21. Public Service Corporations:

Statutory Reference: R.I. Gen. Laws § 44-11-1(4)(ii)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1938 / 1994

Description: By definition public service corporations, with the exception of those public service corporations that are provided for in R.I. Gen. Laws § 44-13-2.2, are excluded from the base of taxpayers subject to the tax imposed by R.I. Gen. Laws Ch. 44-11. These companies are subject to the tax imposed under R.I. Gen. Laws Ch. 44-13.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Connecticut and Vermont have similar provisions.

Connecticut: Connecticut’s provisions specifically state that the taxation provided for public service companies tax upon gross earnings in any year shall be in lieu of all other taxes.

Connecticut Statute: Conn. Gen. Stat. § 12-268j

Vermont: Railroad companies are exempt from the corporate income tax. Instead, such companies pay a separate railroad tax, which is calculated based on appraisal value.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 5811(3), 8211

22. Taxed Gross Earnings and Associated Costs of Non-Public Service Corporations:

Statutory Reference: R.I. Gen. Laws § 44-13-2.2

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1997 / N/A

Description: R.I. Gen. Laws § 44-13-2.2 requires that a corporation or public service company whose principal business in Rhode Island is not an activity enumerated in R.I. Gen. Laws § 44-13-4 shall be subject to the tax imposed by R.I. Gen. Laws Ch. 44-11 or 44-30 “provided that the gross earnings subject to tax [under R.I. Gen. Laws § 44-13-4] and the direct and indirect costs associated with these” gross earnings are excluded from the calculation of net income upon which said taxes are assessed.

VIII. Detail of Tax Expenditure Items – Exclusions

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2018 Personal Income Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2018 Total	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Personal Income Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Total	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2020 Personal Income Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2020 Projected Total	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Personal Income Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Projected Total	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Personal Income Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Projected Total	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Personal Income Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Projected Total	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: No similar provisions found in the other New England states.

23. Taxes Legally Imposed on Consumer but Separately Stated on Invoice:

Statutory Reference: R.I. Gen. Laws § 44-18-12(b)(iv)

VIII. Detail of Tax Expenditure Items – Exclusions

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 2006

Description: Taxes legally imposed directly on the consumer that are separately stated on the invoice, bill of sale, or similar document provided to the purchaser are not included in the sale price upon which the tax imposed by R.I. Gen. Laws Ch. 44-18 is assessed.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: The sale price does not include the amount of any tax, not including manufacturers' or importer's excise tax, imposed by the United States upon or with respect to retail sales.

Connecticut Statute: Conn. Gen. Stat. § 12-407(a)(8)(B)(iii)

Maine: The sale price does not include the amount of any tax imposed by the United States on or with respect to retail sales.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1752 (14)

Massachusetts: In computing the tax due, and before applying the rate, the vendor should exclude the tax reimbursement paid by purchaser to vendor and the federal manufacturers' excise (currently applicable to the federal retail excise tax provisions) levied on motor vehicles (trucks) under the Internal Revenue Code.

VIII. Detail of Tax Expenditure Items – Exclusions

Massachusetts Statute: Mass. Gen. Laws ch. 64H, §§ 1, 3, 25

Vermont: The term sales price, which is the tax base for the sales and use tax, does not include any taxes legally imposed directly on the consumer that are separately stated on the invoice, bill of sale, or similar document given to the purchaser.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9701(4)(B)(iii)

24. Value-Added Non-Voice Services That Use Computer Processing Applications:

Statutory Reference: R.I. Gen. Laws § 44-13-4(4)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1942 / 2008

Description: “Value added non-voice services in which computer processing applications are used to act on the form, content, code, and protocol of the information to be transmitted” are excluded from the definition of telecommunication service and thus are not subject to the tax imposed by R.I. Gen. Laws Ch. 44-13.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Only New Hampshire has a similar provision.

New Hampshire: Value-added services in which computer processing applications are used to act on the form, content, code, and protocol of the information for purposes other than transmission

are excluded from the definition of communication services for the purposes of calculating the communication services tax.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 82-A:1, III(a)

25. Veterinary and Testing Laboratories Services:

Statutory Reference: R.I. Gen. Laws § 44-18-7.3(b)(3)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2012 / N/A

Description: Sales and use tax is imposed on pet care services, except veterinary and testing laboratories services.

Data Source: FY 2019 and FY 2020 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
FY 2019 Sales and Use Tax	\$11,741,607	<i>No estimate possible</i>
FY 2020 Sales and Use Tax	\$11,212,535	<i>No estimate possible</i>

Projection Methodology: The Office of Revenue Analysis applied the FY 2021 growth rate in Rhode Island personal consumption expenditures, recreation services from the November 2021 IHS Markit forecast to FY 2020 revenue forgone to project FY 2021 revenue forgone. A similar process was followed for FY 2022 and FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$10,069,682	<i>No estimate possible</i>
2022 Sales and Use Tax	\$14,426,082	<i>No estimate possible</i>
2023 Sales and Use Tax	\$16,343,025	<i>No estimate possible</i>

Law Comparison: Connecticut, Maine, and Vermont have similar provisions.

Connecticut: Pet grooming, pet obedience services, and pet boarding, unless provided as an integral part of professional veterinary services, are taxable. Veterinary services are not identified as taxable services and are exempt from tax.

VIII. Detail of Tax Expenditure Items – Exclusions

Connecticut Statute: Conn. Gen. Stat. § 12-407(a)(37)(KK)

Maine: Services such as surgery, grooming, lab testing and boarding sold by veterinarians are not subject to Maine sales tax.

Maine Statute: Maine Sales Tax Instructional Bulletin No. 51

Vermont: Sales of services are exempted from sales and use tax unless specifically designated as taxable. Veterinary services are not specifically designated as a taxable service.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9771

EXEMPTIONS

1. Affordable Housing Development:

Statutory Reference: R.I. Gen. Laws § 44-25-2(f) / R.I. Pub. Laws 2021, Ch. 162, Art.14, § 7

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2021 / N/A

Description: Exempt from the realty transfer tax imposed under R.I. Gen Laws Ch. 44-25 effective July 6, 2021 are real estate transactions or transfers of acquired real estate companies that were either financed by federal low incoming housing tax credits or were completed by non-profit entities or entities owned by a non-profit entity exempt from tax under § 501(c)(3) of the Internal Revenue Code and whose transaction falls under a qualifying affordable housing program.

Projection Methodology: Revenue forgone is the estimate included in the FY 2022 enacted budget. ORA assumes no growth for FY 2023.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2022 Real Estate Conveyance Tax	\$30,194	<i>No estimate possible</i>
2023 Real Estate Conveyance Tax	\$30,194	<i>No estimate possible</i>

Law Comparison: New Hampshire and Vermont have similar provisions.

New Hampshire: New Hampshire provides an exemption from the tax on the transfer of real property for an otherwise taxable transfer between a land trust, incorporated under RSA 292 and established to provide affordable housing to low-income people, and a housing cooperative if the transfer tax is paid by the trust on the initial purchase of the property.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 78-B:2, XV

Vermont: Transfers made to organizations qualifying under 26 U.S.C. § 501(c)(3) or to a wholly owned subsidiary corporation of such an organization are exempt from the property transfer tax provided one of the stated purposes of the transferee to acquire property in order to preserve housing for low-income families.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9603(20)(A)

2. Agricultural Products for Human Consumption:

Statutory Reference: R.I. Gen. Laws § 44-18-30(61)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2007 / N/A

VIII. Tax Expenditure Items – Exemptions

Description: The sale, storage, use, or consumption of livestock and poultry of the kinds of products which ordinarily constitute food for human consumption and of livestock of the kind the products of which ordinarily constitute fibers for human use is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

Data Source: FY 2019 and FY 2020 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	\$5,895,095	<i>No estimate possible</i>
2020 Sales and Use Tax	\$6,008,462	<i>No estimate possible</i>

Projection Methodology: The Office of Revenue Analysis applied the FY 2021 growth rate in Rhode Island personal consumption expenditures for food and beverages purchased for off-premises consumption from the November 2021 IHS Markit forecast to FY 2020 revenue forgone to project FY 2021 revenue forgone. A similar process was followed for FY 2022 and FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$6,355,931	<i>No estimate possible</i>
2022 Sales and Use Tax	\$6,596,623	<i>No estimate possible</i>
2023 Sales and Use Tax	\$6,580,851	<i>No estimate possible</i>

Law Comparison: Massachusetts and Vermont have similar provisions.

Massachusetts: Sales of livestock and poultry of a kind which ordinarily constitute food for human consumption, as well as the feed for such livestock and poultry, are exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(p)

Vermont: Agriculture feeds, seed, plants, baler twine, silage bags, agricultural wrap, sheets of plastic for bunker covers, liming materials, breeding and other livestock, semen breeding fees, baby chicks, turkey poult, agriculture chemicals other than pesticides, veterinary supplies, and bedding; and fertilizers and pesticides for use and consumption directly in the production for sale of tangible personal property on farms, including stock, dairy, poultry, fruit and truck farms, orchards, nurseries, or in greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities for sale are exempt from the sales and use tax in Vermont.

VIII. Tax Expenditure Items – Exemptions

Effective July 1, 2019, the veterinary supplies category was removed from this exemption. Prescription drugs, durable medical equipment, and veterinary supplies intended for animal use remain exempt. Over-the-counter medicine intended for animal use is taxable.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(3)

3. **Air and Water Pollution Control Facilities:**

Statutory Reference: R.I. Gen. Laws § 44-18-30(15)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1966 / 1980

Description: The sale, storage, use, or consumption of tangible personal property or supplies acquired for use in the operation of air and/or water pollution control facilities and which have been certified as approved for that purpose by the Director of the Rhode Island Department of Environmental Management is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

Data Source: Rhode Island Department of Environmental Management (DEM) reported the number of sales tax exemptions issued each year. No reliable data exists from which to estimate the revenue forgone.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	<i>No estimate possible</i>	2
2020 Sales and Use Tax	<i>No estimate possible</i>	1

Projection Methodology: No projection of the revenue forgone is possible due to a lack of reliable data. The projected number of taxpayers is the 5-year average of the sales tax exemptions issued by R.I. DEM.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	<i>No estimate possible</i>	1
2022 Sales and Use Tax	<i>No estimate possible</i>	1
2023 Sales and Use Tax	<i>No estimate possible</i>	1

Law Comparison: Connecticut and Maine have similar provisions.

VIII. Tax Expenditure Items – Exemptions

Connecticut: Connecticut’s provisions include the sale, use, or other consumption of tangible personal property incorporated into or consumed in waste treatment facilities or in air pollution control facilities.

Connecticut Statute: Conn. Gen. Stat. §§ 12-412(21) and 12-412(22)

Maine: Maine’s provisions include sales of water pollution control and air pollution control facilities certified as such by the Commissioner of Environmental Protection, any part or accessories thereof, or any materials for the construction or maintenance of a facility.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(29) and 1760(30)

4. Aircraft and Aircraft Parts:

Statutory Reference: R.I. Gen. Laws § 44-18-30(56)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2004 / N/A

Description: The sale, storage, use, or consumption of any new or used aircraft or aircraft parts is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

Data Source: FY 2019 and FY 2020 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	\$4,411,637	No estimate possible
2020 Sales and Use Tax	\$4,725,435	No estimate possible

Projection Methodology: The Office of Revenue applied the FY 2021 growth rate in Rhode Island personal consumption expenditures for recreational goods and vehicles from the November 2021 IHS Markit forecast to FY 2020 revenue forgone to project FY 2021 revenue forgone. A similar process was followed for FY 2022 and FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$5,678,675	No estimate possible
2022 Sales and Use Tax	\$6,068,312	No estimate possible
2023 Sales and Use Tax	\$5,915,584	No estimate possible

VIII. Tax Expenditure Items – Exemptions

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: The sale, storage, use, or other consumption of aircraft is exempt from tax. Aircraft repair or replacement parts and repair services are also exempt.

Connecticut Statute: Conn. Gen. Stat. §§ 12-412(20), 12-412(76), and 12-412(77)

Maine: A sales and use tax exemption applies to sales or leases of aircraft that weigh over 6,000 pounds, that are propelled by one or more turbine engines, or that are in use by a small commercial air carrier such as a commuter airline or air taxi. An exemption also applies to the sale or use in Maine of replacement or repair parts of an aircraft.

Maine Statute: Me. Rev. Stat. Ann. Tit. 36, §§ 1760(76) and 1760(88)

Massachusetts: The sale, storage, use, or other consumption of aircraft and repair or replacement parts exclusively for use in aircraft or in the significant overhauling or rebuilding of aircraft, aircraft parts, or components on a factory basis is exempt from sales and use taxes.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, §§ 6(uu) and 6(vv)

Vermont: There is an exemption for aircraft sold to a person engaging in air commerce for use primarily in the carrying of persons or property for compensation or hire and for parts, machinery, and equipment to be installed in any aircraft. The sales of drones, and parts, machinery, and equipment to be installed in drones are no longer exempted from sales and use tax.

Vermont Statute: Vt. Stat. Ann. Tit. 32, § 9741(29)

5. **Banks and Regulated Investment Companies Interstate Toll Free Calls:**

Statutory Reference: R.I. Gen. Laws § 44-18-30(49)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1996 / 1999

Description: The tax imposed by R.I. Gen. Laws Chapter 44-18 does not apply to the furnishing of interstate and international, toll-free, terminating telecommunication service that is used directly and exclusively by or for the benefit of an eligible company. An eligible company is a company that employs “on average during the calendar year” at least 500 full-time equivalent employees and is a regulated investment company, as defined in 26 U.S.C. § 851, or a corporation providing service, directly or indirectly, to or on behalf of a regulated investment company, an employee benefit plan, a retirement plan or a pension plan or a state chartered bank.

Data Source: FY 2018 data is from the *2020 Tax Expenditures Report*. Number of toll-free numbers reported managed by Somos. FY 2019 revenue forgone is calculated by applying the

VIII. Tax Expenditure Items – Exemptions

sales and use tax rate to the number of toll-free calls made by an investment company in Rhode Island. The revenue forgone estimate assumes 4 hours of toll-free calls per day, 5 days a week, 52 weeks a year, at a cost of 6.4 cents per minute. The product is multiplied by the total number of toll-free calls made in the United States, which is then scaled to U.S. investment firms using the ratio of U.S. investment firms to total U.S. firms. The result is then scaled to Rhode Island using the ratio of Rhode Island investment firms to U.S. investment firms. The estimate of revenue forgone is determined by multiplying this figure by 7%. No reliable data exists from which to determine the number of taxpayers. For FY 2020, ORA applied the FY 2020 growth rate in Rhode Island sales and use tax revenues to FY 2019 forgone revenue.

Reliability Index: 4

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	\$960,167	<i>No estimate possible</i>
2019 Sales and Use Tax	\$528,626	<i>No estimate possible</i>
2020 Sales and Use Tax	\$548,223	<i>No estimate possible</i>

Projection Methodology: FY 2021, FY 2022, and FY 2023 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$548,223	<i>No estimate possible</i>
2022 Sales and Use Tax	\$548,223	<i>No estimate possible</i>
2023 Sales and Use Tax	\$548,223	<i>No estimate possible</i>

Law Comparison: Only Maine has a similar provision.

Maine: Sales of international and interstate telecommunications service are exempt from the service provider tax for all purchasers.

Maine Statute: Me. Rev. Stat. Ann. Tit. 36, §§ 2557(33) and 2557(34)

6. Beverage Containers, Hard-to-Dispose Material, and Litter Control Participation Permittee:

Statutory Reference: R.I. Gen. Laws §§ 44-44-2 and 44-44-3 / R.I. Pub. Laws 2019, Ch. 88, Art. 5, § 15

Stated Purpose: This chapter is enacted to provide funding for the litter reduction and recycling program and the hard-to-dispose material – control and recycling program, created pursuant to R.I. Gen. Laws Chapter 37-15.1.

VIII. Tax Expenditure Items – Exemptions

Year Enacted / Last Year Amended: 1984 / 2019

Description: The definition of beverage includes all non-alcoholic drinks for human consumption, except milk, but including beer and other malt beverages and subject these beverages to the tax imposed under R.I. Gen. Laws § 44-44-3. Milk sales are exempt from the beverage container tax per case. Effective July 1, 2019, the case fee was increased to \$0.08.

Data Source: Annual Estimates of Population for the United States (2018 through 2020), United States Census Bureau. Per Capita Consumption of Dairy, USDA National Agricultural Statistics Service. Excise Tax Section, Rhode Island Division of Taxation. Revenue forgone is based on beverage sales in Rhode Island that are not subject to the tax on beverage containers, which includes milk sales. Number of taxpayers was provided by the Division of Taxation.

Forgone revenue from milk sales is based on the number of cases of milk sold in Rhode Island annually multiplied by \$0.04 per case for CY 2018 and half of CY 2019 and by \$0.08 for half of CY 2019 and CY 2020. Rhode Island milk sales are based on the per capita consumption of milk (in gallons) divided by four to determine the per capita consumption of milk (cases) and the result is multiplied by the population of Rhode Island to determine the number of cases of milk consumed in Rhode Island.

Reliability Index: 2

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Tax on Beverage Containers	\$178,268	31
2019 Tax on Beverage Containers	\$260,529	31
2020 Tax on Beverage Containers	\$359,838	33

Projection Methodology: CY 2021 - CY 2023 assume no additional growth in revenue forgone or the number of taxpayers

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Tax on Beverage Containers	\$359,838	33
2022 Tax on Beverage Containers	\$359,838	33
2023 Tax on Beverage Containers	\$359,838	33

Comparison: No similar provisions found in the other New England states.

7. Bibles:

Statutory Reference: R.I. Gen. Laws § 44-18-30(29)

VIII. Tax Expenditure Items – Exemptions

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1982 / N/A

Description: From the sale and from the storage, use, or other consumption of “any canonized scriptures of any tax-exempt nonprofit religious organization including, but not limited to, the Old Testament and the New Testament versions.”

The exemption of bibles and other canonized scriptures from the sales and use tax has been deemed unconstitutional by the Rhode Island Supreme Court (Ahlburn v. Clark, 728 A.2d 449 (RI. 1999); see notes to Decisions).

Data Source: Office of Revenue Analysis

Reliability Index: 1

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	\$0	0
2019 Sales and Use Tax	\$0	0

Projection Methodology: Projected forgone revenue and number of taxpayers held constant with TY 2019.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Sales and Use Tax	\$0	0
2021 Sales and Use Tax	\$0	0
2022 Sales and Use Tax	\$0	0
2023 Sales and Use Tax	\$0	0

Law Comparison: Only Massachusetts has a similar provision.

Massachusetts: Books used for religious worship are exempt from sales tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(m)

8. Boats or Vessels Brought in Exclusively for Winter Storage Maintenance, Repair or Sale:

Statutory Reference: R.I. Gen. Laws § 44-18-30(46)

Stated Purpose: No stated purpose given in law.

VIII. Tax Expenditure Items – Exemptions

Year Enacted / Last Year Amended: 1991 / N/A

Description: There is an exemption against the tax imposed under R.I. Gen. Laws § 44-18-20 for the use of any boat or vessel within Rhode Island exclusively for purposes of delivery of a vessel to a facility in this state for storage, including dry storage and storage in water by means of apparatus preventing ice damage to the hull, maintenance, or repair; the actual process of storage, maintenance, or repair of the boat or vessel; or storage for the purpose of selling the boat or vessel. This exemption is specifically for the period between October 1 – April 30.

Data Source: *No reliable data exists for this tax expenditure item. (The forgone revenue from this exemption is included in the “Boats or Vessels Generally” exemption.)

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	*	*
2019 Sales and Use Tax	*	*

Projection Methodology: *No reliable data exists for this tax expenditure item. (The forgone revenue from this exemption is included in the “Boats or Vessels Generally” exemption.)

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Sales and Use Tax	*	*
2021 Sales and Use Tax	*	*
2022 Sales and Use Tax	*	*
2023 Sales and Use Tax	*	*

Law Comparison: Connecticut and Maine have similar provisions.

Connecticut: Connecticut’s provisions include an exemption from use tax for vessels brought into the state exclusively for storage, maintenance, or repair.

Connecticut Statute: Conn. Gen. Stat. § 12-413a

Maine: The purchase of a watercraft outside of Maine is exempt if the watercraft is registered outside the state by the purchaser and used outside the state by the purchaser and the watercraft is present in Maine not more than 30 days, not including any time spent in Maine for temporary storage, during the 12 months following its purchase.

Maine Statute: Me. Rev. Stat. Ann. Tit. 36, § 1760(25)(B)

9. Boats or Vessels Generally:

Statutory Reference: R.I. Gen. Laws § 44-18-30(48)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1993 / N/A

Description: The sale, storage, use, or other consumption of any new or used boat is exempt from the tax imposed by R.I. Gen. Laws §§ 44-18-18 and 44-18-20.

Data Source: FY 2019 and FY 2020 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	\$5,728,621	<i>No estimate possible</i>
2020 Sales and Use Tax	\$7,083,524	<i>No estimate possible</i>

Projection Methodology: The Office of Revenue Analysis applied the FY 2021 growth rate in Rhode Island personal consumption expenditures, recreational goods and vehicles from the November 2021 IHS Markit forecast to FY 2020 revenue forgone to project FY 2020 revenue forgone. A similar process was followed for FY 2022 and FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$8,512,450	<i>No estimate possible</i>
2022 Sales and Use Tax	\$9,096,524	<i>No estimate possible</i>
2023 Sales and Use Tax	\$8,867,582	<i>No estimate possible</i>

Law Comparison: Connecticut has a similar provision.

Connecticut: Connecticut's provisions include an exemption from sales tax provided such vessel is docked in the state for sixty or fewer days in a calendar year. Effective July 1, 2018, boats, boat engines, and boat trailers are charged a reduced rate for the sales and use tax of 2.99% compared to the standard Connecticut sales and use tax rate of 6.35%.

Connecticut Statute: Conn. Gen. Stat. § 12-408(1)(E)(ii)

10. Boats Sold to Non-Residents:

Statutory Reference: R.I. Gen. Laws § 44-18-30(30)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1982 / N/A

Description: The sale of a boat or vessel to a bona fide non-resident who does not register the boat or vessel in Rhode Island or document the boat or vessel with the United States government at a home port within the state, whether the sale or delivery of the boat or vessel is made within this state or elsewhere is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18. The non-resident must transport the boat outside the state for use solely outside of Rhode Island within 30 days after delivery by the seller.

Data Source: *No reliable data exists for this tax expenditure item. (The forgone revenue from this exemption is included in the “Boats or Vessels Generally” exemption.)

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	*	*
2020 Sales and Use Tax	*	*

Projection Methodology: *No reliable data exists for this tax expenditure item. (The forgone revenue from this exemption is included in the “Boats or Vessels Generally” exemption.)

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	*	*
2022 Sales and Use Tax	*	*
2023 Sales and Use Tax	*	*

Law Comparison: Connecticut and Maine have similar provisions.

Connecticut: A vessel sold to a non-resident is exempt from tax if the non-resident does not maintain a permanent place of abode in Connecticut, the vessel is not registered or required to be registered with the Connecticut Department of Motor Vehicles, and the non-resident provides the retailer with CERT-139 (Sales and Use Tax Exemption for a Vessel Purchased by a Non-Resident of Connecticut).

Connecticut Statute: Conn. Gen. Stat. § 12-412(60)

VIII. Tax Expenditure Items – Exemptions

Maine: Sales of watercraft to a person that is not a resident of Maine, when the watercraft is intended to be sailed or transported outside the state within 30 days of delivery by the seller; sales to a person that is not a resident of the state, under contracts for the construction of a watercraft intended to be sailed or transported outside the state within 30 days of delivery by the seller, of materials to be incorporated in the watercraft; and sales to a person that is not a resident of Maine for the repair, alteration, refitting, reconstruction, overhaul, or restoration of a watercraft intended to be sailed or transported outside the state within 30 days of delivery by the seller, of materials to be incorporated in the watercraft are exempt from the sales and use tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(25)

11. Building Materials Used to Rebuild After Disaster:

Statutory Reference: R.I. Gen. Laws § 44-18-30(51)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1998 / N/A

Description: The sale, storage, use, or other consumption of lumber, hardware, and other building materials used in the reconstruction of a manufacturing business facility that suffers the destruction of 60% or more of the facility is exempt from the tax imposed under R.I. Gen. Laws Chapter 44-18. The exemption does not apply to the cost of the reconstruction materials reimbursed by insurance.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: No similar provisions found in the other New England states.

12. **Buses, Trucks or Trailers Used in Interstate Commerce:**

Statutory Reference: R.I. Gen. Laws § 44-18-40

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1992 / 2012

Description: The purchase, rental, or lease of a bus, truck, or trailer by a bus or trucking company is not subject to the tax imposed by R.I. Gen. Laws Chapter 44-18 provided that the bus, truck, and/or trailer is utilized exclusively in interstate commerce. Buses operated by a bus company are allowed the sales and use tax exemption for the purchase or rental/lease of a bus that transports passengers for hire, provided that the bus is used no less than 80% of the time in interstate commerce.

Data Source: FY 2019 and FY 2020 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	\$4,989,900	<i>No estimate possible</i>
2020 Sales and Use Tax	\$4,431,500	<i>No estimate possible</i>

Projection Methodology: The Office of Revenue Analysis applied the FY 2021 growth rate in Rhode Island personal consumption expenditures, motor vehicles and parts from the November 2021 IHS Markit forecast to FY 2020 revenue forgone to project FY 2021 revenue forgone. A similar process was followed for FY 2022 and FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$5,908,600	<i>No estimate possible</i>
2022 Sales and Use Tax	\$6,151,226	<i>No estimate possible</i>
2023 Sales and Use Tax	\$6,229,491	<i>No estimate possible</i>

Law Comparison: Connecticut, Maine, and Massachusetts have similar provisions.

Connecticut: Each purchaser of a commercial truck, truck, tractor, truck tractor, or semi-trailer or vehicle used in combination is exempt from tax on such vehicles with a gross vehicle weight of

VIII. Tax Expenditure Items – Exemptions

greater than 26,000 lbs. Purchasers must present of a certificate/permit issued by the Interstate Commerce Commission at purchase of the vehicle.

Connecticut Statute: Conn. Gen. Stat. § 12-412(70)

Maine: The sale of a vehicle, railroad rolling stock, aircraft, or watercraft that is placed in use for interstate or foreign commerce within 30 days after that sale and that is used by the purchaser not less than 80% of the time for the next two years for interstate or foreign commerce is exempt from the sales and use tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(41-A)

Massachusetts: Sales of new and used motor buses used to provide scheduled, intracity local service are exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(aa)

13. Camps:

Statutory Reference: R.I. Gen. Laws § 44-18-30(16)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1967 / N/A

Description: The rental charged for living quarters, sleeping, or housekeeping accommodations at camps or retreat houses operated by religious, charitable, educational, or other nonprofit organizations as listed in R.I. Gen. Laws § 44-18-30(5) or privately owned and operated summer camps for children are exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

Data Source: FY 2019 and FY 2021 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	\$1,608,385	<i>No estimate possible</i>
2020 Sales and Use Tax	\$1,353,061	<i>No estimate possible</i>

Projection Methodology: The Office of Revenue Analysis applied the FY 2021 growth rate in Rhode Island personal consumption expenditures for recreation services from the November 2021 IHS Markit forecast to FY 2020 revenue forgone to project FY 2021 revenue forgone. A similar process was followed for FY 2022 and FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

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<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$1,215,148	<i>No estimate possible</i>
2022 Sales and Use Tax	\$1,740,852	<i>No estimate possible</i>
2023 Sales and Use Tax	\$1,972,177	<i>No estimate possible</i>

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Privately owned and operated summer camps for children, as well as those operated by religious or charitable organizations, are exempt from tax on lodging accommodations.

Connecticut Statute: Conn. Gen. Stat. § 12-407(17)

Maine: Maine’s provisions include an exemption for rental charged for living quarters, sleeping, or housekeeping accommodations at camps, which are also entitled to a corresponding property tax exemption.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(17)

Massachusetts: An exemption from both the sales tax on meals and the room occupancy excise tax is provided for summer camps for children age 18 and under or for developmentally disabled individuals. Camps that satisfy the above criteria but offer their facilities during the off-season to individuals 60 years of age or over for 30 days or less in any calendar year will not lose their exemption.

Massachusetts Statute: Mass. Gen. Laws ch. 64G, § 2 and 64H, § 6(cc)

Vermont: Overnight accommodations and meals at camps serving children are not subject to the rooms or meals tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 9202(6) and 9202(10)(D)(ii)(VI)

14. Casual Sales:

Statutory Reference: R.I. Gen. Laws § 44-18-20(d-g)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 1995

Description: Casual sales are sales made by a person other than a retailer, provided that in the case of a sale of a motor vehicle the term means a sale made by a person other than a licensed motor vehicle dealer or an auctioneer at an auction sale, and are exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18. Casual sales include sales of tangible personal property not held or

VIII. Tax Expenditure Items – Exemptions

used by the seller in the course of the activities for which the seller is required to hold a seller’s permit. Casual sales are limited to no more than five in any twelve-month period and include sales made at bazaars. Casual sales also include fairs, picnics, or similar events by nonprofit organizations and are limited to a total of two events that do not exceed six days in duration.

Data Source: Excise Tax Section, Rhode Island Division of Taxation. Data is for the casual sale of motor vehicles only.

Reliability Index: 1

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	\$10,410	241
2019 Sales and Use Tax	\$9,661	228
2020 Sales and Use Tax	\$6,464	162
2021 Sales and Use Tax	\$7,340	162

Projection Methodology: Revenue forgone and number of taxpayers for FY 2022 and FY 2023 use a three-year average based on data from 2019 - 2021.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2022 Sales and Use Tax	\$7,822	184
2023 Sales and Use Tax	\$7,822	184

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Casual or isolated sales are exempt from tax. These are sales whose number, scope, and character are insufficient to make it necessary for the seller to have a seller’s permit. Only retailers must charge the sales tax, and a person making casual or isolated sales would not meet the definition of retailer contained in Connecticut law.

Connecticut Statute: Conn. Gen. Stat. §§ 12-407(a)(12), 12-408(1)(A), and 12-431

Maine: Casual sales, in general, are not subject to Maine’s sales and use taxes. These taxes are imposed on sales at retail, and casual sales are specifically excluded from the definition of retail sales. In most cases of casual sales involving the sale of trailers, truck campers, motor vehicles, special mobile equipment except farm tractors and lumber harvesting vehicles or loaders, watercraft or aircraft, the sales and use tax must be imposed.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1752(11)(B)(1) and 1764

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Massachusetts: Casual and isolated sales by a vendor not regularly engaged in the business of making sales at retail are exempt from the sales and use tax except for the casual or isolated sale of a motor vehicle, trailer, boat, or airplane.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(c)

Vermont: Sale of tangible personalty as a casual sale is exempt.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(4)

15. Charitable, Education or Religious Organizations:

Statutory Reference: R.I. Gen. Laws § 44-18-30(5)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1961 / 1988

Description: The sale, storage, use, and other consumption of tangible personal property by nonprofit hospitals; educational institutions not operated for a profit; churches; orphanages; other institutions or organizations operated exclusively for religious or charitable purposes; interest-free loan associations not operated for profit; nonprofit organized sporting leagues, associations, and bands for boys and girls under the age of 19; state chapters of national vocational students organizations; organized nonprofit golden age and senior citizens clubs for men and women; and parent teacher associations are exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

Data Source: FY 2019 and FY 2020 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	\$111,081,310	<i>No estimate possible</i>
2020 Sales and Use Tax	\$108,639,100	<i>No estimate possible</i>

Projection Methodology: The Office of Revenue Analysis applied the FY 2021 growth rate in Rhode Island final consumption expenditures of nonprofit institutions serving households from the November 2021 IHS Markit forecast to FY 2020 revenue forgone to project FY 2021 revenue forgone. A similar process was followed for FY 2022 and FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

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<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$97,404,650	No estimate possible
2022 Sales and Use Tax	\$92,755,064	No estimate possible
2023 Sales and Use Tax	\$95,360,844	No estimate possible

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Connecticut exempts from the sales and use tax sales to any organization exempt from federal income tax under various Internal Revenue Code § 501 provisions, as well as nonprofit charitable hospitals, nursing homes, rest homes, and residential care homes.

Connecticut Statute: Conn. Gen. Stat. §§ 12-412(5) and 12-412(8)

Maine: Maine exempts from the sales and use tax various non-profit, educational, and religious organizations.

Maine Statute: Me. Rev. Stat. Ann. Tit. 36, §§ 1760(15-16), 1760(18-A), 1760(28), 1760(42-44), 1760(47-A), 1760(49-51), 1760(55-56), 1760(60), 1760(62-67), 1760(69-70), 1760(72), 1760(77), 1760(100-103)

Massachusetts: The sales and use tax exemption includes sales to any corporation, foundation, organization, or institution exempt from taxation under the federal Internal Revenue Code § 501(c)(3), provided that the tangible personal property or services sold is used in the conduct of religious, charitable, educational, or scientific enterprise and the corporation, foundation, organization or institution has obtained a certification from the commissioner stating that it is entitled to such an exemption.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(e)

Vermont: Organizations that qualify for exempt status under the provisions of 26 U.S.C. § 501(c)(3), as well as agricultural organizations similarly qualified under 26 U.S.C. § 501(c)(5) when presenting agricultural fairs, field days, or festivals, are not subject to the sales and use tax. Organizations which qualify for exempt status under the provisions of 26 U.S.C. § 501(c)(4)-(13) and (19) and political organizations, as defined in 26 U.S.C. § 527(e), are exempt from the sales and use tax upon entertainment charges for up to than four special events (not including usual or continuing activities of the organization) held in any calendar year, and which, in the aggregate, are not held on more than four days in such year and are open to the general public.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 9743(3) and 9743(5)

16. Clothing and Footwear:

Statutory Reference: R.I. Gen. Laws § 44-18-30(27)

VIII. Tax Expenditure Items – Exemptions

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1977 / 2012

Description: The sales of articles of clothing and footwear suitable for general use to be worn or carried on or about the human body are exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18. This exemption does not apply to clothing for athletic activity, protective use, or the sale of clothing or footwear with a retail sales price exceeding \$250 per item. The sales and use tax is imposed on the portion of the retail price of an individual item of clothing or footwear that exceeds \$250.

Data Source: FY 2019 and FY 2020 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	\$39,679,231	<i>No estimate possible</i>
2020 Sales and Use Tax	\$42,445,387	<i>No estimate possible</i>

Projection Methodology: The Office of Revenue Analysis applied the FY 2021 growth rate in Rhode Island personal consumption expenditures, clothing and footwear from the November 2021 IHS Markit forecast to FY 2020 revenue forgone to project FY 2021 revenue forgone. A similar process was followed for FY 2022 and FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$48,526,401	<i>No estimate possible</i>
2022 Sales and Use Tax	\$49,919,528	<i>No estimate possible</i>
2023 Sales and Use Tax	\$51,130,383	<i>No estimate possible</i>

Law Comparison: Connecticut, Massachusetts, and Vermont have similar provisions.

Connecticut: Prior to January 1, 2020, Connecticut exempted safety apparel only, which was defined as any item of clothing or protective equipment worn by an employee for protection during the course of the employee’s employment.

Connecticut Statute: Conn. Gen. Stat. § 12-412(91)

Massachusetts: Massachusetts’ exemption provisions are limited to clothing, including footwear, that is intended to be worn or carried on the human body up to \$175 of the sales price per item.

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The exemption does not apply to special clothing or footwear designed for athletic activity or protective use and is not normally worn except for the athletic or protective use. Sales of wearing materials or any cloth made up of natural or synthetic fibers and used for clothing purposes are also exempt.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, §§ 6(k) and 6(v)

Vermont: The sales and use tax exemption applies to all clothing in Vermont, but clothing does not include clothing accessories or equipment, protective equipment, or sport or recreational equipment.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(45)

17. Coffins, Caskets, Urns, Shrouds, and Burial Garments:

Statutory Reference: R.I. Gen. Laws § 44-18-30(12) / R.I. Pub. Laws 2019, Ch. 88, Art. 5, § 9

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1952 / 2019

Description: The sale, storage, use, or other consumption of coffins, caskets, shrouds and other burial garments ordinarily sold by a funeral director as part of the business of funeral directing are exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

Effective October 1, 2019, this exemption was expanded to include the sale, storage, use, or other consumption of urns sold by a funeral director as part of the business of funeral directing.

Data Source: FY 2019 and FY 2020 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	\$1,219,264	<i>No estimate possible</i>
2020 Sales and Use Tax	\$1,209,906	<i>No estimate possible</i>

Projection Methodology: The Office of Revenue Analysis applied the FY 2020 growth rate in Rhode Island personal consumption expenditures, other services from the November 2021 IHS Markit forecast to FY 2020 revenue forgone to project FY 2021 revenue forgone. A similar process was followed for FY 2022 and FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

VIII. Tax Expenditure Items – Exemptions

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$1,445,942	<i>No estimate possible</i>
2022 Sales and Use Tax	\$1,602,765	<i>No estimate possible</i>
2023 Sales and Use Tax	\$1,500,947	<i>No estimate possible</i>

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Connecticut exempts sales of tangible personal property by any funeral establishment performing the primary services in preparation for and the conduct of burial or cremation, provided any such property must be used directly in the performance of such services and the total amount of such exempt sales with respect to any single funeral may not exceed \$2,500. Sales of caskets used for burial or cremation are also exempt.

Connecticut Statute: Conn. Gen. Stat. § 12-412(55)

Maine: Sales of funeral services are exempt from the sales and use tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(24)

Massachusetts: Sales of coffins, caskets, burial garments, or other materials ordinarily sold by a funeral director as part of the business of funeral directing are exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(n)

Vermont: Funeral charges, including sales of tangible personal property such as caskets, vaults, boxes, clothing, crematory urns, and other such funeral furnishings necessary for a funeral are exempt from the sales and use tax. The exemption does not include the sale of flowers and other items sold as an accommodation rather than as an integral part of the funeral service or preparation.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(22)

18. Coins:

Statutory Reference: R.I. Gen. Laws § 44-18-30(43)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1988 / N/A

Description: The sale and other consumption of coins having numismatic or investment value are exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

VIII. Tax Expenditure Items – Exemptions

Data Source: 2017 - 2020 Annual Reports, United States Mint. Annual Estimates of Population for the United States (2018 through 2020), United States Census Bureau. Revenue forgone is based on the annual numismatic and bullion coin sales in Rhode Island. Annual U.S. numismatic and bullion coin sales are scaled for Rhode Island using the ratio of Rhode Island’s population to the total U.S. population. Revenue forgone is determined by multiplying this amount by 7%. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 4

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	\$327,170	<i>No estimate possible</i>
2019 Sales and Use Tax	\$242,675	<i>No estimate possible</i>
2020 Sales and Use Tax	\$401,255	<i>No estimate possible</i>

Projection Methodology: The Office of Revenue Analysis applied the FY 2021 growth rate in Rhode Island sales and use tax revenues to FY 2020 revenue forgone to project FY 2021 revenue forgone. FY 2022 and FY 2023 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$444,178	<i>No estimate possible</i>
2022 Sales and Use Tax	\$444,178	<i>No estimate possible</i>
2023 Sales and Use Tax	\$444,178	<i>No estimate possible</i>

Law Comparison: Connecticut, Massachusetts, and Vermont have similar provisions.

Connecticut: Connecticut’s provisions include exemptions for legal tender of any nation, rare and antique coins, and coins traded according to value as a precious metal. The exemption is limited to transactions in which the total value of the sale is less than \$1,000.

Connecticut Statute: Conn. Gen. Stat. § 12-412(45)

Massachusetts: Massachusetts’ exemption includes sales of \$1,000 or more of items traded or sold according to their value as precious metals such as rare coins of numismatic value, gold or silver bullion or coins, and gold or silver tender of any nation.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(II)

Vermont: Coins and other numismatic items when purchased as a medium of exchange are not considered tangible personal property and are exempt from the sales and use tax.

Vermont Statute: Code of Vt. Rules § 1.9701(7)-1(B)(3)

19. Commercial Fishing Vessels in Excess of Five Net Tons:

Statutory Reference: R.I. Gen. Laws § 44-18-30(26)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1976 / 2002

Description: The sale, use, storage, or other consumption of vessels and other watercraft of more than five net tons and used exclusively for commercial fishing is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18. The exemption also applies to fishing equipment used in connection with the commercial fishing done by the vessel, as well as material for the maintenance and/or repair of the vessels.

Data Source: Annual estimates of number of boats, Annual vessel permit data listed by home port, National Oceanic and Atmospheric Administration, Greater Atlantic Region. Pricing data obtained from an online marine broker where boat weight was available. The average price per length was calculated for boats with lengths of under 33', 33'-43.99', 44'-50.99', 51'-65.99', and over 65'. Revenue forgone is determined by multiplying the average price calculated by the number of boats in each range based on length that weigh greater than five tons and have a home port listed as Rhode Island and then multiplying by the sales and use tax rate of 7%. Number of taxpayers are the number of new permits for fishing vessels listed for that year. Estimate is for the sale of vessels only and does not include additional revenue forgone for fishing equipment used in connection with the commercial fishing done by the vessel or materials for the maintenance and/or repair of the vessels.

Reliability Index: 4

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	\$271,217	16
2019 Sales and Use Tax	\$128,713	7
2020 Sales and Use Tax	\$262,771	14
2021 Sales and Use Tax	\$106,125	6

Projection Methodology: The projected revenue forgone and the number of taxpayers for FY 2022 were calculated based on a three-year average using FY 2019 – FY 2021. FY 2023 revenue forgone and number of taxpayers were held constant with FY 2022.

VIII. Tax Expenditure Items – Exemptions

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2022 Sales and Use Tax	\$165,870	9
2023 Sales and Use Tax	\$165,870	9

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Commercial fishing vessels and machinery or equipment for use on such vessels are exempt from the sales and use tax. A commercial fishing vessel includes any vessel with a certificate of documentation issued by the United States Coast Guard for coastwise fishery.

Connecticut Statute: Conn. Gen. Stat. § 12-412(40)

Maine: Maine does not include an exemption, but a refund and an alternative exemption card procedure exists for certain depreciable machinery and equipment used in commercial fishing. This includes new or used watercraft, nets, traps, cables, tackle and related equipment necessary to and used directly and primarily in the operation of a commercial fishing venture.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 2013 and Code Me. R. § 323

Massachusetts: Massachusetts' provisions include an exemption for sales of vessels used directly and exclusively in commercial fishing, including machinery, equipment, and replacement parts. Also, vessels used exclusively to provide scheduled commuter passenger service, including repair and replacement parts, are exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(o) & 6(pp)

Vermont: Ferryboats, including depreciable parts, machinery, and equipment to be installed as a capital asset in such ferryboat, for use primarily in the carriage of persons or property for compensation or hire are exempt.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(31)

20. Commercial Vessels of 50 Tons Burden or More:

Statutory Reference: R.I. Gen. Laws § 44-18-30(25)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1976 / N/A

Description: Sales made to commercial ships, barges, or other vessels of 50 tons burden or more primarily engaged in interstate or foreign commerce are exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18. Provisions, supplies, and material purchased for maintenance and repairs of such commercial vessels are also exempt.

VIII. Tax Expenditure Items – Exemptions

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Maine and Massachusetts have similar provisions.

Maine: Sales of cabin, deck, engine supplies, and bunkering oil to ships engaged in transporting cargo or passengers for hire in interstate or foreign commerce are exempt from the sales and use tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(4)

Massachusetts: Sales of barges or vessels of 50 tons burden or over are exempt from the sales and use tax when constructed in Massachusetts and sold by their builders. Also exempt are sales of fuel or fuel substitutes for vessels engaged in interstate or foreign commerce or used directly and exclusively in commercial fishing along with the machinery, equipment, and replacement parts.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(o)

21. Compressed Air:

Statutory Reference: R.I. Gen. Laws § 44-18-30(33)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1984 / N/A

VIII. Tax Expenditure Items – Exemptions

Description: The sale, storage, consumption, or other use of compressed air is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: No similar provisions were found in the other New England states.

22. Containers:

Statutory Reference: R.I. Gen. Laws § 44-18-30(4) / Rhode Island Public Laws 2018, Chapter 47, Article 4, § 10

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1947 / 2018

Description: The sale, storage, use, or other consumption of non-returnable containers, when sold without the contents to people who place the contents in the container and sell the contents with the container are exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18. Non-returnable containers include boxes, paper bags, and wrapping materials that are biodegradable and all bags and wrapping materials utilized in the medical and healing arts. Returnable containers are exempt when sold with the contents in connection with the retail sale of the contents and when sold for refilling. Kegs and barrel containers, returnable and non-returnable, that are sold to alcoholic beverage producers who place the alcoholic beverages in the containers are also exempt from sales and use tax.

VIII. Tax Expenditure Items – Exemptions

Data Source: FY 2019 and FY 2020 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	\$12,079,997	<i>No estimate possible</i>
2020 Sales and Use Tax	\$12,375,360	<i>No estimate possible</i>

Projection Methodology: The Office of Revenue Analysis applied the FY 2021 growth rate in the United States producer price index for finished goods from the November 2021 IHS Markit forecast to FY 2020 revenue forgone to project FY 2021 revenue forgone. A similar process was followed for FY 2022 and FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$12,658,488	<i>No estimate possible</i>
2022 Sales and Use Tax	\$13,621,751	<i>No estimate possible</i>
2023 Sales and Use Tax	\$13,794,407	<i>No estimate possible</i>

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Connecticut’s provisions are similar to Rhode Island’s and include an exemption for returnable dairy product containers when sold without the contents.

Connecticut Statute: Conn. Gen. Stat. § 12-412(14)

Maine: Maine’s provisions include returnable containers sold with the contents or resold for refilling. Additionally, packaging materials when sold for packing or shipping tangible personal property or for packing or shipping tangible personal property sold by the purchaser of the packaging materials are exempt from the sales and use tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(12) and 1760(12-A)

Massachusetts: Massachusetts’ exempts most containers, including sales of empty returnable and non-returnable containers to be filled and resold, containers whose contents are exempt from the sales tax, and returnable containers when sold with the contents or resold for refilling.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(q)

VIII. Tax Expenditure Items – Exemptions

Vermont: Materials, containers, labels, sacks, cans, boxes, drums or bags and other packing, packaging or shipping materials for use in packing, packaging, or shipping tangible personal property by a manufacturer or distributor are exempt.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(16)

23. Deed, Instrument or Writing where Grantor is U.S. Government or State of Rhode Island:

Statutory Reference: R.I. Gen. Laws § 44-25-2(b)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1968 / 2000

Description: Any deed, instrument, or writing where the United States, the State of Rhode Island, or one the State’s political subdivisions is the grantor is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-25.

Data Source: All real estate transactions recorded in the state for FY 2018 and FY 2019 per the Warren Group. The Office of Revenue Analysis eliminated all transactions except those involving the United States, the State, and their political subdivisions. Estimates used the sale price for each transaction and multiplied these transactions by 0.18%, the state’s share of the 0.46% real estate conveyance tax and then summed across all transactions.

Reliability Index: 2

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Real Estate Conveyance Tax	\$121,645	48
2019 Real Estate Conveyance Tax	\$113,592	80

Projection Methodology: For FY 2020 and FY 2021 revenue forgone, ORA applied the growth rates in realty transfer taxes using actual revenues. For FY 2022 and FY 2023 revenue forgone, ORA applied the realty transfer tax growth rates adopted at the November 2021 Revenue Estimating Conference. The number of taxpayers for FY 2020 – FY 2023 is the average number of taxpayers from FY 2018 and FY 2019.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Real Estate Conveyance Tax	\$124,079	64
2021 Real Estate Conveyance Tax	\$158,379	64
2022 Real Estate Conveyance Tax	\$182,664	64
2023 Real Estate Conveyance Tax	\$190,683	64

VIII. Tax Expenditure Items – Exemptions

Law Comparison: All of the New England states have similar provisions.

Connecticut: Connecticut’s provisions include an exemption from the real estate conveyance tax for those deeds for which Connecticut is prohibited from taxation under the United States Constitution or related laws.

Connecticut Statute: Conn. Gen. Stat. § 12-498

Maine: Deeds to property transferred to or by the United States, the State of Maine, or any of their instrumentalities, agencies or subdivisions are exempt from the real estate transfer tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 4641-C(1)

Massachusetts: The excise tax on deeds, instruments, and writings does not apply to any deed, instrument or writing to which the commonwealth, a city or town of the commonwealth, or the United States or any of their agencies are a party.

Massachusetts Statute: Mass. Gen. Laws ch. 64d, § 1

New Hampshire: Transfers to the United States, or any agency or instrumentality thereof, are exempt from the tax on the transfer of real property.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 78-B:2, II

Vermont: Transfers of property to the United States of America, the State of Vermont, or any of their instrumentalities, agencies, or subdivisions are exempt from the property transfer tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9603(2)

24. Diesel Emission Control Technology:

Statutory Reference: R.I. Gen. Laws § 44-18-30(62)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2010 / N/A

Description: The sale and use of diesel retrofit technology that is required by R.I. Gen. Laws § 31-47.3-4 is exempt from the tax imposed by R.I. Gen. Laws 44-18.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

VIII. Tax Expenditure Items – Exemptions

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: No similar provisions were found for the other New England states.

25. Dietary Supplements:

Statutory Reference: R.I. Gen. Laws § 44-18-30(59)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2006 / N/A

Description: The sale, storage, use or other consumption of dietary supplements, as defined in R.I. Gen. Laws § 44-18-7.1(1)(v), sold on prescription are exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18. A dietary supplement is any product, other than tobacco, that contains one or more of the following: vitamin; mineral; herb or other botanical; amino acid; dietary substance for use by humans that increases the total dietary intake; or concentrate, metabolite, constituent, extract, or combination of any ingredient described previously.

Data Source: 2019 and 2020 Supplemental Business Report, Nutrition Business Journal. Annual Estimates of Population for the United States and Rhode Island (2018 and 2019), United States Census Bureau. Revenue forgone is based on the annual sales of dietary supplements by prescription in Rhode Island. The U.S. sales of dietary supplements are scaled to Rhode Island using the ratio of Rhode Island’s population to the total U.S. population. It is assumed that 25% of Rhode Island sales of dietary supplements are by prescription. Revenue forgone is determined by multiplying this amount by 7%. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 4

VIII. Tax Expenditure Items – Exemptions

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	\$2,528,988	<i>No estimate possible</i>
2019 Sales and Use Tax	\$2,656,278	<i>No estimate possible</i>

Projection Methodology: The Nutrition Business Journal estimated a 12.1% growth in national supplement sales in 2020. ORA applied this growth rate to the FY 2019 revenue forgone to estimate revenue forgone for FY 2020. ORA assumed no further growth for FY 2021 – FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Sales and Use Tax	\$2,977,688	<i>No estimate possible</i>
2021 Sales and Use Tax	\$2,977,688	<i>No estimate possible</i>
2022 Sales and Use Tax	\$2,977,688	<i>No estimate possible</i>
2023 Sales and Use Tax	\$2,977,688	<i>No estimate possible</i>

Law Comparison: Connecticut, Maine, and Vermont have similar provisions.

Connecticut: Sales of dietary supplements including vitamins, minerals, herbs, amino acids, or dietary supplements intended to supplement the diet of a human or animal are exempt from Connecticut’s sales and use tax.

Connecticut Statute: Conn. Gen. Stat. § 12-412(120)

Maine: Medicines, tonics, vitamins and preparations in liquid, powdered, granular, tablet, lozenge or pill form, sold as dietary supplements or adjuncts, when sold on the prescription of a physician are exempt.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(3) and 1752(3-B)

Vermont: Sales of food and food ingredients sold for human consumption off the premises where sold, as well as eligible foods purchased with food stamps are exempt. Non-prescription vitamins and dietary supplements are considered to be food.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(13), Code of Vt. Rules § 1.9741(2)(B)

26. Distressed Essential Community Hospital:

Statutory Reference: R.I. Gen. Laws § 23-17.25-2

Stated Purpose: No stated purpose given in law.

VIII. Tax Expenditure Items – Exemptions

Year Enacted / Last Year Amended: 2010 / N/A

Description: For a period of 12 years after converting to a for-profit entity, Landmark Medical Center (LMC) or any entity owned and controlled by LMC, or any successor-in-interest to LMC, was not required to pay or otherwise be financially responsible for any Rhode Island sales and use taxes that might otherwise be due in connection with any purchases, capital improvements, or any other activities conducted by LMC pursuant to the health facility licenses maintained by LMC.

LMC converted back to a nonprofit entity on July 1, 2019. On this date and thereafter, LMC is exempt from the sales and use tax under R.I. Gen. Laws § 44-18-30(5), which is a sales and use tax exemption for charitable, education, or religious organizations.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Sales of tangible personal property to and by nonprofit charitable hospitals in the state are exempt. Connecticut's exemption includes nursing homes, rest homes, homes for the aged, and acute care hospitals that function as a sole community hospital as well.

Connecticut Statute: Conn. Gen. Stat. § 12-412(5)

27. Educational Institutions Rental Charges:

Statutory Reference: R.I. Gen. Laws § 44-18-30(18)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1967 / N/A

Description: The rent charged by any nonprofit educational institution for living quarters, sleeping, housekeeping accommodations, or other rooms or accommodations to any student or teacher necessitated by attendance at an educational institution is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

Data Source: FY 2019 and FY 2020 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

VIII. Tax Expenditure Items – Exemptions

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	\$9,224,441	<i>No estimate possible</i>
2020 Sales and Use Tax	\$9,483,706	<i>No estimate possible</i>

Projection Methodology: The Office of Revenue Analysis applied the FY 2021 growth rate in Rhode Island personal consumption expenditures, food services and accommodations from the November 2021 IHS Markit forecast to FY 2020 revenue forgone to project FY 2021 revenue forgone. A similar process was followed for FY 2022 and FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$9,225,474	<i>No estimate possible</i>
2022 Sales and Use Tax	\$11,851,084	<i>No estimate possible</i>
2023 Sales and Use Tax	\$13,179,000	<i>No estimate possible</i>

Law Comparison: Connecticut and Maine have similar sales and use tax provisions. Massachusetts, New Hampshire, and Vermont provide similar exemptions under the room occupancy excise, rooms, and rooms and meals taxes, respectively.

Connecticut: Connecticut’s provisions include the exemption of lodging accommodations at educational institutions.

Connecticut Statute: Conn. Gen. Stat. § 12-407(a)(17)

Maine: Maine’s provisions include the exemption of rental charges for living quarters, sleeping, or housekeeping accommodations to any student necessitated by attendance at a school.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(19)

Massachusetts: Massachusetts provisions include the exemption of lodging accommodations, including dormitories, at religious, charitable, educational, and philanthropic institutions; provided, however, that this exemption shall not apply to accommodations provided by any such institution at a hotel or motel operated by the institution.

Massachusetts Statute: Mass. Gen. Laws ch. 64G, § 2(i)

New Hampshire: New Hampshire excludes from the definition of occupancy any occupancy at a facility or establishment owned or leased related to a long-term agreement by an organization operated for educational purposes that is exempt from federal income taxation under § 501(c)(3) of the Internal Revenue Code (IRC), but only if occupancy at such facility or establishment is provided: (A) To students regularly attending the organization; (B) To employees, faculty

VIII. Tax Expenditure Items – Exemptions

members or administrative officials of the organization for occupancy at such facility or establishment provided in connection with responsibilities performed for the organization; (C) To volunteers providing services in connection with the organization; or (D) To any person whose occupancy at such facility or establishment is provided for an activity which is related to educational purposes and the sponsor of such activity is an organization exempt from federal income taxation under § 501(c) of the IRC or is provided by the federal government, state government, or an instrumentality thereof. The exemption provided does not apply if occupancy at the facility or establishment is offered to the general public on a regular and continuous basis without regard to an activity which is related to educational purposes.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 78-A:6-d, VI

Vermont: The rental charges for living quarters, sleeping, or household accommodations to students attending a school are not subject to the rooms tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9202(8)

28. Electricity and Gas:

Statutory Reference: R.I. Gen. Laws § 44-18-30(21)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1972 / 2015

Description: The sale, use, storage, or other consumption of electricity or gas, regardless of use, is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

Data Source: FY 2019 and FY 2020 Rhode Island Interactive Sales and Use Tax Simulation Model. Annual Energy Outlook, Independent Statistics and Analysis, U.S. Energy Information Administration; U.S. Department of Energy. Revenue forgone is based on electricity, gas and distillate fuel oil consumption and price in New England. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	\$70,338,130	<i>No estimate possible</i>
2020 Sales and Use Tax	\$72,626,988	<i>No estimate possible</i>

Projection Methodology: The Office of Revenue Analysis applied the FY 2021 growth rate in Rhode Island personal consumption expenditures, housing and utilities services from the November 2021 IHS Markit forecast to FY 2020 revenue forgone to project FY 2021 revenue forgone. A similar process was followed for FY 2022 and FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

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<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$75,047,762	<i>No estimate possible</i>
2022 Sales and Use Tax	\$78,112,567	<i>No estimate possible</i>
2023 Sales and Use Tax	\$81,282,234	<i>No estimate possible</i>

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Connecticut’s provisions exempt from the sales and use tax the sale, furnishing, or service of gas, including bottled gas, and electricity when delivered to consumers through mains, lines, pipes, or bottles for use in any residential dwelling or directly in agricultural production or in the fabrication of a finished product to be sold or an industrial manufacturing plant provided that not less than 75% of the gas or electricity is used for the purpose of production, fabrication, or manufacturing.

Connecticut Statute: Conn. Gen. Stat. § 12-412(3)

Maine: Maine exempts coal, oil, wood, and all other fuels, including the first 750 kilowatt hours of residential electricity per month and gas when purchased for cooking and heating in buildings designed and used for both human habitation and sleeping. Maine also exempts 95% of the sale price of all fuel and electricity purchased for use at a manufacturing facility. Fuel purchased for use in commercial agriculture, commercial fishing, or commercial wood harvesting is eligible for refund.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(9-B), 1760(9-C), 1760(9-D), and 2013(2)

Massachusetts: Massachusetts’ exempts the sales, furnishing, or service of water, gas, steam, or electricity used for residential purposes as well as gas, steam, or electricity consumed and used directly in an industrial plant in the actual manufacture of tangible personal property at which at least 75% of fuel consumed is used for purpose of such manufacturing or heating. Massachusetts also exempts sales of gas, steam, electricity, and heating fuel used by any business that has five or fewer employees and had gross income of less than \$1.0 million for the preceding calendar year.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(i) and 6(qq)

Vermont: Vermont exempts sales of electricity, oil, gas, and other fuels used in a residence for all domestic use, including heating. Sales of electricity, oil, gas, and other fuels used directly and exclusively for farming purposes are also exempt, as well as those fuels used directly or indirectly in manufacturing processes.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(26), 9741(27), and 9741(34)

29. Equipment for Research and Development:

Statutory Reference: R.I. Gen. Laws § 44-18-30(42)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1987 / 1996

Description: The sale, use, storage, or other consumption of equipment that is used for research and development purposes by a qualifying company is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18. A qualifying company is a business for which the use of research and development equipment is an integral part of its operation. Equipment means scientific equipment, computers, software, and related items.

Data Source: FY 2019 and FY 2020 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	\$6,071,100	<i>No estimate possible</i>
2020 Sales and Use Tax	\$5,641,800	<i>No estimate possible</i>

Projection Methodology: The Office of Revenue Analysis applied the FY 2021 growth rate in the United States producer price index for machinery and equipment from the November 2021 IHS Markit forecast to FY 2020 revenue forgone to project FY 2021 revenue forgone. A similar process was followed for FY 2022 and FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$5,713,525	<i>No estimate possible</i>
2022 Sales and Use Tax	\$5,916,503	<i>No estimate possible</i>
2023 Sales and Use Tax	\$6,051,589	<i>No estimate possible</i>

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Property used in research and development in the manufacturing industry qualifies for the exemption given to manufacturing materials. Research and development services are not among the list of taxable services and, therefore, are not subject to tax. Also, a sales and use tax exemption for the sale of and the storage, use, or other consumption of machinery, equipment, tools, materials, supplies, and fuel used directly in the biotechnology industry is available.

VIII. Tax Expenditure Items – Exemptions

Connecticut Statute: Conn. Gen. Stat. §§ 12-407(a)(37), 12-412(89), and 12-412i(a)(2)

Maine: Maine’s exemption provisions include sales of machinery and equipment for the use by the purchaser directly and exclusively in research and development in the experimental and laboratory sense or primarily biotechnology applications.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(32)

Massachusetts: Sales of materials, tools, fuels, machinery, and replacement parts, used in research and development by a manufacturing or research and development corporation are exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, §§ 6(r) and 6(s)

Vermont: Vermont’s provisions exempt sales of tangible personal property purchased for use or consumption directly and exclusively, except for isolated or occasional uses, in commercial industrial, or agricultural research and development.

Vermont’s Statute: Vt. Stat. Ann. tit. 32, § 9741(24)

30. Estates of Persons Declared Missing in Action by U.S. Armed Forces:

Statutory Reference: R.I. Gen. Laws § 44-22-2

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1977 / 1990

Description: The estate of a serviceman or servicewoman who has been classified by the armed forces of the United States as missing in action is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-22.

Data Source: Estate Tax Section, Rhode Island Division of Taxation.

Reliability Index: 1

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Estate and Transfer Tax	\$0	0
2019 Estate and Transfer Tax	\$0	0
2020 Estate and Transfer Tax	\$0	0

Projection Methodology: Projected revenue forgone for FY 2019 through FY 2021 is held constant with FY 2018. The number of taxpayers for FY 2019 through FY 2021 is also held constant with FY 2018.

VIII. Tax Expenditure Items – Exemptions

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Estate and Transfer Tax	\$0	0
2022 Estate and Transfer Tax	\$0	0
2023 Estate and Transfer Tax	\$0	0

Law Comparison: No similar provisions were found for the other New England states.

31. Farm Equipment:

Statutory Reference: R.I. Gen. Laws § 44-18-30(32)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1984 / 2004

Description: The sale, storage, use, or other consumption of machinery and equipment used directly for commercial farming and agricultural production is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18. The exemption includes replacement parts, as well as tools and supplies used in the repair and maintenance of farming equipment. Commercial farming is defined as the keeping or boarding of five or more horses or the production within this state of agricultural products, including, but not limited to, field or orchard crops, livestock, dairy, and poultry, or their products, where the keeping, boarding, or production provides at least \$2,500 in annual gross sales to the operator.

Data Source: FY 2019 and FY 2020 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	\$1,283,800	<i>No estimate possible</i>
2020 Sales and Use Tax	\$1,322,500	<i>No estimate possible</i>

Projection Methodology: The Office of Revenue Analysis applied the FY 2021 growth rate in the United States producer price index for machinery and equipment from the November 2021 IHS Markit forecast to FY 2020 revenue forgone to project FY 2021 revenue forgone. A similar process was followed for FY 2022 and FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

VIII. Tax Expenditure Items – Exemptions

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$1,339,313	<i>No estimate possible</i>
2022 Sales and Use Tax	\$1,386,893	<i>No estimate possible</i>
2023 Sales and Use Tax	\$1,418,559	<i>No estimate possible</i>

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Connecticut’s provisions include any items sold exclusively for use in agricultural production by a farmer engaged in such production as a business as evidenced by the Farmer’s Tax Exemption Permit issued by the Connecticut Department of Revenue Services.

Connecticut Statute: Conn. Gen. Stat. § 12-412(63)

Maine: Maine tax law does not include a similar exemption but does provide a refund procedure for certain depreciable machinery and equipment used in commercial agricultural production, commercial fishing, or commercial aquacultural production. The refund procedure is also applicable to purchases of electricity used for such purposes.

Maine Statute: Me. Rev. Stat. Ann. Tit. 36, § 2013 and Code Me. R. §323

Massachusetts: Massachusetts’ provisions include sales of machinery or replacement parts used directly and exclusively in agricultural production. Farmers (including persons who raise poultry and livestock) and fishermen pay no tax on materials, tools, and fuel they buy that is used or consumed directly and exclusively in agricultural production and commercial fishing.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, §§ 6(r) and 6(s)

Vermont: Sales of agricultural machinery and equipment used predominately to produce or grow tangible personal property for sale at farms (including stock, dairy, poultry, fruit, and truck farms) orchards, nurseries, or in greenhouses or other similar structures used primarily for the raising of agricultural or horticultural items for sale are exempt from sales and use tax. Predominately means 75% of the time the equipment is in use.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(25)

32. Farm Structure Construction Materials:

Statutory Reference: R.I. Gen. Laws § 44-18-30(44)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1988 / N/A

VIII. Tax Expenditure Items – Exemptions

Description: Lumber, hardware, and other materials used in the new construction of farm structures, including production facilities and any other structures used in connection with commercial farming, are exempt from the tax imposed by R.I. Gen. Laws 44-18.

Data Source: FY 2019 and FY 2020 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	\$458,557	No estimate possible
2020 Sales and Use Tax	\$494,332	No estimate possible

Projection Methodology: The Office of Revenue Analysis applied the FY 2021 growth rate in the United States chained price index for farm and miscellaneous nonresidential construction from the November 2021 IHS Markit forecast to FY 2020 revenue forgone to project FY 2021 revenue forgone. A similar process was followed for FY 2022 and FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$506,929	No estimate possible
2022 Sales and Use Tax	\$541,518	No estimate possible
2023 Sales and Use Tax	\$580,388	No estimate possible

Law Comparison: Only Maine has a similar provision.

Maine: Any materials for the construction, repair or maintenance of an animal waste storage facility are exempt. An animal waste storage facility means a structure or pit constructed and used solely for storing manure, animal bedding waste, or other wastes generated by animal production.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(81)

33. Feed for Certain Animals Used in Commercial Farming:

Statutory Reference: R.I. Gen. Laws § 44-18-30(63)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2012 / N/A

VIII. Tax Expenditure Items – Exemptions

Description: The feed for livestock and poultry of the kinds of products of which ordinarily constitute food for human consumption and of livestock of the kind the products of which ordinarily constitute fibers for human use is exempted from the sales and use tax.

Data Source: FY 2019 and FY 2020 Rhode Island Interactive Sales and Use Tax Simulation Model and Office of Revenue Analysis calculations. Number of taxpayers are from 2019 update of business dynamics statistics report published by the United States Census Bureau. Includes all firms classified under the North American Industry Classification System (NAICS) of agriculture, forestry, fishing, and hunting.

Reliability Index: 3

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	\$100,319	32
2020 Sales and Use Tax	\$102,579	35

Projection Methodology: The Office of Revenue Analysis applied the FY 2021 growth rate in the United States producer price index for processed foods and feeds from the November 2021 IHS Markit forecast to FY 2020 revenue forgone to project FY 2021 revenue forgone. A similar process was followed for FY 2022 and FY 2023. The number of taxpayers for FY 2021-2023 was held constant with FY 2020.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$105,532	35
2022 Sales and Use Tax	\$114,502	35
2023 Sales and Use Tax	\$115,238	35

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Connecticut's provisions include any items sold exclusively for use in agricultural production by a farmer engaged in such production as a business as evidenced by the Farmer's Tax Exemption Permit issued by the Connecticut Department of Revenue Services. This includes the raising, feeding, caring for, shearing, training, or management of livestock including horses, bees, poultry, fur-bearing animals, or wildlife.

Connecticut Statute: Conn. Gen. Stat. § 12-412(63)

Maine: Maine's provisions include products used in aquaculture production, including bait, and products used in animal agriculture, including feed. Maine also exempts farm animal bedding and hay from the sales and use tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(7-A), 1760(7-C), and 1760(78)

VIII. Tax Expenditure Items – Exemptions

Massachusetts: Massachusetts exempts from sales tax the sales of feed, including the bags in which the feed is customarily contained, for livestock and poultry, which ordinarily constitute food for human consumption, are sold in the regular course of business, or are animals produced for research, testing, or other purposes relating to the promotion or maintenance of the health, safety or well-being of human beings or animals.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(p)(2)

Vermont: Agriculture feeds, seeds, plants, baler twine, silage bags, agricultural wrap, sheets of plastic for bunker covers, liming materials, breeding and other livestock, semen breeding fees, baby chicks, turkey poult, agriculture chemicals other than pesticides, veterinary supplies, and bedding; and fertilizers and pesticides for use and consumption directly in the production for sale of tangible personal property on farms, including stock, dairy, poultry, fruit and truck farms, orchards, nurseries, or in greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities for sale are exempt for the sales and use tax in Vermont.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(3)

34. Feminine Hygiene Products:

Statutory Reference: R.I. Gen. Laws § 44-18-30(66) / R.I. Pub. Laws 2019, Ch. 88, Art. 5, § 9

Stated Purpose: No explicit purpose provided in the statute.

Year Enacted / Last Year Amended: 2019 / N/A

Description: Beginning October 1, 2019, the sale, storage, use, or other consumption of tampons, panty liners, menstrual cups, sanitary napkins, and similar products for which the principal use is feminine hygiene in connection with the menstrual cycle is exempt from the sales and use tax.

Data Source: Winsight Grocery Business, Nonfood Handbook 2021. 2019 American Community Survey: Annual estimates of the resident population by single year of age and sex for the United States for 2018 - 2019 and population estimates by age and sex for Rhode Island for 2018 - 2019, United States Census Bureau. ORA utilized total sales of sanitary napkins/tampons in the United States and assumed sanitary napkins and tampons were 85% of the total feminine hygiene products category. The total was then divided by the total number of women in the United States ages 12-51 years old, as the average menstrual age range for women is 12-51 years, to calculate the average annual cost for feminine hygiene products for women in this age group. United States Census data was used to estimate the number of Rhode Island women aged 12-51 years. Additionally, ORA assumed 10% of such women would be pregnant or breastfeeding at any given time. Revenue forgone was calculated by multiplying the average annual cost of feminine hygiene products and the estimated number of Rhode Island women 12-51 years old. The estimate for FY 2020 was reduced by 26.56%, the 3-year average for July - September sales and use tax receipts compared to total fiscal year sales and use tax receipts using data from FY 2019-2021, to account for the

VIII. Tax Expenditure Items – Exemptions

October 1 implementation date. Number of taxpayers is the estimated number of females in Rhode Island 12-51 years old that are not pregnant or breastfeeding.

Reliability Index: 4

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2020 Sales and Use Tax	\$541,618	244,055

Projection Methodology: Revenue forgone for FY 2021 – FY 2023 is grown using forecast data for the Rhode Island consumer price index and the number of taxpayers is grown using forecast data for the population of Rhode Island for ages 10 - 54 years. Both forecasts were provided by IHS Markit for the November 2021 Revenue Estimating Conference.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$753,434	242,499
2022 Sales and Use Tax	\$786,968	241,937
2023 Sales and Use Tax	\$803,094	241,783

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Sales feminine hygiene products are exempt from the sales and use tax.

Connecticut Statute: Conn. Gen. Stat. § 12-412(122)

Maine: Menstrual products are exempt from the sales and use tax effective October 1, 2021.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §1760(107)

Massachusetts: Health care items, including tampons, sanitary napkins, and belts are exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(l)

Vermont: Feminine hygiene products used in connection with the human menstrual cycle are exempt from the Vermont sales and use tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(56)

35. First 50,000 Gallons of Distilled Spirits of a Distiller in Continuous Operation for 12 Months:

Statutory Reference: R.I. Gen. Laws § 3-10-1(d)

VIII. Tax Expenditure Items – Exemptions

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2016 / NA

Description: The first 50,000 gallons of distilled spirits produced and distributed in Rhode Island in any calendar year is exempt from the tax imposed by R.I. Gen. Laws § 3-10-1(a), provided that the distiller has actively and directly owned, managed, and operated a distillery in the state for at least 12 consecutive months.

Data Source: Excise Tax Section, Rhode Island Division of Taxation. Based on gallonage filings with the Excise Tax Section. ORA took the estimate for the number of gallons distributed in Rhode Island for CY 2018 – CY 2020 and multiplied by the per gallonage excise tax rate of \$5.40. Number of taxpayers is the number of distilleries as identified by the Rhode Island Department of Business Regulation.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Alcoholic Beverage Tax	\$75,600	2
2019 Alcoholic Beverage Tax	\$27,000	2
2020 Alcoholic Beverage Tax	\$129,600	6

Projection Methodology: The revenue forgone amounts for CY 2021 – CY 2023 are the average revenue forgone amounts per distillery from CY 2018 – CY 2020 multiplied by the projected number of taxpayers. The number of taxpayers for CY 2021 are as reported in public data by the Department of Business Regulation as of November 2021. The number of taxpayers for CY 2022 – CY 2023 were held constant with CY 2021.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Alcoholic Beverage Tax	\$145,800	6
2022 Alcoholic Beverage Tax	\$145,800	6
2023 Alcoholic Beverage Tax	\$145,800	6

Law Comparison: No similar provisions were found for the other New England states.

36. First 100,000 Barrels of Beer of a Brewer in Continuous Operation for 12 Months:

Statutory Reference: R.I. Gen. Laws § 3-10-1(c)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1933 / 2013

Description: The first 100,000 barrels of beer produced and distributed in Rhode Island in any calendar year is exempt from the tax imposed by R.I. Gen. Laws § 3-10-1(a), provided that the brewer has actively and directly owned, managed, and operated a brewery in the state for at least 12 consecutive months. A barrel of beer is defined as 31 gallons.

Data Source: Data for FY 2018 - FY 2020 is from the Excise Tax Section, Rhode Island Division of Taxation. The Excise Tax Section reports that a brewer is not required to file barrels of beer brewed until they brew more than 100,000 barrels. The revenue forgone estimates are determined by taking reported gallons sold in Rhode Island only and calculating barrels sold in Rhode Island (31 gallons per barrel) multiplied by the tax rate of \$3.30 per barrel. Revenue forgone does not include estimates from smaller brewers and brewpubs who have not filed with the Division of Taxation. Number of taxpayers is from the Rhode Island Department of Business Regulation (DBR).

Reliability Index: 1

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Alcoholic Beverage Tax	\$43,434	34
2019 Alcoholic Beverage Tax	\$169,792	33
2020 Alcoholic Beverage Tax	\$142,158	34

Projection Methodology: Revenue forgone for FY 2021 and FY 2022 is calculated taking the amount of revenue forgone divided by the number of breweries and brewpubs for FY 2019 and FY 2020 and then calculating the average of the two results. The average was then applied to the number of breweries and brewpubs for FY 2021 and FY 2022 to estimate revenue forgone for those fiscal years. FY 2023 revenue forgone is held constant with FY 2022. Number of taxpayers for FY 2021 and FY 2022 is from DBR's website. Number of taxpayers for FY 2023 is held constant with FY 2022.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Alcoholic Beverage Tax	\$158,129	34
2022 Alcoholic Beverage Tax	\$186,034	40
2023 Alcoholic Beverage Tax	\$186,034	40

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Connecticut exempts from the alcoholic beverages tax the first 15,000 barrels of beer each year, provided it is consumed on the brewery premises.

VIII. Tax Expenditure Items – Exemptions

Connecticut Statute: Conn. Gen. Stat. § 12-435

37. Flags:

Statutory Reference: R.I. Gen. Laws § 44-18-30(34)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1984 / 1992

Description: The sale, use, storage, or other consumption of United States, Rhode Island, or POW-MIA flags is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

Data Source: Flag Manufacturers Association of America. Annual Estimates of Population for the United States (2018 through 2020), United States Census Bureau. Revenue forgone is based on the annual sales of U.S. flags in Rhode Island. Nationally, the sale of U.S. flags is consistent year to year; therefore, no growth in U.S. sales is estimated. U.S. sales are scaled for Rhode Island using the ratio of Rhode Island’s population to the total U.S. population. Revenue forgone is determined by multiplying this amount by 7%. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 4

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	\$33,933	<i>No estimate possible</i>
2019 Sales and Use Tax	\$33,888	<i>No estimate possible</i>
2020 Sales and Use Tax	\$34,764	<i>No estimate possible</i>

Projection Methodology: FY 2021 - FY 2023 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$34,764	<i>No estimate possible</i>
2022 Sales and Use Tax	\$34,764	<i>No estimate possible</i>
2023 Sales and Use Tax	\$34,764	<i>No estimate possible</i>

Law Comparison: Connecticut, Massachusetts, and Vermont have similar provisions.

Connecticut: Flags of the United States and the State of Connecticut are exempt from the sales and use tax.

VIII. Tax Expenditure Items – Exemptions

Connecticut Statute: Conn. Gen. Stat. § 12-412(23)

Massachusetts: Flags of the United States are exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(w)

Vermont: Flags of the United States sold to and by veterans’ organizations exempted under § 501(c)(19) of the Internal Revenue Code are exempt from the sales and use tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(33)

38. Food and Food Ingredients:

Statutory Reference: R.I. Gen. Laws § 44-18-30(9)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1948 / 2006

Description: The sale, storage, use, or other consumption of food and food ingredients sold for ingestion or chewing by humans for their taste or nutritional value is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18. For the purposes of this exemption, food and food ingredients does not include candy, soft drinks, dietary supplements, alcoholic beverages, tobacco, food sold through vending machines, or prepared foods generally.

Data Source: FY 2019 and FY 2020 Rhode Island Interactive Sales and Use Tax Simulation Model. The exemption amount for food items paid for under the Supplemental Nutrition Assistance Program (SNAP), R.I. Gen. Laws § 44-18-30(39), as determined from information provided by the Rhode Island Department of Human Services (DHS), was subtracted from this estimate. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3 (Figures below include any amounts attributable to the “Seeds and Plants used for Food and Food Ingredients” exemption).

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	\$164,710,181	<i>No estimate possible</i>
2020 Sales and Use Tax	\$180,358,638	<i>No estimate possible</i>

Projection Methodology: The Office of Revenue Analysis applied the FY 2021 growth rate in Rhode Island personal consumption expenditures, food and beverages purchases for off-premises consumption from the November 2021 IHS Markit forecast to FY 2020 revenue forgone to project FY 2021 revenue forgone. A similar process was followed for FY 2022 and FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

VIII. Tax Expenditure Items – Exemptions

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$190,788,762	<i>No estimate possible</i>
2022 Sales and Use Tax	\$198,013,700	<i>No estimate possible</i>
2023 Sales and Use Tax	\$197,540,268	<i>No estimate possible</i>

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Sales of food products for human consumption are exempt from the sales and use tax. Food products include cereals and cereal products, milk and milk products, oleomargarine, meat and meat products, fish and fish products, eggs and egg products, vegetables and vegetable products, fruit and fruit products, spices and salt, sugar and sugar products other than candy and confectionery, coffee and coffee substitutes, tea, cocoa and cocoa products other than candy and confectionery.

Connecticut Statute: Conn. Gen. Stat. § 12-412(13)

Maine: Sales of grocery staples are exempt from the sales and use tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(3) and 1752(3-B)

Massachusetts: Sales of food products for human consumption which includes cereals and cereal products, flour and flour products, milk and milk products, including ice cream, oleomargarine, meat and meat products, fish and fish products, eggs and egg products, vegetables and vegetable products, fruit and fruit products, soft drinks, herbs, spices and salt, sugar and sugar products, candy and confectionery; coffee and coffee substitutes, tea, cocoa and cocoa products; and ice when used for household consumption are exempt.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(h)

Vermont: Sales of food and food ingredients sold for human consumption off the premises where sold, as well as eligible foods purchased through the SNAP program are exempt. Food and food ingredients is defined as substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value. Food and food ingredients do not include alcoholic beverages, tobacco, or soft drinks.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 9741(13) and 9701(31)

39. Food Items Paid for by Food Stamps:

Statutory Reference: R.I. Gen. Laws § 44-18-30(39)

Stated Purpose: No stated purpose given in law.

VIII. Tax Expenditure Items – Exemptions

Year Enacted / Last Year Amended: 1986 / N/A

Description: The sale, storage, use, or other consumption of eligible food items paid for with U.S. government food stamps is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

Data Source: Revenue forgone is based on Supplemental Nutrition Assistance Program (SNAP) benefits information supplied by the Department of Human Services and the Department of Administration’s Office of Management and Budget. An assumed leakage factor of 10% was applied for out-of-state use. The balance is then multiplied by 7%. Number of taxpayers represents the average number of SNAP recipients during each fiscal year.

Reliability Index: 1

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	\$16,571,266	158,924
2019 Sales and Use Tax	\$13,263,847	154,944
2020 Sales and Use Tax	\$14,951,921	147,822
2021 Sales and Use Tax	\$15,569,325	142,385

Projection Methodology: FY 2022 and FY 2023 revenue forgone amounts and the number of taxpayers were held constant with FY 2021.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2022 Sales and Use Tax	\$15,569,325	142,385
2023 Sales and Use Tax	\$15,569,325	142,385

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Sales of any items purchased with SNAP benefits are exempt from the Connecticut sales and use tax.

Connecticut Statute: Conn. Gen. Stat. § 12-412(57)

Maine: Sales of items purchased with food instruments distributed by the Department of Health and Human Services pursuant to SNAP or the Women, Infants, and Children (WIC) Special Supplemental Food Program are exempt from the sales and use tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(54)

VIII. Tax Expenditure Items – Exemptions

Massachusetts: Tangible personal property purchased with federal food stamps is exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(kk)

Vermont: Sales of food and food ingredients sold for human consumption off the premises where sold and sales of eligible foods that are purchased with benefits under SNAP are exempt, including a limited list of restaurant meals.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 9202(10)(D)(ii)(X) and 9741(13)

40. **Gasoline:**

Statutory Reference: R.I. Gen. Laws § 44-18-30(6)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 1996

Description: The sale, storage, use, or other consumption of gasoline and other products taxed under R.I. Gen. Laws Chapter 36-31 and the sale, storage, use, or other consumption of aviation fuel are exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

Data Source: Excise Tax Section, Rhode Island Division of Taxation. Self-Serve Unleaded Gasoline and Diesel Prices, Rhode Island Office of Energy Resources (OER). OER stopped collecting gasoline and diesel price data as of April 15, 2019. New England prices, as reported by the U.S. Energy Information Administration (EIA), were used for missing values. Revenue forgone is based on taxable sales of motor fuel, gasoline, and diesel in Rhode Island. The Office of Revenue Analysis calculated Rhode Island taxable sales by multiplying the annual taxable gallons of gasoline and diesel by the average monthly price per gallon, including state and federal taxes, of self-serve unleaded gasoline and low sulfur diesel fuels. Revenue forgone is determined by multiplying this figure by 7%. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 2

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	\$82,841,492	<i>No estimate possible</i>
2019 Sales and Use Tax	\$84,279,857	<i>No estimate possible</i>
2020 Sales and Use Tax	\$70,882,978	<i>No estimate possible</i>
2021 Sales and Use Tax	\$82,548,862	<i>No estimate possible</i>

Projection Methodology: FY 2022 and FY 2023 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

VIII. Tax Expenditure Items – Exemptions

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2022 Sales and Use Tax	\$82,548,862	<i>No estimate possible</i>
2023 Sales and Use Tax	\$82,548,862	<i>No estimate possible</i>

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: The sale, storage, use, or other consumption of motor fuel is exempt. Dyed diesel sold to marine fuel docks for marine purposes is exempt from the motor vehicle fuels tax but is subject to sales and tax as of July 1, 2018 (at a reduced rate of 2.99% for sales on or after July 1, 2019).

Connecticut Statute: Conn. Gen. Stat. §§ 12-412(15) and 12-408(1)(E)(iii)

Maine: Certain motor fuels upon which a motor fuel tax has been paid are exempt from the sales and use tax. Internal combustion engine fuel bought and used for the purpose of propelling jet engine aircraft is also exempt. Fuel purchased for use in commercial agriculture, commercial fishing, or commercial wood harvesting is eligible for refund.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(8)(A), 1760(8)(B), and 2013(2)

Massachusetts: Gasoline and special motor carrier fuels that are subject to the provisions of Chapters 64A (Taxation of Sales of Gasoline), 64E (Taxation of Special Fuels in the Propulsion of Motor Vehicles), or 64F (Taxation of Fuel and Special Fuels Acquired Outside and Used within the Commonwealth) of the Massachusetts General Laws are exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(g)

Vermont: Motor fuels and dyed diesel used to power forestry machinery or to propel a vehicle off the highways of the State are exempt from the sales and use tax. Jet fuel and natural gas are taxable for sales and use tax purposes.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(7)(A)

41. Heating Fuels:

Statutory Reference: R.I. Gen. Laws § 44-18-30(20)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1972 / 2015

Description: The sale, storage, use, or other consumption of every type of heating fuel, regardless of use, is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

VIII. Tax Expenditure Items – Exemptions

Data Source: Annual Energy Outlook, Independent Statistics and Analysis, U.S. Energy Information Administration; U.S. Department of Energy. Revenue forgone is based on energy consumption and price in Rhode Island. For FY 2018 - FY 2021, Rhode Island sales of distillate fuel oil and propane included residential as well as commercial consumption of New England quadrillion btu of distillate fuel oil and propane consumed. Revenue forgone is determined by multiplying New England total consumption in quadrillion btu by the average yearly price per btu, scaling the figure to Rhode Island by Rhode Island’s percent of New England’s residential quadrillion btu and multiplying by 7%. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 4

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	\$23,431,275	<i>No estimate possible</i>
2019 Sales and Use Tax	\$24,244,467	<i>No estimate possible</i>
2020 Sales and Use Tax	\$19,027,974	<i>No estimate possible</i>
2021 Sales and Use Tax	\$25,533,098	<i>No estimate possible</i>

Projection Methodology: FY 2022 and FY 2023 revenue forgone amounts were calculated using the previous methodology and based on the 2022 and 2023 EIA projections for energy consumption and price. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2022 Sales and Use Tax	\$24,751,033	<i>No estimate possible</i>
2023 Sales and Use Tax	\$26,263,321	<i>No estimate possible</i>

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: All fuels used for heating purposes for residential use are exempt from the sales and use tax, along with any building or premise used directly in agricultural production or in the fabrication of a finished product to be sold or an industrial manufacturing plant provided that not less than 75% of the gas or electricity is used for the purpose of production, fabrication, or manufacturing.

Connecticut Statute: Conn. Gen. Stat. § 12-412(16)

Maine: Coal, oil, wood and all other fuels, except gas and electricity, when bought for cooking and heating in buildings designed and used for both human habitation and sleeping are exempt.

VIII. Tax Expenditure Items – Exemptions

Additionally, 95% of the sale price of all fuel and electricity purchased for use at a manufacturing facility is exempt.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(9) and 1760(9-D)

Massachusetts: The sales of fuel used for residential heating purposes are exempt, as well as fuel used for heating purposes in an industrial plant where not less than 75% is used in the actual manufacture of tangible personal property to be sold. Massachusetts also exempts heating fuels used by any business that has five or fewer employees and had gross income of less than \$1.0 million for the preceding calendar year.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, §§ 6(j) and 6(qq)

Vermont: Vermont exempts sales of electricity, oil, gas, and other fuels used in a residence for all domestic use, including heating. Sales of electricity, oil, gas, and other fuels used directly and exclusively for farming purposes are also exempt, as well as those fuels used directly or indirectly in manufacturing.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(26), 9741(27), and 9741(34)

42. Horse Food Products:

Statutory Reference: R.I. Gen. Laws § 44-18-30(53)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2000 / N/A

Description: The sale, use, storage, or other consumption of horse food products purchased by a person engaged in the business of boarding horses is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

Data Source: FY 2019 and FY 2020 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers. This estimate was scaled to horses by multiplying the estimate by the ratio of “total horses and ponies on Rhode Island farms” to the “total number of livestock on Rhode Island farms” derived from the 2017 Census of Agriculture, Rhode Island state profile. The calculated percentage was 2.5187%.

Reliability Index: 3

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	\$62,710	<i>No estimate possible</i>
2020 Sales and Use Tax	\$64,443	<i>No estimate possible</i>

VIII. Tax Expenditure Items – Exemptions

Projection Methodology: The Office of Revenue Analysis applied the FY 2021 growth rate in the United States producer price index for processed foods and feeds from the November 2021 IHS Markit forecast to FY 2020 revenue forgone to project FY 2021 revenue forgone. A similar process was followed for FY 2022 and FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$66,298	<i>No estimate possible</i>
2022 Sales and Use Tax	\$71,933	<i>No estimate possible</i>
2023 Sales and Use Tax	\$72,395	<i>No estimate possible</i>

Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Connecticut’s exemption for agricultural production includes the raising, feeding, caring for, shearing, training, or management of livestock, including horses.

Connecticut Statute: Conn. Gen. Stat. § 12-412(63)(C)

Maine: Sales of breeding stock, semen, embryos, feed, hormones, antibiotics, medicine, pesticides, and litter for use in animal agricultural production and sales of antiseptics and cleaning agents used in commercial animal agricultural production. Animal agricultural production includes the raising and keeping of equines. Farm animal bedding and hay are also exempt from the sales and use tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(7-C) and 1760(78)

Massachusetts: Sales of feed, including the bags in which the feed is customarily contained for livestock and poultry of a kind, which ordinarily constitute food for human consumption or are to be sold in the regular course of business are exempt.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(p)

Vermont: Vermont exempts agricultural feeds broadly from the sales and use tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(3)

43. Human Blood:

Statutory Reference: R.I. Gen. Laws § 44-18-30(60)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2007 / N/A

VIII. Tax Expenditure Items – Exemptions

Description: The sale, use, storage, or other consumption of human blood is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

Data Source: The 2017 and 2019 National Blood Collection and Utilization Survey Report (conducted by the American Association of Blood Banks), United States Department of Health and Human Services. Annual Estimates of Population for the United States (2017 - 2019) and 2020 Decennial Census of Population, United States Census Bureau. Revenue forgone is based on the sale of whole blood and red blood cell units to hospitals located in Rhode Island. The total value of units of blood collected in the U.S. is scaled for Rhode Island using the ratio of Rhode Island’s population to the total U.S. population. Revenue forgone is determined by multiplying this amount by 7%. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 4

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	\$542,186	<i>No estimate possible</i>
2019 Sales and Use Tax	\$542,672	<i>No estimate possible</i>
2020 Sales and Use Tax	\$551,666	<i>No estimate possible</i>

Projection Methodology: FY 2021 - FY 2023 revenue forgone assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$551,666	<i>No estimate possible</i>
2022 Sales and Use Tax	\$551,666	<i>No estimate possible</i>
2023 Sales and Use Tax	\$551,666	<i>No estimate possible</i>

Law Comparison: Connecticut, Massachusetts, and Vermont have similar provisions.

Connecticut: Blood or blood plasma, when sold for medical use in humans or animals, is exempt from the sales and use tax.

Connecticut Statute: Conn. Gen. Stat. § 12-412(19)

Massachusetts: Medical items, including blood and blood plasma, are exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(l)

VIII. Tax Expenditure Items – Exemptions

Vermont: Blood or blood plasma used in treatment intended to alleviate human suffering or to correct, in whole or in part, human physical disabilities is exempt from the sales and use tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(2)

44. Installation Labor Charges When Separately Stated:

Statutory Reference: R.I. Gen. Laws § 44-18-12(b)(ii)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 2006

Description: The amount charged for labor or services rendered in installing or applying the property sold is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18, provided that the charges for such labor or services rendered are separately stated by the retailer to the purchaser.

Data Source: FY 2019 and FY 2020 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	\$41,680,400	<i>No estimate possible</i>
2020 Sales and Use Tax	\$38,016,400	<i>No estimate possible</i>

Projection Methodology: The Office of Revenue Analysis applied the FY 2021 growth rate in Rhode Island personal consumption expenditures on services for household consumption expenditures from the November 2021 IHS Markit forecast to FY 2020 revenue forgone to project FY 2021 revenue forgone. A similar process was followed for FY 2022 and FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$38,140,584	<i>No estimate possible</i>
2022 Sales and Use Tax	\$42,596,006	<i>No estimate possible</i>
2023 Sales and Use Tax	\$45,842,759	<i>No estimate possible</i>

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Charges for labor rendered in installing or applying the property sold, provided such charge is separately stated, are exempt.

VIII. Tax Expenditure Items – Exemptions

Connecticut Statute: Conn. Gen. Stat. § 12-407(a)(8)(B)(iv)

Maine: The price received for labor or services used in installing or applying or repairing the property sold or fabricated, if separately charged or stated, is excluded from the taxable sales price.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1752(14)(B)(4)

Massachusetts: The amount charged for labor or services rendered in installing or applying the property sold is exempt.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 1

Vermont: Installation charges are exempt from the sales and use tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9701(4)(B)(iv)

45. Jewelry Display Product:

Statutory Reference: R.I. Gen. Laws § 44-18-30(47)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1993 / N/A

Description: The sale, use, storage, or other consumption of tangible personal property used to display any jewelry product is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18 as long as the title to the jewelry display product is transferred by the jewelry manufacturer or seller, shipped out of state for use solely outside the state, and is not returned to the manufacturer or seller.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

VIII. Tax Expenditure Items – Exemptions

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: No similar provisions were found for the other New England states.

46. Lottery Prizes:

Statutory Reference: R.I. Gen. Laws § 42-61-17

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1974 / 1989

Description: The prizes received pursuant to R.I. Gen. Laws Chapter 42-61 are exempt from the state sales or use tax. Prizes are still subject to any taxes applicable to R.I. Gen. Laws Chapter 44-30.

Data Source: Division of Lottery, Department of Revenue

Reliability Index: 1

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	\$0	0
2019 Sales and Use Tax	\$0	0

Projection Methodology: Revenue forgone and number of taxpayers for FY 2020 – FY 2023 are held constant with FY 2019.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Sales and Use Tax	\$0	0
2021 Sales and Use Tax	\$0	0
2022 Sales and Use Tax	\$0	0
2023 Sales and Use Tax	\$0	0

Law Comparison: No similar provisions were found for the other New England states.

47. Manufacturers’ Machinery and Equipment:

Statutory Reference: R.I. Gen. Laws § 44-18-30(22)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1974 / 1998

Description: The sale, storage, use, or other consumption of tools, dies, molds, machinery and equipment, including replacement parts, and related items to the extent used in connection with the actual manufacture, conversion, or processing of tangible personal property or computer software is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18. The exemption is allowed whether the machinery and/or equipment is to be sold or used in the furnishing of power to an individual manufacturing plant. Machinery and equipment used in administration or distribution operations is not exempt.

Data Source: FY 2019 and FY 2020 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	\$36,529,324	<i>No estimate possible</i>
2020 Sales and Use Tax	\$35,752,613	<i>No estimate possible</i>

Projection Methodology: The Office of Revenue Analysis applied the FY 2021 growth rate in the United States producer price index for machinery and equipment from the November 2021 IHS Markit forecast to FY 2020 revenue forgone to project FY 2021 revenue forgone. A similar process was followed for FY 2022 and FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$36,207,144	<i>No estimate possible</i>
2022 Sales and Use Tax	\$37,493,430	<i>No estimate possible</i>
2023 Sales and Use Tax	\$38,349,487	<i>No estimate possible</i>

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Machinery used directly in a manufacturing production process is exempt from the sales and use tax.

VIII. Tax Expenditure Items – Exemptions

Connecticut Statute: Conn. Gen. Stat. § 12-412(34)

Maine: Machinery and equipment for use by the purchaser directly and primarily in either the production of tangible personal property intended to be sold or leased ultimately for final use or consumption or in the production of tangible personal property are exempt.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(31)

Massachusetts: Machinery or its replacement parts used directly and exclusively in an industrial plant in the actual manufacture of tangible personal property that is to be sold is exempt.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(s)

Vermont: Machinery and equipment for use or consumption directly and exclusively, except for isolated or occasional uses, in the manufacture of tangible personal property for sale or in the manufacture of other machinery or equipment, parts, or supplies for use in the manufacturing process are exempt.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(14)

48. Medicines, Drugs and Durable Medical Equipment:

Statutory Reference: R.I. Gen. Laws § 44-18-30(10)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1948 / 2011

Description: The sale, use, storage, or other consumption of drugs sold on prescription, medical oxygen, insulin whether it is sold on prescription or not, durable medical equipment for home use only, and supplies and related ancillary dressings used to dispense or administer prescription drugs is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

Data Source: FY 2019 and FY 2020 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	\$139,606,159	<i>No estimate possible</i>
2020 Sales and Use Tax	\$169,198,294	<i>No estimate possible</i>

Projection Methodology: The Office of Revenue Analysis applied the FY 2021 growth rate in Rhode Island personal consumption expenditures, nondurable goods from the November 2021 IHS Markit forecast to FY 2020 revenue forgone to project FY 2021 revenue forgone. A similar

VIII. Tax Expenditure Items – Exemptions

process was followed for FY 2022 and FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$179,058,737	<i>No estimate possible</i>
2022 Sales and Use Tax	\$191,699,723	<i>No estimate possible</i>
2023 Sales and Use Tax	\$195,542,850	<i>No estimate possible</i>

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Oxygen, blood plasma, prostheses, walkers and wheelchairs, medical devices and machines, prescription medicines, over-the-counter drugs and medicines, needles, and syringes are exempt from the state’s sales and use tax.

Connecticut Statute: Conn. Gen. Stat. §§ 12-412(4), 12-412(19), and 12-412(120)

Maine: Sales of medicines for human beings sold by prescription are exempt from Maine sales tax. Sales of over-the-counter drugs and medical marijuana are not exempt from Maine sales tax. All equipment and supplies, whether medical or otherwise, used in the diagnosis or treatment of human diabetes is exempt. Maine’s provisions also exclude the sale of positive airway pressure equipment and supplies and oxygen delivery equipment for rental for personal use to a person engaged in the business of renting positive airway pressure equipment and oxygen delivery equipment from sales tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(5), 1760(33), and 1760(94)

Massachusetts: Sales of medicine, insulin needles and insulin syringes on prescriptions of registered physicians; sales of artificial devices individually designed, constructed, or altered solely for the use of a particular crippled person so as to become a brace, support, supplement, correction or substitute for the bodily structure; sales of artificial limbs, artificial eyes, hearing aids and other equipment worn as a correction or substitute for any functioning portion of the body; sales of artificial teeth by a dentist and the materials used by a dentist in dental treatment; sales of prescription eyeglasses; sales of crutches and wheel chairs for the use of disabled persons; sales of baby oil; the rental, sales, and repairs of kidney dialysis machines, enteral and parenteral feedings, and feeding devices, suction machines, physician-prescribed, medically necessary breast pumps, oxygen concentrators, oxygen regulators, oxygen humidifiers, oxygen masks, oxygen cannulas, ultrasonic nebulizers, life sustaining resuscitators, incubators, heart pacemakers, canes, all types of hospital beds for home use, tripod quad canes, breast prosthesis, alternating pressure pad units and patient lifts, when prescribed by a physician are exempt from the sales and use tax. All medical implements, pads, pouches, and solutions used as a result of a person undergoing a colostomy or ileostomy are also exempt.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, §§ 6(l) and 6(z)

VIII. Tax Expenditure Items – Exemptions

Vermont: Drugs intended for human use, durable medical equipment, mobility enhancing equipment, and prosthetic devices and supplies, including blood, blood plasma, insulin, and medical oxygen, used in treatment intended to alleviate human suffering or to correct, in whole or in part, human physical disabilities are exempt from the sales and use tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(2)

49. Mobile and Manufactured Homes Generally:

Statutory Reference: R.I. Gen. Laws § 44-18-30(50)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1996 / N/A

Description: The sale, use, storage, or other consumption of mobile and/or manufactured homes that are subject to tax under R.I. Gen. Laws Chapter 31-44 is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

Data Source: Rhode Island Division of Taxation. Revenue forgone is calculated from mobile home conveyance tax receipts. The Office of Revenue Analysis used the current mobile home conveyance tax rate of \$1.40 for each \$500 or fractional part thereof which is paid for the purchase of the home to estimate gross sales. Revenue forgone is determined by multiplying this figure by 7%. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 1

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	\$342,500	<i>No estimate possible</i>
2019 Sales and Use Tax	\$337,650	<i>No estimate possible</i>
2020 Sales and Use Tax	\$667,125	<i>No estimate possible</i>
2021 Sales and Use Tax	\$387,900	<i>No estimate possible</i>

Projection Methodology: FY 2022 and FY 2023 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2022 Sales and Use Tax	\$387,900	<i>No estimate possible</i>
2023 Sales and Use Tax	\$387,900	<i>No estimate possible</i>

VIII. Tax Expenditure Items – Exemptions

Law Comparison: Connecticut, Maine, and Vermont have similar provisions.

Connecticut: Connecticut’s provisions include that the sale of a new modular or prefabricated home from a manufacturer shall be subject to sales and use taxes except that the sales price of a new mobile manufactured home or new modular or prefabricated home shall be deemed to be 70% of the manufacturer’s sales price for the calculation of the sales and use tax.

Connecticut Statute: Conn. Gen. Stat. § 12-412c(a)

Maine: Sales of new manufactured housing, except for the costs of materials, are exempt from the sales and use tax up to a maximum of 50% of the sale price. Sales of used manufactured houses are fully exempt.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(40)

Vermont: Vermont’s provisions include exclusion from the sales and use tax for 40% of the receipts from the sale of mobile homes and modular housing when they are sold as tangible personal property.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(32)

50. Motor Vehicle and Adaptive Equipment for Amputee Veterans:

Statutory Reference: R.I. Gen. Laws § 44-18-30(35)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1985 / 1989

Description: The sale of a motor vehicle and adaptive equipment to and for the use of a veteran with a service-connected loss of or loss of use of a leg, foot, hand or arm or any veteran who is a double amputee, whether service-connected or not, is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18. The motor vehicle must be purchased by and especially equipped for use by the qualifying veteran.

Data Source: *No reliable data exists for this tax expenditure item. (The forgone revenue from this exemption is included in the “Motor Vehicles and Adaptive Equipment for Persons with Disabilities” exemption.)

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	*	*
2019 Sales and Use Tax	*	*

VIII. Tax Expenditure Items – Exemptions

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Sales and Use Tax	*	*
2021 Sales and Use Tax	*	*
2022 Sales and Use Tax	*	*
2023 Sales and Use Tax	*	*

Law Comparison: Maine and Massachusetts have similar provisions.

Maine: Sales of motor vehicles to amputee veterans who have been granted free registration of such vehicles by the Secretary of State are exempt.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(22)

Massachusetts: Sales of motor vehicles purchased by or for the use of a veteran who has been determined to be permanently disabled by the medical advisory board and has been issued a disabled veteran number plate are exempt. The exemption applies only to a single motor vehicle that must be purchased by and registered for the personal, noncommercial use of the disabled veteran.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(u)

51. Motor Vehicles and Adaptive Equipment for Persons with Disabilities:

Statutory Reference: R.I. Gen. Laws § 44-18-30(19)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1969 / 2000

Description: The sale of special adaptations, the component parts of special adaptations, or a specially adapted motor vehicle is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18, provided that the owner supplies the tax administrator with an affidavit of a licensed physician indicating that the specially adapted motor vehicle is necessary to transport a disabled family member, including the owner.

Data Source: Division of Motor Vehicles, Rhode Island Department of Revenue.

Reliability Index: 1

VIII. Tax Expenditure Items – Exemptions

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	\$3,561	20
2019 Sales and Use Tax	\$2,826	13
2020 Sales and Use Tax	\$3,705	16
2021 Sales and Use Tax	\$3,125	7

Projection Methodology: Revenue forgone amounts and number of taxpayers are calculated using a three-year average based on data from FY 2019 – FY 2021.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2022 Sales and Use Tax	\$3,219	12
2023 Sales and Use Tax	\$3,219	12

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Sales and the storage, use, or other consumption of special equipment installed in a motor vehicle for the exclusive use of a person with physical disabilities and repair or replacement parts for such equipment, whether such repair or replacement parts are purchased separately or in conjunction with such equipment, and whether such parts continue the original function or enhance the functionality of such equipment are exempt.

Connecticut Statute: Conn. Gen. Stat. § 12-412(80)

Maine: A person with a disability is granted a sales tax exemption for adaptive equipment for installation in or on a motor vehicle to make that vehicle operable or accessible by a person with a disability who is issued a disability plate or placard by the Secretary of State.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(95)

Massachusetts: Sales of a motor vehicles purchased by and for the use of a person who has suffered loss, or permanent loss of use of at least one leg or arm are exempt from the sales and use tax. This exemption applies to one motor vehicle only that is owned and registered for the personal, noncommercial use of such person.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(u)

Vermont: There is an exemption from the motor vehicle purchase and use tax for one motor vehicle owned or leased and operated by a person with a permanent physical disability for whom the vehicle controls have been altered to enable the person to drive. A motor vehicle owned or leased by a parent or guardian of a person with a permanent disability for whom a mechanical lifting device has been installed to allow for entry and exit of the vehicle, provided that the person

VIII. Tax Expenditure Items – Exemptions

with a disability has been certified exempt from the tax by the Commissioner of Motor Vehicles under the provisions of § 8901 of this title, is also exempt.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 8911(12)

52. Narragansett Pier Railroad Company:

Statutory Reference: R.I. Gen. Laws § 44-13-1(a)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1942 / 1985

Description: The Narragansett Pier Railroad Company is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-13 in any year that net receipts of the railroad from dividends or other form of distribution of corporate earnings do not total at least 4% of the aggregate value of the property of the railroad.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: No similar provisions were found for the other New England states.

53. Newspapers:

Statutory Reference: R.I. Gen. Laws § 44-18-30(2)

Stated Purpose: No stated purpose given in law.

VIII. Tax Expenditure Items – Exemptions

Year Enacted / Last Year Amended: 1947 / N/A

Description: The sale, storage, use, or other consumption of newspapers is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18. In this context, newspapers are defined as unbound publications printed on newsprint containing news, editorial comments, opinions, features, advertising, and other matters of public interest. Newspapers do not include magazines, handbills, circulars, flyers, sales catalogs, or similar items unless the item is printed for and distributed as a part of a newspaper.

Data Source: FY 2019 and FY 2020 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	\$1,660,196	<i>No estimate possible</i>
2020 Sales and Use Tax	\$1,916,413	<i>No estimate possible</i>

Projection Methodology: The Office of Revenue Analysis applied the FY 2021 growth rate in Rhode Island personal consumption expenditures, other nondurable goods from the November 2021 IHS Markit forecast to FY 2020 revenue forgone to project FY 2021 revenue forgone. A similar process was followed for FY 2022 and FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$2,028,096	<i>No estimate possible</i>
2022 Sales and Use Tax	\$2,171,273	<i>No estimate possible</i>
2023 Sales and Use Tax	\$2,214,802	<i>No estimate possible</i>

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Connecticut’s provisions exempt newspapers by subscription, magazines, regardless of frequency, and publications by subscription that only contain puzzles.

Connecticut Statute: Conn. Gen. Stat. § 12-412(114)

Maine: Maine’s provisions exempt sales of any publication regularly issued at average intervals not exceeding three months. Maine also exempts free publications and components of publications.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(14) and 1760(14-A)

Massachusetts: Massachusetts’ provisions exempt sales of newspapers and magazines, regardless of frequency, from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(m)

Vermont: Vermont’s provision exempts newspapers and tangible personal property, which becomes part of a newspaper even if the newspaper is distributed without charge, from the sales and use tax. On average for the tax year, at least 10% of a newspaper’s printed material must consist of news of general or community interest, community notices, editorial comment, or articles by different authors.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(15)

54. Ocean Marine Insurance:

Statutory Reference: R.I. Gen. Laws § 44-17-1(a)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1896 / N/A

Description: The premiums received from contracts of ocean marine insurance are exempt from the tax imposed by R.I. Gen. Laws Chapter 44-17. In this context, ocean marine insurance is defined as contracts of insurance written by an insurance company transacting the business of marine insurance upon hulls, freights, disbursements, goods, wares, merchandise, and all other personal property and interests in the course of importation/exportation to or from any country or transportation coastwise in connection with any and all risks or perils of navigation, transit, while being prepared for and while awaiting shipment, and during any delays, storage, or reshipment, including war risks and marine builders risks.

Data Source: National Association of Insurance Commissioners, State Insurance Regulation in Rhode Island: Key Facts and Market Trends for 2019. Insurance Information Institute, Net Premiums Written By Line, Property/Casualty Insurance, 2018-2020. Annual estimates of number of boats, annual vessel permit data listed by home port, National Oceanic and Atmospheric Administration, Greater Atlantic Region. For FY 2019, Rhode Island insurance premium data for ocean marine insurance premiums was estimated by applying the percentage of United States ocean marine insurance premiums of the total United States ocean and inland marine insurance premiums to the total amount of reported Rhode Island ocean and inland marine insurance premiums. ORA used the 2019 growth rate in U.S. ocean marine insurance premiums to calculate the 2018 ocean marine premiums. Revenue forgone is determined by multiplying the ocean marine insurance premiums amounts by 2%. Number of taxpayers are the number of fishing vessel permits found in that year.

Reliability Index: 4

VIII. Tax Expenditure Items – Exemptions

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Ins Co Gross Premiums Tax	\$418,397	245
2019 Ins Co Gross Premiums Tax	\$466,291	239

Projection Methodology: For FY 2020 revenue forgone, ORA applied the growth rate in 2020 U.S. ocean marine insurance premiums to the FY 2019 estimate. Revenue forgone for FY 2021 – FY 2023 was grown using the IHS Markit forecast for gross state product, finance and insurance as provided for the November 2021 Revenue Estimating Conference. A five-year average in the growth rate of the number of fishing vessels permitted to Rhode Island was used to project the number of taxpayers for FY 2020 – FY 2023.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Ins Co Gross Premiums Tax	\$504,317	235
2021 Ins Co Gross Premiums Tax	\$530,308	230
2022 Ins Co Gross Premiums Tax	\$555,226	226
2023 Ins Co Gross Premiums Tax	\$599,812	222

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Ocean marine insurance companies are excluded from the tax on net direct insurance premiums.

Connecticut Statute: Conn. Gen. Stat. § 12-210(b)

55. Out-of-State Shipments of Rhode Island Alcoholic Beverage Manufacturers:

Statutory Reference: R.I. Gen. Laws § 3-10-2

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1933 / 1956

Description: Rhode Island-based manufacturers of alcoholic beverages ship any beverage out-of-state with the intention that the consumption of that beverage will be outside of the state’s borders may receive an exemption from the tax imposed by R.I. Gen. Laws Chapter 3-10. The exemption from the tax is granted by the Department of Business Regulation.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

VIII. Tax Expenditure Items – Exemptions

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Alcoholic Beverage Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Alcoholic Beverage Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Alcoholic Beverage Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Alcoholic Beverage Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Alcoholic Beverage Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Alcoholic Beverage Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Connecticut, Massachusetts, and Vermont have similar provisions.

Connecticut: No tax is imposed on manufacturers of alcoholic beverages for sales to licensed distributors or on sales for export.

Connecticut Statute: Conn. Gen. Stat. § 12-435

Massachusetts: Alcoholic beverages made in Massachusetts or imported into Massachusetts and then exported from the state are exempt from the alcohol beverage excise tax.

Massachusetts Statute: Mass. Gen. Laws ch. 138, § 21(g)

Vermont: Vermont states the alcoholic beverage taxes are only due on sales in the State.

Vermont Statute: Vt. Stat. Ann. tit. 7, §§ 421(a) and 422(a)

56. Personal and Dependent:

Statutory Reference: R.I. Gen. Laws § 44-30-2.6(c)(3)(C)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2018

Description: Resident and non-resident taxpayers are allowed a personal and/or dependent exemption against the tax imposed by R.I. Gen. Laws Chapter 44-30. A personal exemption is granted to the taxpayer and spouse, if jointly filing a tax return, and the dependent exemption is granted to the dependents that are claimed by the taxpayer on their federal income tax return. The term exemption amount means the same as it did in the 26 U.S.C. §§ 151 and 152 as of December

VIII. Tax Expenditure Items – Exemptions

22, 2017. The exemption amount is adjusted for inflation. If the taxpayer identification number (TIN) is not listed on the federal income tax form for any individual, the TIN must be listed on the Rhode Island personal income tax form for the exemption to be claimed.

<i>Tax Year</i>	<i>Personal and Dependent Exemption Amount</i>	<i>Phase-Out Range</i>
2018	\$4,000	\$199,000 - \$221,800
2019	\$4,100	\$203,850 - \$227,050
2020	\$4,150	\$207,700 - \$231,500
2021	\$4,250	\$210,750 - \$234,750

Data Source: Division of Taxation, Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2018 and 2019 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the personal and dependent exemptions for the same tax years, then summed the results for both calculations across all taxpayers. Revenue forgone is determined by taking the difference between the two tax liability calculations. Number of taxpayers includes all taxpayers that claimed an exemption to reduce their personal tax liability.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$116,687,835	566,086
2019 Personal Income Tax	\$119,229,719	574,053

Projection Methodology: The projected forgone revenue was calculated for TY 2020 – TY 2023 by applying the growth in the United States consumer price index for all urban consumers from the November 2021 IHS Markit forecast. The projected number of taxpayers for TY 2020 – TY 2023 is calculated using the three-year average growth rate in the number of filers for Rhode Island resident and non-resident returns that took the personal exemption.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$120,718,152	584,096
2021 Personal Income Tax	\$125,926,496	594,315
2022 Personal Income Tax	\$129,694,437	604,713
2023 Personal Income Tax	\$132,383,141	615,292

Law Comparison: Connecticut, Massachusetts, Maine, and Vermont have similar provisions.

Connecticut: A personal exemption of \$15,000 is allowed in the calculation of the personal income tax. In the case of any such taxpayer whose Connecticut adjusted gross income (AGI) for the

VIII. Tax Expenditure Items – Exemptions

taxable year exceeds \$30,000, the exemption amount shall be reduced by \$1,000 for each \$1,000, or fraction thereof, by which the taxpayer's Connecticut AGI exceeds said amount. The exemption amount for a head of household filer is \$19,000 and the phaseout threshold is \$38,000. The comparable figures for married individuals filing a joint return or any person who files a return for such taxable year as a surviving spouse is entitled to a single personal exemption of \$24,000 in determining Connecticut taxable income for purposes of this chapter with a phaseout threshold of \$48,000.

Connecticut Statute: Conn. Gen. Stat. § 12-702

Massachusetts: Massachusetts' provisions include personal exemptions as a deduction to income. For TY 2020 the exemption amounts are as follows: A personal exemption amount is allowed for the single or married filing separately filer, which shall not exceed \$4,400; married filing jointly filers are allowed an exemption amount up to \$8,800; head of household filers are allowed an exemption up to \$6,800. There are additional exemptions provided for qualifying dependents of \$1,000 each. Blindness for the primary filer and spouse is allowed an additional exemption of \$2,200 each. An exemption of \$700 for each spouse who attained the age of 65 before the close of the taxable year is also allowed.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 3(A)(b), 3(B)(a)(8)

Maine: A resident individual is allowed a personal exemption deduction of \$4,150 unless the taxpayer is claimed as a dependent on another return. A resident individual is allowed an additional personal exemption deduction equal to \$4,150 if the individual is married filing a joint return, unless the individual's spouse may be claimed as a dependent on another return. The deduction allowed is subject to phase-out. The personal exemption deduction and phaseout threshold amounts are adjusted for inflation. For tax years beginning on or after January 1, 2020, a taxpayer who is married filing separate may claim a personal exemption for their spouse if they have no gross income during the tax year and would otherwise qualify for a federal personal exemption, notwithstanding the federal suspension of the personal exemption through 2025.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5126-A

Vermont: Vermont allows a personal exemption for each taxpayer, spouse or deceased spouse of the taxpayer whose filing status is married filing a joint return or surviving spouse, and individual qualifying as a dependent of the taxpayer under 26 U.S.C. § 152, provided that no exemption may be claimed for an individual who is a dependent of another taxpayer is allowed. The exemption amounts were \$4,150 for TY 2018, \$4,250 for TY 2019, and \$4,320 for TY 2020.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5811(21)(C)(i)

57. Personal Holding Company, Regulated Investment Company, or Real Estate Investment Trust:

Statutory Reference: R.I. Gen. Laws § 44-11-2(c)

VIII. Tax Expenditure Items – Exemptions

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1956 / 2004

Description: A personal holding company, a regulated investment company, or a real estate investment trust is exempt from the tax imposed under R.I. Gen. Laws § 44-11-2(a). Instead, such companies must pay annually to the state a tax equal to \$0.10 for each \$100 of gross income or a tax of \$100, whichever tax is greater. Gross income is as defined in federal income tax law plus any interest not included in federal gross income, less interest precluded from taxation by Rhode Island, and less 50% of the excess capital gains over capital losses realized in the taxable year.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Connecticut, Massachusetts and New Hampshire have similar provisions.

Connecticut: These entities are exempt from the net income base of the tax and from the capital base and the minimum tax. Regulated investment company (RIC) means a regulated investment company as defined in I.R.C. § 851. Distributions paid by RICs to the company that are exempt-interest dividends, as defined in 26 U.S.C. § 852(b)(5), and capital gain dividends, as defined in 26 U.S.C. § 852(b)(3)(C), are not dividends as defined in the federal income tax law because federal law transforms their character from dividend income to exempt-interest income and capital gain income, respectively. Therefore, exempt-interest dividends and capital gain dividends may not be deducted under Connecticut business taxes. Distributions paid by the regulated investment company to the company that are not exempt-interest dividends or capital gain dividends may be deducted, provided that such distributions are dividends as defined in 26 U.S.C. § 316 and no provision of federal income tax law expressly transforms their dividend character, and provided that the regulated investment company is a domestic corporation.

VIII. Tax Expenditure Items – Exemptions

Connecticut Statute: Conn. Gen. Stat. §§ 12-217(a)(1)(B), 12-217(a)(3), and 12-219(c)

Massachusetts: Regulated investment companies are exempt from the corporate excise tax.

Massachusetts Statute: Mass. Gen. Laws ch. 63, § 30

New Hampshire: An enterprise shall not be characterized as a business organization and is excluded from taxation at the entity level if it elects to be treated as a qualified investment company. A qualified investment company is defined as (1) A regulated investment company as defined in § 851 of the United States Internal Revenue Code (IRC) of 1986 in effect on December 31, 2016 (for TY 2018); (2) An organization that is an investment company under the Investment Company Act of 1940 as amended; (3) An organization that would be an investment company under the Investment Company Act of 1940, as amended, but for the exception from investment company status provided by § 3(c)(1) or 3(c)(7) of said Investment Company Act; or (4) A qualified community development entity as defined in § 45D of the IRC, which entity is owned, controlled, or managed, directly or indirectly, by the business finance authority of the State of New Hampshire.

New Hampshire Statute: N.H. Rev. Stat. Ann. §§ 77-A:1, I and XXI

58. Precious Metal Bullion:

Statutory Reference: R.I. Gen. Laws § 44-18-30(24)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1975 / N/A

Description: The sale, storage, use, or other consumption of precious metal bullion is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18. Precious metal bullion is defined as any elementary precious metal which has been put through a process of smelting or refining and which is in a state or condition that its value depends upon its content not upon its form. Precious metal bullion does not include fabricated precious metal that has been manufactured for one or more customary industrial, professional, or artistic uses.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

VIII. Tax Expenditure Items – Exemptions

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Connecticut and Massachusetts have similar provisions.

Connecticut: Connecticut’s provisions include gold or silver bullion. The sales and use tax exemption is limited to transactions in which the total value of the sale is less than \$1,000.

Connecticut Statute: Conn. Gen. Stat. § 12-412(45)

Massachusetts: Massachusetts’ provisions exempt sales of \$1,000 or more of rare coins of numismatic value, gold or silver bullion or coins, or gold or silver tender traded and sold according to value as precious metal.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(II)

59. Promotional and Product Literature of Boat Manufacturers:

Statutory Reference: R.I. Gen. Laws § 44-18-30(38)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1984 / N/A

Description: The sale, storage, use, or other consumption of boat manufacturers’ promotional and product literature is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18, provided that the literature is shipped to points outside of Rhode Island and either accompanies the product which is sold, is shipped in bulk to out-of-state dealers for use in the sale of the product, or is mailed to directly to customers at no charge.

Data Source: FY 2019 and FY 2020 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

VIII. Tax Expenditure Items – Exemptions

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	\$29,200	<i>No estimate possible</i>
2020 Sales and Use Tax	\$28,000	<i>No estimate possible</i>

Projection Methodology: The Office of Revenue Analysis applied the FY 2021 growth rate in Rhode Island personal consumption expenditures, other nondurable goods from the November 2021 IHS Markit forecast to FY 2020 revenue forgone to project FY 2021 revenue forgone. A similar process was followed for FY 2022 and FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$29,632	<i>No estimate possible</i>
2022 Sales and Use Tax	\$31,724	<i>No estimate possible</i>
2023 Sales and Use Tax	\$32,360	<i>No estimate possible</i>

Law Comparison: Maine and Massachusetts have similar provisions.

Maine: Maine’s exemption includes all advertising or promotional materials printed on paper and purchased for the purpose of subsequently transporting such materials out of the state.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(83)

Massachusetts: Sales of printed material manufactured by special order in Massachusetts are exempt from the sales and use tax to the extent the material is delivered to an interstate carrier, a mailing house, or a United States Post Office for delivery or mailing to a purchaser located outside the state or a purchaser’s designee located outside the state, including sales of direct and cooperative direct mail promotional advertising materials manufactured both inside and outside of Massachusetts and which are distributed to residents of the state from any location. For the purpose of this exemption, 'direct and cooperative direct mail promotional advertising materials do not include mail order catalogs, department store catalogs, telephone directories, or similar printed advertising books, booklets, or circulars greater than six pages in total length.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(ff)

60. Property Otherwise Exempted:

Statutory Reference: R.I. Gen. Laws § 44-18-36(3)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 1989

VIII. Tax Expenditure Items – Exemptions

Description: Property purchased at retail, the sale of which would be exempt by express specification from the sales tax imposed by R.I. Gen. Laws Chapter 44-18, is also exempted from the use tax imposed under R.I. Gen. Laws § 44-18-20 had the sale been otherwise subject to the sales tax.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Items exempt from use tax are those that are exempt if the storage, acceptance, consumption or other use is not otherwise taxable under the sales tax.

Connecticut Statute: Conn. Gen. Stat. § 12-413

Maine: A use tax is imposed on the storage, use, or other consumption in Maine of tangible personal property or a service only if the sale of such item or service would be subject to the sales tax as a retail or casual sale. Thus, sales that would be exempt from the sales tax are also exempt from the use tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1861

Massachusetts: Sales exempt from the taxes imposed under the sales tax, except for the purchase of any motor vehicle or trailer, boat, airplane, are exempt from the use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64I, § 7(b)

VIII. Tax Expenditure Items – Exemptions

Vermont: Unless property has already been or will be subject to the sales tax, there is imposed on every person a use tax at the rate of 6% for the use within the state, except as otherwise exempted.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9773

61. Property Purchased from Federal Government:

Statutory Reference: R.I. Gen. Laws § 44-18-35

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 1956

Description: The storage, use, or other consumption of property purchased from the United States, its agencies and instrumentalities, is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18 only to the extent that the taxation in this state would violate the provisions of the Constitution of the United States.

Data Source: FY 2019 and FY 2020 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	\$8,801,901	<i>No estimate possible</i>
2020 Sales and Use Tax	\$8,890,580	<i>No estimate possible</i>

Projection Methodology: The Office of Revenue Analysis applied the FY 2021 growth rate in the United States chained price index for federal gross investment in structures from the November 2021 IHS Markit forecast to FY 2020 revenue forgone to project FY 2021 revenue forgone. A similar process was followed for FY 2022 and FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$9,213,042	<i>No estimate possible</i>
2022 Sales and Use Tax	\$9,829,976	<i>No estimate possible</i>
2023 Sales and Use Tax	\$10,195,149	<i>No estimate possible</i>

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Sales of tangible personal property or services, which the state is prohibited from taxing under the Constitution or laws of the United States, are exempt.

VIII. Tax Expenditure Items – Exemptions

Connecticut Statute: Conn. Gen. Stat. § 12-413(2)

Maine: No tax is imposed on the sales, storage or use on or in connection with sales made directly to the State of Maine, any political subdivision of Maine, to the federal government, or to any unincorporated agency or instrumentality of Maine or the federal government, including agencies and instrumentalities that are wholly owned.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(2)

Massachusetts: Sales prohibited from taxation under the Constitution or laws of the United States are exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(a)

Vermont: Sales not within the taxing power of the state under the Constitution of the United States are exempt from the Vermont sales and use tax. The United States of America, any of its instrumentalities, are explicitly exempt from sales and use taxes when it is the purchaser, user, or consumer, or when it sells services or property of a kind not ordinarily sold by private persons.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 9471(1) and 9743(2)

62. Property Purchased Outside of State by Non-Resident and Brought into State:

Statutory Reference: R.I. Gen. Laws § 44-18-36(2)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 1989

Description: The storage, use, or other consumption of property purchased by the user while a non-resident, used outside of Rhode Island while a non-resident, and then brought into Rhode Island for the user's personal use is exempt from the use tax imposed by R.I. Gen. Laws Chapter 44-18. The term used outside of Rhode Island does not include the mere removal of the property from the state of purchase to Rhode Island.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

VIII. Tax Expenditure Items – Exemptions

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Maine, Massachusetts, and Vermont have similar provisions.

Maine: Sales of property purchased and used by the present owner outside the State for more than 12 months prior to the property’s use in Maine are exempt.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(45)(B)

Massachusetts: Sales which the purchaser has paid a tax or made reimbursement to a vendor or retailer under the laws of any state or territory of the United States are exempt.

Massachusetts Statute: Mass. Gen. Laws ch. 64I, § 7(c)

Vermont: Property purchased and used by the user while a non-resident of Vermont, except in the case of tangible personal property which the user, in the performance of a contract, incorporates into real property located in the state is exempt from the state’s sales and use tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9744(2)

63. Property Returned Within 120 Days from the Date of Delivery:

Statutory Reference: R.I. Gen. Laws § 44-18-30(58)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2006 / N/A

Description: The amount charged for property returned by customers within 120 days from the date of delivery when the entire amount, exclusive of handling charges, paid for the property is refunded in either cash or credit is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

Data Source: Excise Tax Section, Rhode Island Division of Taxation. Data is for the returns of motor vehicles only.

Reliability Index: 1

VIII. Tax Expenditure Items – Exemptions

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	\$35,254	45
2019 Sales and Use Tax	\$67,803	74
2020 Sales and Use Tax	\$74,641	60
2021 Sales and Use Tax	\$75,347	79

Projection Methodology: Projected revenue forgone and the number of taxpayers for FY 2022 is the three-year average from FY 2019 – FY 2021. FY 2023 is set equal to FY 2022.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2022 Sales and Use Tax	\$72,597	71
2023 Sales and Use Tax	\$72,597	71

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Connecticut’s provisions include a general provision for refunds of sales tax paid if the item is returned within 90 days from the date of purchase.

Connecticut Statute: Conn. Gen. Stat. § 12-407(a)(8)(B)(ii)

Maine: The sale price excludes the price of property returned by customers when the full price is refunded either in cash or by credit.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1752(14)(B)(3)

Massachusetts: Massachusetts’ law includes a general provision for refund of the sales tax paid if the items are returned within 90 days from date of sale.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 1

Vermont: The commissioner may provide by regulation for the exclusion from taxable receipts property that has been returned on the receipt or charge for which a refund or credit of the tax has been made.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9780

64. Prosthetic Devices and Mobility Enhancing Equipment:

Statutory Reference: R.I. Gen. Laws § 44-18-30(11)

Stated Purpose: No stated purpose given in law.

VIII. Tax Expenditure Items – Exemptions

Year Enacted / Last Year Amended: 1948 / 2006

Description: The sale, storage, use, or other consumption of prosthetic devices as defined in R.I. Gen. Laws § 44-18-7.1(t) sold on prescription including, but not limited to, artificial limbs; dentures; spectacles, eyeglasses, and artificial eyes; artificial hearing devices and hearing aids, whether or not sold on prescription; and mobility enhancing equipment as defined in R.I. Gen. Laws § 44-18-7.1(p) is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18. Mobility enhancing equipment includes wheelchairs, crutches, and canes.

Data Source: FY 2019 and FY 2020 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	\$12,949,247	No estimate possible
2020 Sales and Use Tax	\$11,693,535	No estimate possible

Projection Methodology: The Office of Revenue Analysis applied the FY 2021 growth rate in Rhode Island retail sales from the November 2021 IHS Markit forecast to FY 2020 revenue forgone to project FY 2021 revenue forgone. A similar process was followed for FY 2022 and FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$13,974,787	No estimate possible
2022 Sales and Use Tax	\$15,490,452	No estimate possible
2023 Sales and Use Tax	\$14,506,401	No estimate possible

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Connecticut’s exemption includes oxygen, blood plasma, prostheses, custom-made wigs or hairpieces, hearing and vision aids, canes, crutches, walkers and wheelchairs, vital life support equipment, apnea monitors, support hose, related repair or replacement parts, and repair services.

Connecticut Statute: Conn. Gen. Stat. § 12-412(19)

Maine: The exemption for prosthetic devices applies to sales of prosthetic or orthotic devices sold by prescription. The purchase of crutches and wheelchairs for the use of sick, injured, or disabled persons are also exempt from the sales and use tax.

VIII. Tax Expenditure Items – Exemptions

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(5-A)

Massachusetts: Massachusetts’ exemption includes sales of artificial devices individually designed, constructed or altered solely for a handicap person so as to become a brace, support, supplement, correction or substitute for the bodily structure, including the extremities of the individual. Sales of artificial limbs, artificial eyes, hearing aids, and other equipment worn as a correction or substitute for any functioning portion of the body are also exempt.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(l)

Vermont: Vermont’s exemptions include durable medical equipment, mobility enhancing equipment, and prosthetic devices and supplies, including blood, blood plasma, insulin, and medical oxygen, used in treatment intended to alleviate human suffering or to correct, in whole or in part, human physical disabilities.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(2)

65. Purchases Used for Manufacturing Purposes:

Statutory Reference: R.I. Gen. Laws § 44-18-30(7)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 1996

Description: The sale, storage, use, or other consumption of computer software, tangible personal property, electricity, natural gas, artificial gas, steam, refrigeration, and water is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18 when the property or service is purchased for the purpose of being manufactured into a finished product for resale and becomes an ingredient, component, or integral part of the manufactured, compounded, processed, assembled, or prepared product or if the property or service is consumed in the process of manufacturing for resale computer software, tangible personal property, electricity, natural gas, artificial gas, steam, refrigeration, or water.

Data Source: TY 2018 and TY 2019 Census, Annual Survey of Manufacturers. Office of Revenue Analysis used reported total cost of materials by all RI manufacturers. Forgone revenue is found by multiplying this figure by 7%. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 2

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	\$402,319,260	<i>No estimate possible</i>
2019 Sales and Use Tax	\$395,637,760	<i>No estimate possible</i>

VIII. Tax Expenditure Items – Exemptions

Projection Methodology: The Office of Revenue Analysis applied the CY 2020 growth rate in the United States producer price index for all commodities from the November 2021 IHS Markit forecast to CY 2019 revenue forgone to project CY 2020 revenue forgone. A similar process was followed for CY 2021 – CY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Sales and Use Tax	\$384,803,077	<i>No estimate possible</i>
2021 Sales and Use Tax	\$439,401,694	<i>No estimate possible</i>
2022 Sales and Use Tax	\$447,978,475	<i>No estimate possible</i>
2023 Sales and Use Tax	\$449,882,720	<i>No estimate possible</i>

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Sales of and the storage or use of materials, rope, fishing nets, tools, fuel, or any substitute of such products, which become an ingredient or component part of tangible personal property to be sold or which are used directly in the fishing industry or in an industrial plant in the actual fabrication of the finished product to be sold, are exempt from the sales and use tax.

Connecticut Statute: Conn. Gen. Stat. § 12-412(18)

Maine: In Maine, 95% of the sale price of all fuel and electricity purchased for use at a manufacturing facility is exempt from the sales and use tax. Additionally, fuel oil or coal where the by-products from the burning of which become an ingredient or component part of tangible personal property for later sale are also exempt. Maine’s provisions also include tangible personal property that becomes an ingredient or component part of tangible personal property produced for later sale or lease or produced pursuant to a contract with the federal government as well as tangible personal property, except for fuel or electricity, that is consumed, destroyed, or loses its identity directly and primarily in the production of tangible personal property for later sale inside or outside of the state, for lease outside of the state, or produced pursuant to a contract with the federal government or an agency of the federal government.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(9-D), 1760(9-G), 1760(74)

Massachusetts: Sales of materials, tools, fuel, or any substitute, which become an ingredient or component part of tangible personal property to be sold or which are consumed and used directly and exclusively in an industrial plant in the actual manufacture of tangible personal property to be sold are exempt.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(r)

VIII. Tax Expenditure Items – Exemptions

Vermont: Tangible personal property, which becomes an ingredient or component part of, or is consumed or destroyed or loses its identity in the manufacture of tangible personal property for sale, is exempt.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(14)

66. Qualified Sales of Manufactured and Mobile Home Parks:

Statutory Reference: R.I. Gen. Laws § 31-44-3.3

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2012 / N/A

Description: The qualified sale of a mobile or manufactured home community to a resident-owned organization is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-25.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Real Estate Conveyance Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Real Estate Conveyance Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Real Estate Conveyance Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Real Estate Conveyance Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Real Estate Conveyance Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Real Estate Conveyance Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: No similar provisions were found for the other New England states.

67. Rebuild Rhode Island Sales and Use Tax:

Statutory Reference: R.I. Gen. Laws § 42-64.20-5(q)

Stated Purpose: “Through the establishment of a rebuild Rhode Island tax credit program, Rhode Island can take steps to stimulate business development; retain and attract new business and

VIII. Tax Expenditure Items – Exemptions

industry to the state; create good-paying jobs for its residents; assist with business, commercial, and industrial real estate development; and generate revenues for necessary state and local governmental services.”

Year Enacted / Last Year Amended: 2015 / 2020

Description: At the discretion of the Rhode Island Commerce Corporation (CommerceRI), projects which have been deemed eligible to receive Rebuild Rhode Island Tax Credits may be exempt from sales and use taxes imposed on furniture, fixtures and equipment, except automobiles, and materials but including construction materials and supplies to the extent they are utilized directly and exclusively on the project in question and are essential to the project. The Rebuild Rhode Island Tax Credit qualified per project cap of \$15 million, or \$25 million cap in the case of a qualified development project on “I-195 land”, includes any amounts awarded for sales and use tax exemptions. The sunset date was extended to June 30, 2021 by the 2020 General Assembly.

Data Source: Rhode Island Division of Taxation testimony at the November 2021 Revenue Estimating Conference. CommerceRI maintains that “but for” the provision of the Rebuild Rhode Island Tax Credits the projects in question would not be built and the sales tax revenue shown below would not have been received. Therefore, CommerceRI states that it is a misnomer to classify the Rebuild Rhode Island sales and use tax exemption revenue as being forgone by the state. (Projected revenue forgone for the Rebuild Rhode Island tax credit is included in the credits section.)

Reliability Index: 1

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	\$0	0
2019 Sales and Use Tax	\$531,513	1
2020 Sales and Use Tax	\$2,411,964	4
2021 Sales and Use Tax	\$3,133,732	9

Projection Methodology: FY 2022 and FY 2023 are based on projected amounts reported at November 2021 Revenue Estimating Conference by CommerceRI.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2022 Sales and Use Tax	\$18,209,452	<i>No estimate possible</i>
2023 Sales and Use Tax	\$6,975,601	<i>No estimate possible</i>

Law Comparison: No similar provisions were found for the other New England states.

68. Refillable and Reusable Beverage Containers:

Statutory Reference: R.I. Gen. Laws § 44-44-3

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1984 / 1998

Description: Reusable and refillable beverage containers are exempt from the tax imposed by R.I. Gen. Laws Chapter 44-44. R.I. Gen. Laws Chapter 44-44 imposes a tax of \$0.04 on each case of beverage containers sold by a wholesaler to a retailer or consumer.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Tax on Beverage Containers	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Tax on Beverage Containers	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Tax on Beverage Containers	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Tax on Beverage Containers	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Tax on Beverage Containers	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Tax on Beverage Containers	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: No similar provisions were found for the other New England states.

69. Renewable Energy Products:

Statutory Reference: R.I. Gen. Laws § 44-18-30(57)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2005 / N/A

Description: The sale, storage, use, or other consumption of solar photovoltaic modules or panels or any module or panel that generates electricity from light; solar thermal collectors; geothermal heat pumps; wind turbines; towers used to mount wind turbines if specified or sold by a wind

VIII. Tax Expenditure Items – Exemptions

turbine manufacturer; DC to AC inverters that interconnect with utility power lines; manufactured mounting racks and ballast pans for solar collector, module, or panel installation, monitoring, and control equipment if specified or supplied by a manufacturer of solar thermal, solar photovoltaic, geothermal or wind energy systems; and solar storage tanks that are part of a solar domestic hot water system or a solar space heating system are exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

Data Source: Rhode Island Office of Energy Resources (OER) and Office of Revenue Analysis (ORA) calculations. The count of taxpayers includes all interconnected PV systems ranging from 0.5kW-25kW. This estimate may include smaller commercial systems of this size. Forgone revenue is based on the number of energy systems installed during the calendar year as well as an average cost assumption by ORA of \$5,000 on solar panels per installation as found on www.forbes.com. Office of Revenue Analysis used this data to estimate sales of renewable energy products in Rhode Island for TY 2018 – TY 2020 and multiplied it by 7.0% to estimate revenue forgone.

Reliability Index: 2

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	\$1,707,650	4,879
2019 Sales and Use Tax	\$2,675,750	7,645
2020 Sales and Use Tax	\$3,271,800	9,348

Projection Methodology: TY 2021 forgone revenue amounts and number of taxpayers are equal to the 3-year average (TY 2018-2020) amount of revenue forgone and count of taxpayers. TY 2022 and TY 2023 are set equal to TY 2021.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$2,551,733	7,291
2022 Sales and Use Tax	\$2,551,733	7,291
2023 Sales and Use Tax	\$2,551,733	7,291

Law Comparison: Connecticut, Massachusetts, and Vermont have similar provisions.

Connecticut: Sales and use of solar energy electricity generating systems, passive or active solar water or space heating systems, geothermal resource systems, including related equipment and sales of installation services, are exempt from sales tax.

Connecticut Statute: Conn. Gen. Stat. § 12-412(117)

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Massachusetts: Sales of equipment directly related to a solar, wind-powered, or heat pump system that serves as the primary or auxiliary power system for the purpose of heating or otherwise supplying the energy needs for the taxpayer’s principal residence are exempt.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(dd)

Vermont: Vermont’s provisions exempt hot water systems that convert solar energy into thermal energy used to heat water but limited to the property directly used to capture, convert, or store solar energy for this purpose. In addition, a net metering system that employs a renewable energy source is also exempt.

Vermont Statute: Vt. Stat. Ann. Tit. 32, § 9741(46)

70. Rental Charged for Living or Sleeping Quarters in a Hospital or Nursing Home:

Statutory Reference: R.I. Gen. Laws § 44-18-30(17)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1967 / N/A

Description: The rental charged for living or sleeping quarters in an institution licensed by the state for the hospitalization, custodial, or nursing care of human beings is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

Data Source: FY 2019 and FY 2020 Rhode Island Interactive Sales and Use Tax Simulation Model. The estimate from the sales and use tax model includes nonprofit and propriety hospitals and nonprofit and propriety nursing homes. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	\$39,733,589	<i>No estimate possible</i>
2020 Sales and Use Tax	\$40,300,013	<i>No estimate possible</i>

Projection Methodology: The Office of Revenue Analysis applied the FY 2021 growth rate in Rhode Island personal consumption expenditures, health care services from the November 2021 IHS Markit forecast to FY 2020 revenue forgone to project FY 2021 revenue forgone. A similar process was followed for FY 2022 and FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

VIII. Tax Expenditure Items – Exemptions

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$41,526,934	<i>No estimate possible</i>
2022 Sales and Use Tax	\$44,456,325	<i>No estimate possible</i>
2023 Sales and Use Tax	\$47,222,180	<i>No estimate possible</i>

Law Comparison: Connecticut and Maine have similar provisions. Massachusetts, New Hampshire, and Vermont provide similar exemptions under their Room Occupancy Excise, Rooms or Rooms and Meals taxes, respectively.

Connecticut: Connecticut’s provisions include an exemption for rentals in nonprofit charitable hospitals, nursing homes, rest homes and homes for the aged.

Connecticut Statute: Conn. Gen. Stat. §§ 12-407(a)(17)(A), 12-407(a)(17)(B), and 12-407(a)(17)(F)

Maine: Maine’s provisions include an exemption on rental charged for living or sleeping quarters in an institution licensed by the state for the hospitalization or nursing care of human beings is exempt from tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(18)

Massachusetts: Massachusetts exempts from the room occupancy tax dormitories or lodging accommodations at religious, charitable, educational, and philanthropic institutions. The exemption does not apply to accommodations provided by any such institution at a hotel or motel operated by the institution.

Massachusetts Statute: Mass. Gen. Laws ch. 64G, § 2(b)

New Hampshire: New Hampshire excludes from the definition of hotel a hospital licensed under New Hampshire law (§ 151) or a sanitarium, convalescent home, nursing home, or home for the aged.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 78-A:6-d, I

Vermont: The room charges to occupy a hospital or other institution providing health care such as a nursing home are not subject to the rooms and meals tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9202(3)(A)

71. Rhode Island Industrial Facilities Corporation Lessees:

Statutory Reference: R.I. Gen. Laws §§ 45-37.1-9 and 45-37.1-9.1

VIII. Tax Expenditure Items – Exemptions

Stated Purpose: The exercise of the powers granted by R.I. Gen. Laws Chapter 45-37.1 titled “Rhode Island Industrial Facilities Corporation” will be in all respects for the benefit of the people of Rhode Island; the increase of their commerce, welfare, and prosperity; for the improvement of their health and living conditions; and will constitute the performance of an essential government.

Year Enacted / Last Year Amended: 1967 / 2011

Description: The Rhode Island Industrial Facilities Corporation (RIIFC) is not required to pay any taxes or assessments upon or in respect of a project or any property or moneys of the corporation. In the case of any person, partnership, corporation, or concern leasing a project from RIIFC, any such person, partnership, corporation or concern is exempt from payment of state sales tax on materials used in construction of such a facility only to the extent that the costs of such materials do not exceed the amount financed through the corporation. The sales tax benefits granted only apply to materials used in the construction, reconstruction, or rehabilitation of the project and to the acquisition of furniture, fixtures, and equipment, except automobiles, trucks or other motor vehicles, or materials that otherwise are depreciable and have a useful life of one year or more.

Effective June 30, 2011, this exemption was repealed and will only apply to projects previously approved and those projects for which long-term agreements were entered.

Data Source: Rhode Island Division of Taxation testimony at the November 2021 Revenue Estimating Conference.

Reliability Index: 1

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	\$0	0
2019 Sales and Use Tax	\$33,843	1
2020 Sales and Use Tax	\$0	0
2021 Sales and Use Tax	\$0	0

Projection Methodology: This exemption was repealed effective July 1, 2011 for projects not approved on or before June 30, 2011. Only projects approved prior to June 30, 2011 can take the exemption. FY 2022 was reported at the November 2021 Revenue Estimating Conference as of November 2021. FY 2023 kept constant with FY 2022.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2022 Sales and Use Tax	\$0	0
2023 Sales and Use Tax	\$0	0

Law Comparison: No similar provisions were found for the other New England states.

72. Sacramental Wines Sold Directly to Member of Clergy:

Statutory Reference: R.I. Gen. Laws § 3-10-1(b)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1933 / 1997

Description: Sacramental wines sold directly to a member of the clergy for use by the purchaser or his or her congregation for sacramental or other religious purposes is exempt from the tax imposed by R.I. Gen. Laws Chapter 3-10.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Alcoholic Beverage Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Alcoholic Beverage Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Alcoholic Beverage Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Alcoholic Beverage Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Alcoholic Beverage Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Alcoholic Beverage Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Only Massachusetts has a similar provision.

Massachusetts: Sacramental wines are exempt from the excise tax on alcoholic beverages.

Massachusetts Statute: Mass. Gen. Laws ch. 138, § 21

73. Sales and Use Taxes Paid to Other Jurisdictions:

Statutory Reference: R.I. Gen. Laws § 44-18-30A(a)

Stated Purpose: No stated purpose given in law.

VIII. Tax Expenditure Items – Exemptions

Year Enacted / Last Year Amended: 1965 / 1986

Description: The use tax provisions of R.I. Gen. Laws Chapter 44-18 do not apply to the use, storage, or other consumption in Rhode Island of tangible personal property purchased at retail outside the state where the purchaser has paid a sales or use tax equal to or greater than the amount imposed by R.I. Gen. Laws Chapter 44-18 in another taxing jurisdiction. If the purchaser has paid a sales or use tax in an amount less than the amount imposed by R.I. Gen. Laws Chapter 44-18 in another taxing jurisdiction, then the purchaser must pay to the tax administrator the difference in the amount paid to the other taxing jurisdiction and the amount that would be imposed by R.I. Gen. Laws Chapter 44-18.

Data Source: Data from Rhode Island Department of Revenue, Division of Motor Vehicles (DMV), Office of Revenue Analysis (ORA) calculation. Estimate is for motor vehicles purchased in Massachusetts but registered in Rhode Island only.

Reliability Index: 1

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	\$12,698,343	11,666
2019 Sales and Use Tax	\$17,356,798	14,257
2020 Sales and Use Tax	\$15,646,323	12,580
2021 Sales and Use Tax	\$21,261,652	15,524

Projection Methodology: The projected revenue forgone for FY 2022 as well as the projected number of taxpayers is determined by the average of the values from FY 2019 – FY 2021. FY 2023 is set equal to FY 2022.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2022 Sales and Use Tax	\$18,088,258	14,120
2023 Sales and Use Tax	\$18,088,258	14,120

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: If any taxable property or services have already been subjected to sales or use tax in another state or one of its political subdivisions, Connecticut tax is due only on the difference between the applicable Connecticut rate and the rate on which the other jurisdiction’s tax was computed. If the other jurisdiction’s rate was higher than Connecticut’s, no further tax is due.

Connecticut Statute: Conn. Gen. Stat. § 12-430(5)

VIII. Tax Expenditure Items – Exemptions

Maine: Maine’s use tax provisions do not apply to the use, storage, or consumption in Maine of purchases made outside the state if the purchaser paid the other jurisdiction a sales or use tax equal or greater to the amount of tax imposed by Maine. However, if the amount of tax paid to the other jurisdiction is less than the amount imposed by Maine, the purchaser must pay tax in an amount representing the difference between the tax paid in the other jurisdiction and the total amount of tax that otherwise would be due to Maine.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1862

Massachusetts: A credit is allowed against Massachusetts use tax for sales tax paid to another state or territory on purchases of items for use, storage, or other consumption in Massachusetts. The credit is allowed if (1) the other state allows a corresponding credit on sales or use tax paid to Massachusetts on property brought into the other state, (2) a sales or similar tax was actually paid to the other reciprocal state, and (3) the tax paid to the other state was legally due without any right to a refund or credit. If the Massachusetts tax rate is higher than the rate of the other state’s tax, the use tax is payable to the extent of the rate difference.

Massachusetts Statute: Mass. Gen. Laws ch. 64I, § 7(c)

Vermont: Property or services are exempt from the sales and use tax to the extent that a retail sales or use tax was legally due and paid, without any right to a refund or credit, to any other state or jurisdiction within any other state, providing the other state or jurisdiction allows a corresponding exemption with respect to the sale or use of tangible personal property or services upon which such a sales tax or compensating use tax was paid to Vermont. To the extent that the Vermont sales tax is a higher rate than the rate of tax in the first taxing jurisdiction, the use tax must be paid based on the difference in the rates. Vermont’s provisions also apply specifically to motor vehicles. Motor vehicles on which the state sales or use tax has been paid by the person applying for registration in Vermont or paid by a person who, at the time of the tax payment to another state, was the spouse of the person now applying for registration, are exempt. If the tax paid in another state is less than the Vermont tax, the tax due is the difference between the two rates.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 9744(3) and 8911(9)

74. Sales Beyond Constitutional Power of State:

Statutory Reference: R.I. Gen. Laws § 44-18-30(1)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / N/A

Description: The gross receipts from the sale, storage, use, or other consumption of tangible personal property of which Rhode Island is prohibited from taxing under the Constitution of the United States or under the Constitution of Rhode Island are exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

VIII. Tax Expenditure Items – Exemptions

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Sales of tangible personal property or services prohibited from taxation under the Constitution or laws of the United States are exempt.

Connecticut Statute: Conn. Gen. Stat. § 12-412(2)

Maine: Sales the state is prohibited from taxing under the Constitution or laws of the United States or under the Constitution of Maine are exempt.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(1)

Massachusetts: Sales which Massachusetts is prohibited from taxing under the constitution or laws of the United States are exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(a)

Vermont: Sales not within the taxing power of this state under the Constitution of the United States are exempt.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(1)

75. Sales by Writers, Composers, Artists:

Statutory Reference: R.I. Gen. Laws § 44-18-30B

VIII. Tax Expenditure Items – Exemptions

Stated Purpose: “The general assembly makes the following findings of facts: (1) The arts and culture are a significant asset for Rhode Island, one which generates revenue through increased tourism and economic activity, creates jobs and economic opportunities, revitalizes communities adding to quality of life and property values, and fosters creativity, innovation, and entrepreneurship. (2) Since 1998, the establishment of arts districts where “one-of-a-kind limited production” works of art may be sold exempt from state sales tax has resulted in an increased presence for the arts in designated cities and towns, with benefits to those communities and to the state. (3) Since the establishment of arts districts, many communities have sought legislation to expand the program to their city or town. (4) There is value in expanding the arts district program statewide, providing incentives for the sale and purchase of art. This is a unique opportunity for Rhode Island to shape history, and gain an advantage over other states, by becoming the first-and-only state in the country to declare a statewide sales tax exemption on art. This will strengthen Rhode Island’s identity as an arts-friendly destination and “State of the Arts”.”

Year Enacted / Last Year Amended: 1996 / 2014

Description: Individuals who meet the necessary requirements are entitled to a sales tax exemption for the sale of a work or works sold from the individual's business located in the State of Rhode Island. The work must be an original and creative work, whether written, composed, or executed for one-of-a-kind limited production and which falls into one of the following categories: book or other writing; play or the performance of said play; musical composition or the performance of said composition; painting, print, photograph, or other like picture; sculpture; traditional and fine crafts; creation of a film or the acting within the film; creation of a dance or the performance of the dance.

Data Source: Excise Tax Section, Rhode Island Division of Taxation. Revenue forgone is based on eligible sales of artistic works in Rhode Island as reported by artists as part of the annual sales tax reconciliation conducted by the Division of Taxation and multiplied by 7%. The number of taxpayers represents the number of returns that had values associated with this exemption.

Reliability Index: 2

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	\$918,019	563
2019 Sales and Use Tax	\$1,005,943	567
2020 Sales and Use Tax	\$842,459	361

Projection Methodology: The Office of Revenue Analysis applied the CY 2016-2020 average growth rate in revenue forgone and the number of taxpayers to CY 2020 to project CY 2021 forgone revenue and number of taxpayers. CY 2022 and CY 2023 assume no additional growth.

VIII. Tax Expenditure Items – Exemptions

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$805,041	351
2022 Sales and Use Tax	\$805,041	351
2023 Sales and Use Tax	\$805,041	351

Law Comparison: No similar provisions were found for the other New England states.

76. Sales in Municipal Economic Development Zones:

Statutory Reference: R.I. Gen. Laws § 44-18-30C

Stated Purpose: The General Assembly makes the following findings of fact: (1) Various sections of several towns in the state, including, but not limited to, the town of West Warwick, are deteriorated, blighted areas which have created very difficult challenges to economic development; (2) Several areas of the state are in a distressed financial condition as defined by R.I. Gen. Laws § 45-13-12(b) and cannot finance economic development projects on its own without the participation of private enterprise; (3) The General Assembly has found that it is nearly impossible for private enterprise alone to meet these challenges; (4) In certain sections of financially distressed communities, the serious challenges of economic development and/or redevelopment have not been met by private enterprise alone and the impact is being felt throughout the community; (5) Legislation enacted to encourage redevelopment of the deteriorated, blighted areas through the formation of local redevelopment agencies has had very limited success; (6) Various states, such as New Jersey, Pennsylvania, and Michigan, have had a great deal of success in generating economic development by exercising the authority to exempt and/or stabilize taxes; (7) The State of Rhode Island has generated economic growth by redirecting and/or exempting certain commercial and retail activity from the imposition of sales and use and income taxes with recent examples being the Providence Place Mall, the Arts Districts in the cities of Providence, Pawtucket, and Westerly, and financial services and aquaculture industries; (8) Most recently, municipalities in our state have had great success in attracting large commercial development, including financial services, manufacturing, and major energy facilities, due in large part to the authority to exempt and/or stabilize property, tangible and/or inventory taxes; (9) Attracting large non-residential developments or encouraging expansion of existing commercial entities can be extremely important to municipalities, where the quality of public education is largely dependent on the local tax base, thereby expanding the commercial tax base and reducing reliance upon the residential tax base; (10) The ability to attract this development and increase the non-residential tax base, in turn, improves municipalities’ ability to finance school systems, municipal services and infrastructure, thereby improving the quality of life; (11) In addition to increasing the local non-residential tax base, this development creates construction jobs, permanent jobs, and spurs additional investment by private enterprises; and (12) Providing authority to offer tax exemptions from, or to stabilize, the imposition of sales and use taxes will attract and assist in expanding, revitalizing and redeveloping the tax base in our municipalities, thereby providing long-term economic benefits and development.

VIII. Tax Expenditure Items – Exemptions

Year Enacted / Last Year Amended: 2002 / 2005

Description: All businesses engaging in qualifying sales and located in new construction in a Municipal Economic Development (MED) Zone are exempt from the requirement to charge and collect 50% of the current sales and use tax pursuant to R.I. Gen. Laws §§ 44-18-18 and 44-18-20 for a period of 10 years. Sales and use taxes collected in a MED Zone are returned to the municipality in which the MED Zone is located in accordance with the provisions of R.I. Gen. Laws § 44-18-30C(b). Qualifying sales do not include gambling activities or the retail sales of motor vehicles, furniture, home furnishings, including mattresses and oriental rugs, tobacco products, or packaged alcoholic beverages. In addition, qualifying sales must originate and have the point of delivery within the same MED Zone.

Data Source: Excise Tax Section, Rhode Island Division of Taxation. As of November 2021, no business has applied for status as an eligible business engaging in qualifying sales in a MED Zone.

Reliability Index: 1

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	\$0	0
2019 Sales and Use Tax	\$0	0
2020 Sales and Use Tax	\$0	0
2021 Sales and Use Tax	\$0	0

Projection Methodology: FY 2022 and FY 2023 revenue forgone amounts and number of taxpayers are held constant with FY 2021.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2022 Sales and Use Tax	\$0	0
2023 Sales and Use Tax	\$0	0

Law Comparison: Only Vermont has a similar provision.

Vermont: Receipts from the sales tax on sales of construction materials used in qualified projects are allocated and paid to the municipality in which the project is located as follows: (1) In a municipality in which the population is 7,500 residents or less, all receipts from sales in excess of \$100,000 of construction materials used in each separate qualified project located in that municipality; (2) In a municipality in which the population is greater than 7,500 residents but fewer than 30,000 residents, all receipts from sales in excess of \$200,000 of construction materials used in each separate qualified project located in that municipality; or (3) In a municipality in which the population is more than 30,000 residents, all receipts from sales in excess of \$1.0 million of construction materials used in each separate qualified project located in that municipality.

VIII. Tax Expenditure Items – Exemptions

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9819(a)

77. Sales in Public Buildings by Blind People:

Statutory Reference: R.I. Gen. Laws § 44-18-30(14)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1965 / 1988

Description: The sale, storage, use or other consumption of all products or wares offered for purchase in all public buildings from a person licensed under R.I. Gen. Laws § 40-9-11.1 titled “Authorization to Establish Vending Facilities for the Blind on State Property” is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

Data Source: Rhode Island Business Enterprise Program Data, Office of Rehabilitation Services, Rhode Island Department of Human Services. Revenue forgone is based on sales generated through the Business Enterprises Program multiplied by 7%. Number of taxpayers reflects the number of licensed blind vendors.

Reliability Index: 1

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	\$91,403	14
2019 Sales and Use Tax	\$80,779	13
2020 Sales and Use Tax	\$50,701	12

Projection Methodology: For FY 2021 – FY 2023, the amount of exemption was calculated using forecast data provided by IHS Markit for the November 2021 Revenue Estimating Conference for personal consumption expenditures, food services and accommodations. The number of taxpayers was held constant with FY 2020.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$49,320	12
2022 Sales and Use Tax	\$63,357	12
2023 Sales and Use Tax	\$70,456	12

Law Comparison: No similar provisions were found for the other New England states.

78. Sales of Motor Vehicles to Non-Residents:

Statutory Reference: R.I. Gen. Laws § 44-18-30(13)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1958 / 1990

Description: The sale of a motor vehicle to a bona fide non-resident who does not register the motor vehicle in Rhode Island regardless of where the sale or delivery of the motor vehicle took place is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18. If a motor vehicle is sold to a bona fide non-resident whose state of residence does not allow a like exemption to its non-residents, then a sales tax is imposed at a rate equal to the rate that would have been imposed in the bona fide non-resident's home state not to exceed the rate that is imposed under R.I. Gen. Laws § 44-18-20. When computing the tax, the licensed Rhode Island motor vehicle dealer takes into consideration the law in the bona fide non-resident's state of residence as it pertains to the trade-in of motor vehicles. The sales tax collected by the Rhode Island-licensed motor vehicle dealer is remitted to the tax administrator.

It should be noted that Massachusetts is a non-reciprocal state to Rhode Island when it comes to the assessment of a sales tax on the sale of motor vehicles to bona fide non-residents. Thus, sales by Rhode Island motor vehicle dealers to residents of Massachusetts are subject to Rhode Island sales tax up to the Massachusetts sales tax rate. The sales taxes collected from Massachusetts residents are remitted to the Rhode Island Department of Revenue.

Data Source: Excise Tax Section, Rhode Island Division of Taxation. ORA used actual FY 2017 sales and use tax data and grew it by the growth realized in RI registry receipts for FY 2018 and FY 2019 to arrive at estimates for those years. Number of taxpayers is the three-year average of actual taxpayers found from fiscal years 2017, 2015, and 2014 and is held constant over the two years reported.

Reliability Index: 2

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	\$2,180,407	1,733
2019 Sales and Use Tax	\$2,305,013	1,733

Projection Methodology: The FY 2020 and FY 2021 growth rates in Rhode Island registry sales tax receipts were applied sequentially to the FY 2019 revenue forgone to estimate FY 2020 and FY 2021 forgone revenues. The same process was used to project the number of taxpayers for FY 2020 and FY 2021. FY 2022 and FY 2023 assume no additional growth and number of taxpayers was held constant.

VIII. Tax Expenditure Items – Exemptions

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Sales and Use Tax	\$2,174,935	1,635
2021 Sales and Use Tax	\$2,931,504	2,204
2022 Sales and Use Tax	\$2,931,504	2,204
2023 Sales and Use Tax	\$2,931,504	2,204

Law Comparison: Connecticut, Maine, and Vermont have similar provisions.

Connecticut: Connecticut’s provision allows an exemption from the sales tax for non-residents who do not register the vehicle in Connecticut.

Connecticut Statute: Conn. Gen. Stat. § 12-412(60)

Maine: Maine’s provisions exempt the sales of motor vehicles, semitrailers, aircraft, and camper trailers purchased by a non-resident or a resident business and intended to be driven or transported outside the state immediately upon delivery by the seller.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(23-C) and 1760(23-D)

Vermont: The motor vehicle purchase and use tax is defined as imposed upon the purchase in Vermont of a motor vehicle by a resident.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 8903(a)(1)

79. Sales of Non-Motorized Recreational Vehicles Sold to Non-Residents:

Statutory Reference: R.I. Gen. Laws § 44-18-30(54)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2003 / N/A

Description: The sale of a non-motorized recreational vehicle to a bona fide non-resident who does not register the non-motorized recreational vehicle in Rhode Island regardless of where the sale or delivery of the non-motorized recreational vehicle took place is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18. If a non-motorized recreational vehicle is sold to a bona fide non-resident whose state of residence does not allow a like exemption to its non-residents, then a sales tax is imposed at a rate equal to the rate that would have been imposed in the bona fide non-resident’s home state not to exceed the rate that is imposed under R.I. Gen. Laws § 44-18-20. When computing the tax, the licensed Rhode Island non-motorized recreational vehicle dealer shall take into consideration the law in the bona fide non-resident’s state of residence as it pertains to the trade-in of non-motorized recreational vehicles. The sales tax collected by the

VIII. Tax Expenditure Items – Exemptions

Rhode Island-licensed non-motorized recreational vehicle dealer is remitted to the tax administrator.

A non-motorized recreational vehicle is any portable dwelling designed and constructed to be used as a temporary dwelling for travel, camping, recreational and vacation use that is eligible to be registered for highway use.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Only Maine has a similar provision.

Maine: Maine’s provisions generally exempt sales of camper trailers, including truck campers, purchased by a non-resident and intended to be driven or transported outside the state immediately upon delivery by the seller.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(23-C)

80. Sales of Trailers Ordinarily Used for Residential Purposes:

Statutory Reference: R.I. Gen. Laws § 44-18-20(d)(3)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 1995

VIII. Tax Expenditure Items – Exemptions

Description: The sale or transfer of a trailer, other than a camping trailer, of the type ordinarily used for residential purposes and commonly known as a house trailer or a mobile home is exempt from the tax imposed by R.I. Gen. Laws § 44-18-20.

Data Source: No reliable data exists for this tax expenditure item. (The forgone revenue from this exemption is included in the “Mobile and Manufactured Homes Generally” exemption.)

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Connecticut, Maine, and Vermont have similar provisions.

Connecticut: Connecticut’s provisions include an exemption for mobile manufactured homes if such dwelling is permitted as a non-conforming use.

Connecticut Statute: Conn. Gen. Stat. § 12-412c(b)

Maine: Maine’s exemptions include the sales of used manufactured housing and up to 50% of the sale price of new manufactured housing, except for the cost of materials.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(40)

Vermont: Vermont’s provisions include an exemption of 40% of the receipts from the sales of mobile homes when sold as tangible personal property.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(32)

81. Sales to Common Carriers for Use Outside of the State:

Statutory Reference: R.I. Gen. Laws § 44-18-33

VIII. Tax Expenditure Items – Exemptions

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / N/A

Description: The gross receipts from sales of tangible personal property to a common carrier when shipped by the seller via the purchasing carrier under a bill of lading to a point outside of Rhode Island for use by the carrier in the conduct of its business as a common carrier are exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: No similar provisions were found for the other New England states.

82. Sales to Federal Government:

Statutory Reference: R.I. Gen. Laws § 44-18-31

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / N/A

Description: The gross receipts from the sale of any tangible personal property to the United States government, its agencies and instrumentalities, are exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

VIII. Tax Expenditure Items – Exemptions

Data Source: FY 2019 and FY 2020 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	\$7,147,273	<i>No estimate possible</i>
2020 Sales and Use Tax	\$7,199,726	<i>No estimate possible</i>

Projection Methodology: The Office of Revenue Analysis applied the FY 2021 growth rate in the United States chained price index for federal purchases from the November 2021 IHS Markit forecast to FY 2020 revenue forgone to project FY 2021 revenue forgone. A similar process was followed for FY 2022 and FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$7,360,632	<i>No estimate possible</i>
2022 Sales and Use Tax	\$7,624,924	<i>No estimate possible</i>
2023 Sales and Use Tax	\$7,849,828	<i>No estimate possible</i>

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Sales of tangible personal property or services to the United States or respective agencies are exempt from the sales and use tax.

Connecticut Statute: Conn. Gen. Stat. § 12-412(1)

Maine: Maine does not impose a tax on sales, storage, or use on or in connection with sales made directly to the federal government or to any unincorporated agency or instrumentality of the federal government, including agencies and instrumentalities that are wholly owned.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(2)

Massachusetts: Sales made to the United States, Massachusetts, or their political subdivisions or agencies are exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(d)

Vermont: Any sale, service, or admission to a place of entertainment charged by or to the United States of America, any of its agencies and instrumentalities, to the extent it is immune from taxation when it is the purchaser, user, or consumer or when it sells services or property of a kind not ordinarily sold by private persons is exempt.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9743(2)

83. Sales to the State or its Political Subdivisions:

Statutory Reference: R.I. Gen. Laws § 44-18-30(8)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / N/A

Description: The sale to and the storage, use, or other consumption by the State of Rhode Island, any city, town, district, or other political subdivision of the State is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18. Every redevelopment agency created pursuant R.I. Gen. Laws Chapter 45-31 is deemed to be a subdivision of the municipality in which it is located.

Data Source: FY 2019 and FY 2020 Rhode Island Interactive Sales and Use Tax Simulation Model. Number of taxpayers is a sum of the state agencies/departments, cities and towns, quasi-public agencies, and fire districts in Rhode Island.

Reliability Index: 3

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	\$44,158,413	137
2020 Sales and Use Tax	\$43,697,742	137

Projection Methodology: The Office of Revenue Analysis applied the growth rate in preliminary FY 2021 Rhode Island state expenditures over those audited FY 2020 state estimates to calculate FY 2021 revenue forgone. A similar process was followed for FY 2022 and FY 2023 using the enacted FY 2022 state expenditures and projected FY 2023 state expenditures as reported publicly by the Rhode Island House Fiscal Office for the enacted FY 2022 budget. The number of taxpayers for FY 2021 is held constant with FY 2020. The number of taxpayers for FY 2022 and FY 2023 takes into account the combination of two Lincoln fire districts into one new fire district.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$45,880,421	137
2022 Sales and Use Tax	\$50,516,220	136
2023 Sales and Use Tax	\$50,707,019	136

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

VIII. Tax Expenditure Items – Exemptions

Connecticut: The sales of tangible personal property or services to the state of Connecticut or any of its political subdivisions or are exempt from the sales and use tax. In addition, sales of goods and services to The University of Connecticut Educational Properties Incorporated, the Connecticut Materials Innovation and Recycling Authority for the operation of projects, and any tourism district in the state are also exempt.

Connecticut Statute: Conn. Gen. Stat. §§ 12-412(1), 12-412(84), 12-412(92) and 12-412(93)

Maine: Sales to the state or any political subdivision or to any unincorporated agency or instrumentality of either of them or to any incorporated agency or instrumentality of them wholly owned by them are exempt. In addition, sales to nonprofit fire departments, nonprofit ambulance services, regional planning commissions and councils of government, community action organizations, and nonprofit volunteer search and rescue organizations are also exempt.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(2), 1760(26), 1760(37), 1760(49), and 1760(53)

Massachusetts: Sales to Massachusetts or any political subdivision or respective agency of the state are exempt from the sales and use tax. In addition, sales of fire trucks to any volunteer, nonprofit fire company or similar organization furnishing public fire protection and sales of ambulances to any volunteer, nonprofit organization furnishing a public ambulance service are exempt.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, §§ 6(d) and 6(x)

Vermont: The state of Vermont, its agencies, instrumentalities, public authorities, public corporations, and political subdivisions are not subject to sales and use tax when it is a purchaser, user, or consumer; it is a vendor of services or property of a kind not ordinarily sold by private persons; or it charges for admission to any amusement. In addition, a school or municipality is not subject to the sales and use tax. Finally, sales of equipment, supplies, and building materials made directly to volunteer fire departments, volunteer ambulance companies, or volunteer rescue squads for official use by the volunteer organizations are exempt.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 9743(1), 9743(6), and 9741(21)

84. Sales to U.S. Government and Operators of Railroad Transportation Equipment:

Statutory Reference: R.I. Gen. Laws § 31-36-13

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1925 / 1977

Description: Any fuel sold by a distributor to the United States government or to a person, firm, or corporation that will use the fuel solely for the operation of railroad transportation equipment on fixed rails or tracks is exempt from the tax imposed by R.I. Gen. Laws Chapter 31-36.

VIII. Tax Expenditure Items – Exemptions

Data Source: Excise Tax Section, Rhode Island Division of Taxation. Revenue forgone is based on motor fuel consumption by exempt distributors.

Reliability Index: 1

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Motor Fuel Tax	\$2,329,149	6
2019 Motor Fuel Tax	\$1,505,624	6
2020 Motor Fuel Tax	\$1,655,501	6
2021 Motor Fuel Tax	\$2,856,047	6

Projection Methodology: The amount of exemption for FY 2022 and FY 2023 is the three-year average of the amount of revenue forgone for FY 2019 – FY 2021, and the number of taxpayers is held constant with FY 2021.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2022 Motor Fuel Tax	\$2,005,724	6
2023 Motor Fuel Tax	\$2,005,724	6

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: The motor vehicle fuel tax is not charged on fuel sold to the United States government.

Connecticut Statute: Conn. Gen. Stat. § 12-258(a)(3)(A)

Maine: The gasoline tax is not imposed if the imposition of the tax is precluded by federal law or regulation.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 2903(4)(F)

Massachusetts: Sales of fuel used in the operation of railroads are exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(j)(3)

Vermont: Railroad rolling stock, including depreciable parts, machinery and equipment to be installed as a capital asset in such rolling stock, sold for use primarily in the carriage of persons or property are exempt. Railroad rolling stock includes locomotives, cabooses, boxcars, tank cars,

VIII. Tax Expenditure Items – Exemptions

flatbed cars, maintenance of way equipment and all other wheeled vehicles used on rails or tracks. Railroads are also exempt in purchasing diesel fuels.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 9741(30) and 9741(7)

85. School Meals:

Statutory Reference: R.I. Gen. Laws § 44-18-30(3)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 1989

Description: The sale, storage, use, or other consumption of meals served by public, private, or parochial schools, school districts, colleges, universities, student organizations, parent teacher associations to the students or teachers of a school, college, or university whether the meals are served by the educational institutions or by a food service or management entity under contract to the educational institutions is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

Data Source: FY 2019 and FY 2020 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	\$5,024,310	<i>No estimate possible</i>
2020 Sales and Use Tax	\$4,148,180	<i>No estimate possible</i>

Projection Methodology: The Office of Revenue Analysis applied the FY 2021 growth rate in Rhode Island personal consumption expenditures, food services and accommodations from the November 2021 IHS Markit forecast to FY 2020 revenue forgone to project FY 2021 revenue forgone. A similar process was followed for FY 2022 and FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$4,035,229	<i>No estimate possible</i>
2022 Sales and Use Tax	\$5,183,673	<i>No estimate possible</i>
2023 Sales and Use Tax	\$5,764,504	<i>No estimate possible</i>

Law Comparison: Connecticut's, Maine's and Massachusetts' exemptions are under the Sales and Use Tax. New Hampshire's and Vermont's exemptions are under the Meals and Rooms tax.

VIII. Tax Expenditure Items – Exemptions

Connecticut: Sales of meals and food products to students and teachers by schools, colleges, and universities and to patients by hospitals, homes for the aged and convalescent homes, nursing homes, and rest homes are exempt.

Connecticut Statute: Conn. Gen. Stat. § 12-412(9)

Maine: Meals served to students and teachers by schools, colleges, universities, student organizations, and parent-teacher associations to the students or teachers of a school are exempt. Sales to employees of colleges are also exempt if purchased using a school-issued debit card.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(6)(A) and 1760(6)(E)

Massachusetts: Meals served to students at schools, colleges and universities and meals served by camps for children eighteen years of age or under or for developmentally disabled individuals are exempt.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(cc)

New Hampshire: Meals served or furnished by an organization operated for educational purposes exempt from federal income taxation under § 501(c)(3) of the Internal Revenue Code (IRC), either directly through facilities owned and operated by such organization or indirectly through a catering or food service enterprise under contract with such organization if such meals are served or furnished: (A) To students regularly attending the organization; (B) To employees, faculty members or administrative officers of the organization; (C) To volunteers providing services in connection with the organization; or (D) To other persons if the meals are served or furnished for an activity related to educational purposes and the sponsor of such activity is an organization exempt from federal income taxation under § 501(c)(3) of the IRC or the federal government, state government, or an instrumentality thereof.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 78-A:6-c, II

Vermont: Schools may sell meals on their own ground without collecting the meals tax. Contractors, restaurants, and caterers may sell meals to school students and staff under this exemption if the meals provided are for the benefit of the school or are otherwise sponsored by the school. Restaurants and caterers providing meals for private events on school grounds must collect the meals tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9202(10)(D)(ii)(II), Vermont Technical Bulletin 48

86. Securities from Taxation:

Statutory Reference: R.I. Gen. Laws § 44-13-14

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1942 / 1985

VIII. Tax Expenditure Items – Exemptions

Description: The owners of shares of stock, bonds, debentures, and other evidences of indebtedness of any corporation liable to a tax under R.I. Gen. Laws Chapter 44-13 and of any corporation the property of which is operated in Rhode Island by any corporation shall be exempt from taxation.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Public Service Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: No similar provisions were found for the other New England states.

87. Seeds and Plants used to Grow Food and Food Ingredients:

Statutory Reference: R.I. Gen. Laws § 44-18-30(65)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 2017

Description: The sale, storage, use, or other consumption of seeds and plants used to grow food and food ingredients is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18. The exemption does not apply to marijuana seeds or plants.

Data Source: *No reliable data exists for this tax expenditure item. (The forgone revenue from this exemption is included in the “Food and Food Ingredients” exemption.)

Reliability Index: 5

VIII. Tax Expenditure Items – Exemptions

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	*	*
2019 Sales and Use Tax	*	*

Projection Methodology: *No reliable data exists for this tax expenditure item. (The forgone revenue from this exemption is included in the “Food and Food Ingredients” exemption.)

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Sales and Use Tax	*	*
2021 Sales and Use Tax	*	*
2022 Sales and Use Tax	*	*
2023 Sales and Use Tax	*	*

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Vegetable seeds suitable for planting to produce food for human consumption are exempt from Connecticut’s sales tax.

Connecticut Statute: Conn. Gen. Stat. § 12-412(96)

Maine: Products, including seeds, used in commercial agricultural production are exempt from the state sales and use tax. Vegetable seeds and seedlings used in home gardens are taxable.

Maine Statute: Me. Rev. Stat. Ann. tit., 36 § 1760(7-B)

Massachusetts: Sales of plants, including parts of plants, suitable for planting to produce food for human consumption or when such plants or plant parts are sold in the regular course of business are exempt from sales and use tax in Massachusetts.

Massachusetts Statute: Massachusetts Gen. Laws Ch. 64H § 6(p)(4)

Vermont: Vermont’s provisions include a sales and use tax exemption for agricultural inputs, which include seed and plants used for agricultural purposes.

Vermont Statute: Vt. Stat. Ann. tit., 32 § 9741(3)

88. Special Adaptations for Wheelchair Accessible Taxicabs:

Statutory Reference: R.I. Gen. Laws § 44-18-30(19)(iii)

Stated Purpose: No stated purpose given in law.

VIII. Tax Expenditure Items – Exemptions

Year Enacted / Last Year Amended: 2007 / N/A

Description: The sale of special adaptations or the component parts of the special adaptations for a wheelchair accessible taxicab as defined in R.I. Gen. Laws § 39-14-1 and/or a wheelchair accessible public motor vehicle as defined in R.I. Gen. Laws § 39-14.1-1 are exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: No similar provisions were found for the other New England states.

89. Stay Invested in RI Wavemaker Fellowship Awards:

Statutory Reference: R.I. Gen. Laws Ch. 42-64.26-8 / R.I. Pub. Laws 2020, Ch. 162, Art. 9, § 10

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2015 / 2021

Description: The Stay Invested in RI Wavemaker Fellowship program offers qualifying individuals a refundable tax credit worth the value of their annual student loan burden. Awards can be issued as a personal income tax credit and/or as a refund at any point in the calendar year. Prior to January 1, 2021, only the tax credit allowed under this chapter was exempt from the personal income tax imposed by R.I. Gen. Laws Ch. 44-30. For tax years beginning on or after January 1, 2021, all awards issued under this program are eligible for this exemption.

VIII. Tax Expenditure Items – Exemptions

Data Source: Rhode Island Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Forgone revenue was determined by applying the effective tax rates from Rhode Island personal income tax returns for TY 2018 and TY 2019 of 2.96% and 3.02%, respectively, to the amount of personal income tax credit taken in calendar year.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$2,879	33
2019 Personal Income Tax	\$2,852	28

Projection Methodology: Projected forgone revenue for TY 2020 was determined by applying the average effective tax rates from Rhode Island personal income tax returns for TY 2018 and TY 2019 of 2.99% to the amount of personal income tax credit taken in TY 2020. TY 2021 forgone revenue is equal to the TY 2018 – TY 2020 average amount of credit or refund option taken multiplied by 2.99% as noted above. The number of taxpayers is equal to the TY 2018 – TY 2020 average number of taxpayers who took the credit or refund option, respectively. TY 2022 and TY 2023 are set equal to TY 2021.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$1,499	28
2020 Projected Total	\$1,499	28
2021 Personal Income Tax	\$2,410	30
2021 Refund Option	\$33,056	298
2021 Projected Total	\$35,466	328
2022 Personal Income Tax	\$2,410	30
2022 Refund Option	\$33,056	298
2022 Projected Total	\$35,466	328
2022 Personal Income Tax	\$2,410	30
2022 Refund Option	\$33,056	298
2022 Projected Total	\$35,466	328

Law Comparison: No similar provisions were found for the other New England states.

90. Supplies Used in On-Site Hazardous Waste Recycling, Reuse, or Treatment:

Statutory Reference: R.I. Gen. Laws § 44-18-30(37)

VIII. Tax Expenditure Items – Exemptions

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1988 / N/A

Description: The sale, storage, use, or other consumption of tangible personal property or supplies used or consumed in the operation of equipment used solely for the recycling, reuse, or recovery of materials (other than precious metals) from the treatment of hazardous wastes as defined in R.I. Gen. Laws § 23-19.1-4 is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18. The hazardous wastes must be generated in Rhode Island solely by the same taxpayer and where the personal property is located at, in, or adjacent to a generating facility of the taxpayer in Rhode Island.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Connecticut’s provision includes an exemption from the sales and use tax for personal property for incorporation into or used in waste treatment facilities.

Connecticut Statute: Conn. Gen. Stat. § 12-412(21)

91. Supplies Used in Preparing Floral Products and/or Arrangements:

Statutory Reference: R.I. Gen. Laws § 44-18-30(52)

Stated Purpose: No stated purpose given in law.

VIII. Tax Expenditure Items – Exemptions

Year Enacted / Last Year Amended: 2000 / N/A

Description: The sale, storage, use, or other consumption of tangible personal property or supplies purchased by florists, garden centers, or other like producers or vendors of flowers, plants, floral products, and natural and artificial floral arrangements sold with flowers, plants, floral products, and natural and artificial floral arrangements or are otherwise used in the decoration, fabrication, creation, processing, or preparation of flowers, plants, floral products, or natural and artificial floral arrangements is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

Data Source: FY 2019 and FY 2020 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	\$73,100	No estimate possible
2020 Sales and Use Tax	\$76,800	No estimate possible

Projection Methodology: The Office of Revenue Analysis applied the FY 2021 growth rate in the United States producer price index for intermediate materials from the November 2021 IHS Markit forecast to FY 2020 revenue forgone to project FY 2021 revenue forgone. A similar process was followed for FY 2022 and FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$81,697	No estimate possible
2022 Sales and Use Tax	\$91,483	No estimate possible
2023 Sales and Use Tax	\$92,021	No estimate possible

Law Comparison: Only Vermont has a similar provision.

Vermont: Sales of fresh cut flowers only by a qualified § 501(c)(3) organization during a single, annual sales event not to exceed seven days are exempt.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9743(3)(D)

92. Telecommunications Carrier Access Services:

Statutory Reference: R.I. Gen. Laws § 44-18-30(45)

Stated Purpose: No stated purpose given in law.

VIII. Tax Expenditure Items – Exemptions

Year Enacted / Last Year Amended: 1989 / 2007

Description: Carrier access service or telecommunications service purchased by a telecommunications company from another telecommunications company to facilitate the provision of telecommunications service is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

Data Source: FY 2019 and FY 2020 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	\$16,493,100	<i>No estimate possible</i>
2020 Sales and Use Tax	\$15,289,700	<i>No estimate possible</i>

Projection Methodology: The Office of Revenue Analysis applied the FY 2021 growth rate in Rhode Island gross domestic state product for utilities from the November 2021 IHS Markit forecast to FY 2020 revenue forgone to project FY 2021 revenue forgone. A similar process was followed for FY 2022 and FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$16,432,165	<i>No estimate possible</i>
2022 Sales and Use Tax	\$17,943,472	<i>No estimate possible</i>
2023 Sales and Use Tax	\$17,857,252	<i>No estimate possible</i>

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Connecticut’s provision includes an exemption from the sales and use tax for access or interconnection service purchased by a provider of telecommunications service from another provider of such service for purposes of rendering such service.

Connecticut Statute: Conn. Gen. Stat. § 12-412(26)(A)(iv)

Maine: Sales of international and interstate telecommunications services are exempt from the service provider tax for all purchasers.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 2557(33) and 2557(34)

VIII. Tax Expenditure Items – Exemptions

Massachusetts: Retail sales are defined as the sale of services, tangible personal property, or both for any purpose other than resale in the regular course of business. Thus, the tax on sales of telecommunications does not apply to sales for resale.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 1

Vermont: Charges for wholesale transactions between telecommunications service providers where the service is a component part of a service provided to an end user are exempt from the sales and use tax. This exemption includes, but is not limited to, network access charges and interconnection charges paid to a local exchange carrier. In addition, the sale of telecommunications service to an affiliate of the telecommunications provider is not a taxable transaction under Vermont law.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 9741(41) and 9742(10)

93. **Textbooks:**

Statutory Reference: R.I. Gen. Laws § 44-18-30(36)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1985 / 2007

Description: The sale, storage, use, or other consumption of textbooks by an educational institution, as defined in R.I. Gen. Laws § 44-18-30(18) or § 16-63-9(a)(4), or the sale, storage, use, or other consumption of used textbooks by any source is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

Data Source: FY 2019 and FY 2020 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2019 Sales and Use Tax	\$1,908,550	<i>No estimate possible</i>
2020 Sales and Use Tax	\$1,983,243	<i>No estimate possible</i>

Projection Methodology: The Office of Revenue Analysis applied the FY 2020 growth rate in Rhode Island personal consumption expenditures for other durable goods from the November 2020 IHS Markit forecast to FY 2020 revenue forgone to project FY 2020 revenue forgone. A similar process was followed for FY 2022 and FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

VIII. Tax Expenditure Items – Exemptions

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$2,370,147	No estimate possible
2022 Sales and Use Tax	\$2,627,206	No estimate possible
2023 Sales and Use Tax	\$2,460,309	No estimate possible

Law Comparison: Connecticut, Massachusetts, and Vermont have similar provisions.

Connecticut: Connecticut exempts sales of college textbooks both new and used to full and part-time students enrolled at institutions of higher education or private occupational schools.

Connecticut Statute: Conn. Gen. Stat. § 12-412(109)

Massachusetts: Sales of books required for instructional purposes in educational institutions are exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(m)

Vermont: Organizations which qualify for exempt status under the provisions of 26 U.S.C. § 501(c)(3) are exempt if the organization's gross sales of tangible personal property and services, which would be otherwise subject to the sales and use tax under, did not exceed \$20,000 in the prior year.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9743(3)(C)

94. Total Loss or Destruction of Motor Vehicle within 120 Days of Tax Payment:

Statutory Reference: R.I. Gen. Laws § 44-18-21(c)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 1977

Description: In the case of a motor vehicle that has been destroyed or been deemed a total loss within 120 days of its purchase, the amount of the use tax paid on the vehicle under R.I. Gen. Laws § 44-18-20 constitutes an overpayment. The overpayment may be credited against the amount of use tax on any replacement vehicle the owner acquires or may be refunded in whole or in part.

Data Source: Excise Tax Section, Rhode Island Division of Taxation.

Reliability Index: 1

VIII. Tax Expenditure Items – Exemptions

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	\$35,254	45
2019 Sales and Use Tax	\$67,803	74
2020 Sales and Use Tax	\$74,641	60
2021 Sales and Use Tax	\$75,347	79

Projection Methodology: FY 2022 and FY 2023 are the three-year averages for data reported for FY 2019 – FY 2021.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2022 Sales and Use Tax	\$72,597	71
2023 Sales and Use Tax	\$72,597	71

Law Comparison: Connecticut and Vermont have similar provisions.

Connecticut: No use tax shall be payable in cases of purchase when a motor vehicle which has been declared a total loss is rebuilt for sale or use, provided the purchaser was subjected to the sales and use tax for the last taxable sale of the vehicle.

Connecticut Statute: Conn. Gen. Stat. § 12-431(a)(2)(D)

Vermont: Vermont’s provisions include a partial or complete refund of taxes paid if an insurer makes a payment on account of the total loss or destruction of a vehicle from an accident occurring within three months of the purchase.

Vermont’s Statute: Vt. Stat. Ann. tit. 32, § 8902(5)(D)(ii)

95. Trade-In Value of Boats:

Statutory Reference: R.I. Gen. Laws § 44-18-30(41)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1987 / N/A

Description: The sale, storage, use, or other consumption of the portion of the purchase price paid for a new or used boat that is allocated for a trade-in allowance from the boat of the buyer traded in to the seller or of the proceeds received from an insurance claim as a result of a stolen or damaged boat and used towards the purchase of a new or used boat by the buyer is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

VIII. Tax Expenditure Items – Exemptions

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Where a trade-in of any vessel is received by a retailer of such vessels upon the sale of another such vessel to a consumer, the tax is only on the difference between the sale price of such vessel purchased and the amount allowed for the trade-in on such vessel.

Connecticut Statute: Conn. Gen. Stat. § 12-430(4)

Maine: When one or more watercraft are traded in toward the sale price of another watercraft, the tax imposed must be levied only upon the difference between the sale price of the watercraft and the trade-in allowance of the watercraft taken in trade.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1765(3)

Massachusetts: Where a trade-in of a boat is received by a boat dealer upon the sale of another boat to a consumer or user, the tax is imposed only on the difference between the sale price of the boat purchased and the amount allowed on the boat traded in on such purchase.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 27A

Vermont: Sales price does not include credit for any trade-in where trade-in means an allowance made for like-kind property given to a vendor.

VIII. Tax Expenditure Items – Exemptions

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 9701(4)(B)(v) and 9701(10)

96. Trade-In Value of Private Passenger Automobiles:

Statutory Reference: R.I. Gen. Laws § 44-18-30(23)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1975 / 2011

Description: The sale, storage, use, or other consumption of the portion of the purchase price paid for a new or used automobile that is allocated for a trade-in allowance from the automobile of the buyer traded in to the seller or of the proceeds received from the manufacturer of automobiles for the repurchase of the automobile, whether the repurchase was voluntary or not, towards the purchase of a new or used automobile by the buyer is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18. The term automobile means a private passenger automobile not used for hire and does not refer to any other motor vehicle.

Data Source: Division of Motor Vehicles, Rhode Island Department of Revenue. Data taken from new system implemented at the Rhode Island Division of Motor Vehicles which began use in July 2017.

Reliability Index: 1

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	\$11,458,426	20,598
2019 Sales and Use Tax	\$8,348,417	13,367
2020 Sales and Use Tax	\$14,034,465	22,450
2021 Sales and Use Tax	\$18,048,027	27,209

Projection Methodology: FY 2022 and FY 2023 were grown using forecast data from IHS Markit for personal consumption expenditures, durable goods, motor vehicles and parts. The number of taxpayers for FY 2022 and FY 2023 were held constant with FY 2021.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2022 Sales and Use Tax	\$18,789,137	27,209
2023 Sales and Use Tax	\$19,028,200	27,209

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

VIII. Tax Expenditure Items – Exemptions

Connecticut: Where a trade-in of a motor vehicle is received by a motor vehicle dealer upon the sale of another motor vehicle to a consumer, the tax is only on the difference between the sale price of the motor vehicle and the amount allowed for the trade-in on such motor vehicle.

Connecticut Statute: Conn. Gen. Stat. § 12-430(4)

Maine: When one or more motor vehicles are traded in toward the sale price of another motor vehicle, the tax imposed must be levied only upon the difference between the sale price of the motor vehicle and the trade-in allowance of the motor vehicle taken in trade.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1765(1)

Massachusetts: Where a trade-in of a motor vehicle is received by a dealer upon the sale of another motor vehicle to a consumer or user, the tax shall be imposed only on the difference between the sales price of the motor vehicle purchased and the amount allowed on the motor vehicle traded in on such purchase.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 26

Vermont: For any purchaser who has paid tax on the purchase or use of a motor vehicle that was sold or traded by the purchaser, the taxable cost of the replacement motor vehicle shall exclude the value allowed by the seller on any motor vehicle accepted by him as part of the consideration of the motor vehicle, provided the motor vehicle accepted by the seller is owned and previously or currently registered by the purchaser with no change of ownership since registration.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 8902(5)(A)

97. Transfers or Sales Made to Immediate Family Members:

Statutory Reference: R.I. Gen. Laws § 44-18-20(d)(1)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 1995

Description: The sale or transfer of tangible personal property that is otherwise subject to the tax imposed by R.I. Gen. Laws Chapter 44-18 is exempt from said tax when the transferee or purchaser is the spouse, mother, father, brother, sister, or child of the transferor or seller.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

VIII. Tax Expenditure Items – Exemptions

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Connecticut, Massachusetts, and Vermont have similar provisions.

Connecticut: No use tax shall be payable in cases of purchase of motor vehicles, vessels, snowmobiles, and aircraft when the purchaser is the spouse, mother, father, brother, sister, or child of the seller.

Connecticut Statute: Conn. Gen. Stat. § 12-431(a)(2)(A)

Massachusetts: Massachusetts’ provisions include an exemption for family members including a spouse, mother, father, brother, sister, or child of the seller in the purchase of motor vehicles, trailers, boats, and airplanes.

Massachusetts Statute: Mass. Gen. Laws ch. 64I, § 7(b)

Vermont: Motor vehicles transferred to the spouse, mother, father, child, grandparent, or grandchild of the donor are exempt from tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 8911(8)

98. Transfers or Sales Related to Business Dissolution or Partial Liquidation:

Statutory Reference: R.I. Gen. Laws § 44-18-20(d)(2)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 1995

Description: The sale or transfer of tangible personal property that is otherwise subject to the tax imposed by R.I. Gen. Laws Chapter 44-18 is exempt from said tax when the transfer or sale is

VIII. Tax Expenditure Items – Exemptions

made in connection with the organization, reorganization, dissolution, or partial liquidation of a business entity provided that: the last taxable sale, transfer, or use of the article being sold was subject to the tax imposed by R.I. Gen. Laws Chapter 44-18; the transferee is the business entity referred to or is a stockholder, owner, member, or partner; and any gain or loss to the transferor is not recognized as income for federal income tax purposes.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: No use tax shall be payable in cases of purchase when a motor vehicle or vessel is sold in connection with the organization, reorganization or liquidation of an incorporated business, provided the last taxable sale or use of the motor vehicle or vessel was subjected to the sales or use tax and the purchaser is the incorporated business or a stockholder.

Connecticut Statute: Conn. Gen. Stat. § 12-431(a)(2)(B)

Maine: A retail sale that is subject to the sales and use tax includes the sale or liquidation of a business or the sale of substantially all of the assets of a business, to the extent that the seller purchased the assets of the business for resale, lease, or rental in the ordinary course of business, except when the sale is to an affiliated entity and the transferee purchases the assets for resale, lease, or rental in the ordinary course of business or the sale is to a person that purchases the assets for resale, lease, or rental in the ordinary course of business or that purchases the assets for transfer to an affiliate for resale, lease, or rental by the affiliate in the ordinary course of business.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1752(11)(A)(4)

VIII. Tax Expenditure Items – Exemptions

Massachusetts: The sale or transfer of a motor vehicle, trailer, or other vehicle to or from a business entity is exempt from tax as follows, provided that the transferor previously paid the sales or use tax on the vehicle: (a) the sale or transfer must be pursuant to a transaction which qualifies as a reorganization; (b) the sale or transfer must be pursuant to the formation of a partnership or corporate trust, or pursuant to the organization of a corporation, solely in exchange for an ownership interest in the enterprise; or (c) the sale or transfer must be to an owner of a business entity solely in exchange for the owner’s interest on the complete dissolution of a partnership or corporate trust, or the complete liquidation of a corporation.

Massachusetts Regulation: 830 CMR 64H.25.1 Motor Vehicles

Vermont: The transfer of tangible personal property to a corporation in a reorganization, a merger or consolidation is exempt from the sales and use tax. The distribution of property by a corporation or partnership in liquidation is also exempt.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 9742(2) through 9742(6)

99. Transportation Charges of Motor Carriers to Haul Goods:

Statutory Reference: R.I. Gen. Laws § 44-18-30(40)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1987 / N/A

Description: The sale or hiring of motor carriers as defined in R.I. Gen. Laws § 39-12-2(1) to haul goods when the contract or hiring cost is charged by a motor freight tariff filed with the Rhode Island Public Utilities Commission based on the number of miles driven or by the number of hours spent on the job is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

VIII. Tax Expenditure Items – Exemptions

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: No similar provisions were found for the other New England states.

100. Vacation Homes Rented in Entirety:

Statutory Reference: R.I. Gen. Laws § 44-18-36.1(a)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1986 / 2015

Description: A house, condominium, or other resident dwelling rented in its entirety is exempt from the state hotel tax administered and collected by the Division of Taxation or the City of Newport. The state hotel tax is a 5.0% tax upon the total consideration charged for occupancy of any space furnished by any hotel, travel packages, or room reseller.

Data Source: Rhode Island Division of Taxation, monthly hotel tax data, Office of Revenue Analysis (ORA) calculations.

Reliability Index: 1

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Hotel Tax	\$3,819,029	<i>No estimate possible</i>
2019 Hotel Tax	\$3,674,039	<i>No estimate possible</i>
2020 Hotel Tax	\$3,796,496	<i>No estimate possible</i>
2021 Hotel Tax	\$3,701,787	<i>No estimate possible</i>

Projection Methodology: ORA projections of the hotel tax amounts for FY 2022 - FY 2023 are as forecasted for the FY 2023 Governor’s Recommended budget. No projection of the number of taxpayers is possible due to a lack of reliable data.

VIII. Tax Expenditure Items – Exemptions

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2022 Sales and Use Tax	\$3,716,420	No estimate possible
2023 Sales and Use Tax	\$3,716,420	No estimate possible

Law Comparison: No similar provisions were found in the other New England states.

101. Vehicles Purchased by Non-Resident Military Personnel Subject to Sales Tax Elsewhere:

Statutory Reference: R.I. Gen. Laws § 44-18-30A(b)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1965 / 1986

Description: The use, storage, or other consumption of a motor vehicle purchased in Rhode Island where the buyer is an active duty member of the United States Armed Forces stationed outside of Rhode Island and where the buyer has paid a sales or use tax greater than or equal to the amount imposed by R.I. Gen. Laws Chapter 44-18 is exempt from the use tax imposed by R.I. Gen. Laws § 44-18-20. If the buyer has paid a sales or use tax in an amount less than that imposed by R.I. Gen. Laws Chapter 44-18, then the buyer must pay the difference between the amount of the tax paid and the amount of the tax imposed by R.I. Gen. Laws Chapter 44-18 to the tax administrator.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	No estimate possible	No estimate possible
2019 Sales and Use Tax	No estimate possible	No estimate possible

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Sales and Use Tax	No estimate possible	No estimate possible
2021 Sales and Use Tax	No estimate possible	No estimate possible
2022 Sales and Use Tax	No estimate possible	No estimate possible
2023 Sales and Use Tax	No estimate possible	No estimate possible

Law Comparison: Connecticut has a similar provision.

VIII. Tax Expenditure Items – Exemptions

Connecticut: Sales of motor vehicles to non-resident members of the armed forces on full-time active duty in Connecticut or their spouses are taxed at a reduced 4.5% rate, provided that the retailer requires and obtains documentation including a declaration under penalty of false statement confirming the purchaser’s military status and state of residency.

Connecticut Statute: Conn. Gen. Stat. § 12-408(1)(C)

102. Video-Lottery Terminal, Table Games, and Sports Wagering Prizes:

Statutory Reference: R.I. Gen. Laws § 42-61.2-10

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1992 / 2018

Description: The prizes from video-lottery terminals, table games, and sports betting, including payoffs, received pursuant to R.I. Gen. Laws Chapter 42-61.2 are exempt from the state sales or use tax. Prizes are still subject to any taxes applicable to R.I. Gen. Laws Chapter 44-30.

Data Source: Division of Lottery, Department of Revenue

Reliability Index: 1

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	\$0	0
2019 Sales and Use Tax	\$0	0

Projection Methodology: Revenue forgone and number of taxpayers for FY 2020 – FY 2023 are held constant with FY 2019.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Sales and Use Tax	\$0	0
2021 Sales and Use Tax	\$0	0
2022 Sales and Use Tax	\$0	0
2023 Sales and Use Tax	\$0	0

Law Comparison: No similar provisions were found for the other New England states.

103. Water for Residential Use:

Statutory Reference: R.I. Gen. Laws § 44-18-30(28)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1977 / N/A

Description: The sale, storage, use, or other consumption of water provided for domestic use by occupants of residential premises is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

Data Source: Rhode Island Public Utilities Commission, Rhode Island regulated water suppliers' water rates. Estimate is based on usage of 60,000 gallons per household at an average cost of \$486.98 per year for FY 2018 and FY 2019 and \$496.53 for FY 2020. From the physical housing characteristics for occupied housing units reported by the US Census Bureau, American Community Survey (ACS), it is estimated that there were number of households in Rhode Island were 406,573 households in CY 2018 and 407,174 in CY 2019. Revenue forgone was determined by multiplying the total yearly sales by 7% and summing one half of each calendar year to arrive at a fiscal year total. Fiscal year number of taxpayers was determined by summing one-half of each calendar year.

Reliability Index: 2

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	\$13,896,505	407,661
2019 Sales and Use Tax	\$13,869,678	406,874

Projection Methodology: FY 2020 revenue forgone amounts and number of taxpayers were forecasted using the same methodology as noted above. For FY 2021 revenue forgone, ORA applied the growth rate for FY 2021-over-FY 2020 from the IHS Markit forecast provided for the November 2021 Revenue Estimating Conference (REC) for total Rhode Island private housing starts to FY 2020 revenue forgone to project FY 2021 revenue forgone. ORA followed the same methodology for FY 2022 and FY 2023 revenue forgone. For number of taxpayers ORA applied the FY 2021 growth rate in Rhode Island family and non-family households from the IHS Markit forecast provided for the November 2021 REC to the number of taxpayers for FY 2020. A similar process was followed for FY 2022 and FY 2023 number of taxpayers.

VIII. Tax Expenditure Items – Exemptions

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Sales and Use Tax	\$14,608,737	424,224
2021 Sales and Use Tax	\$15,589,660	426,755
2022 Sales and Use Tax	\$14,982,422	427,923
2023 Sales and Use Tax	\$15,811,535	430,504

Law Comparison: Connecticut, Maine, and Massachusetts have similar provisions.

Connecticut: Connecticut exempts the sales of water, steam, and telegraph services, when delivered to consumers through mains, lines, pipes, or bottles from the sales and use tax.

Connecticut Statute: Conn. Gen. Stat. § 12-412(3)(C)

Maine: Sales of water purchased for use in buildings designed and used for both human habitation and sleeping, with the exception of hotels, are exempt.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(39)

Massachusetts: The sale, furnishing, and service of water is exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(i)

104. Wine and Spirits:

Statutory Reference: R.I. Gen. Laws § 44-18-30(64)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 2013 / 2015

Description: The sale, storage, use, or other consumption of wine and spirits by a Class A Licensee of alcoholic beverages is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

Data Source: Tax Administrator’s Reports *Sales and Taxation of Alcoholic Beverages in Rhode Island* published May 2019 and May 2020. ORA utilized the five-year average percent of alcohol excise taxes remitted from January – June as well as July – December to extract fiscal year sales from the Taxation report.

Reliability Index: 1

VIII. Tax Expenditure Items – Exemptions

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	\$16,927,206	<i>No estimate possible</i>
2019 Sales and Use Tax	\$16,789,034	<i>No estimate possible</i>
2020 Sales and Use Tax	\$19,166,880	<i>No estimate possible</i>

Projection Methodology: The Office of Revenue Analysis applied the FY 2021 growth rate in personal consumption expenditures, food and beverages purchased for off-premises consumption from the IHS Markit forecast provided for the November 2021 Revenue Estimating Conference to FY 2020 revenue forgone to project FY 2021 revenue forgone. A similar process was followed for FY 2022 and FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2021 Sales and Use Tax	\$20,275,299	<i>No estimate possible</i>
2022 Sales and Use Tax	\$21,043,100	<i>No estimate possible</i>
2023 Sales and Use Tax	\$20,992,788	<i>No estimate possible</i>

Law Comparison: Only Massachusetts has a similar provision.

Massachusetts: The sales of all alcoholic beverages taxed under the excise taxes listed in Mass. Gen. Laws ch. 138 are exempt from sales and use taxes.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(g)

105. Youth Activities Equipment Sold for \$20 or Less:

Statutory Reference: R.I. Gen. Laws § 44-18-30(31)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1984 / 1995

Description: The sale, storage, use, or other consumption of items \$20 or less by nonprofit charitable organizations for youth activities that the organization is formed to sponsor and support or by accredited elementary and secondary schools for the purposes of the schools or organized activities of enrolled students is exempt from the tax imposed by R.I. Gen. Laws Chapter 44-18.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

VIII. Tax Expenditure Items – Exemptions

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Sales and Use Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: A sales and use tax exemption is provided for sales of items for \$20 or less made by eleemosynary organizations when the sales are made for purposes of supporting youth activities. Examples of such organizations include: Boy Scouts, Girl Scouts, Parent-Teacher Organizations, Boys’ and Girls’ Clubs, Little League, Pee Wee Football, 4-H Clubs, Camp Fire Girls and Junior Achievement.

Connecticut Statute: Conn. Gen. Stat. § 12-412(26)

Massachusetts: Sales of tangible personal property by a nonprofit organization for fundraising purposes are exempt from sales tax as casual and isolated sales if the organization does not make sales in the regular course of business of the same type of property and amounts derived from such casual and isolated sales are used to further the organization’s exempt purpose.

Massachusetts Regulation: 830 CMR § 64H.6.1(4)(a) Casual and Isolated Sales

Maine: Sales of tangible personal property and taxable services by elementary and secondary schools and by student organizations sponsored by those schools, including booster clubs and student or parent-teacher organizations, as long as the profits from the sales are used to benefit those schools or student organizations or are used for a charitable purpose.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(64)

Vermont: Sales by qualified § 501(c)(3) organizations are exempt from the sales and use tax if the organization’s gross sales of tangible personal property and services, which would be subject to the sales and use tax but for this exemption, did not exceed \$20,000 in the prior year.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9743(3)(C)

MODIFICATIONS

1. Bonus Depreciation Provided by JCWAA of 2002 and JGTRRA of 2003:

Statutory Reference: R.I. Gen. Laws § 44-61-1 / 26 U.S. Code § 168(k)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2002 / 2008

Description: For purposes of depreciating assets under R.I. Gen. Laws Chapters 44-11, 44-14, and 44-30, the bonus depreciation provided by the federal Job Creation and Workers Assistance Act (JCWAA) of 2002 and the federal Jobs Growth Tax Relief Reconciliation Act (JGTRRA) of 2003, or any subsequent enactment for federal tax purposes, is not allowed for Rhode Island tax purposes. In the year those assets are placed in service and in all subsequent years, depreciation for Rhode Island tax purposes is allowed as it would have been computed prior to the enactment of the JCWAA of 2002.

The JCWAA of 2002 allowed a special 30% bonus depreciation deduction in the first year for qualifying property purchased after September 10, 2001, and before September 11, 2004, for purposes of computing federal net income. In addition, the JCWAA of 2002 modified Internal Revenue Code (IRC) § 168(k) to allow taxpayers to claim an additional first-year bonus depreciation allowance on any new Modified Accelerated Cost Recovery System (MACRS) property when the recovery period is 20 years or less. The additional depreciation allowance is equal to 30% of the adjusted cost basis of the property after any IRC §179 expense deductions are taken. The JGTRRA of 2003 increased the bonus depreciation deduction from 30% to 50% for assets purchased after May 5, 2003, but before January 1, 2005. The American Jobs Creation Act of 2004 extended some bonus depreciation rules for certain aircraft as well as other items. The Economic Stimulus Act of 2008 reintroduced bonus depreciation of 50% for qualifying property placed in service in TY 2008. The American Recovery and Reinvestment Act of 2009 extended the 50% bonus depreciation for qualifying property placed in service in TY 2009. The Small Business Jobs Act of 2010 increased the bonus depreciation from 50% to 100% for qualifying property acquired and placed in service after September 8, 2010, but before January 1, 2012. Qualifying property acquired on or before September 8, 2010 was eligible for the 50% bonus depreciation, if that property was placed in service prior to January 1, 2013. The American Taxpayer Relief Act of 2012 extends the 50% bonus depreciation for qualifying property placed in service in TY 2013. The Protecting Americans from Tax Hikes (PATH) Act of 2015 extended bonus depreciation to property acquired and placed in service before 2020 while retaining the 50% bonus depreciation in 2017 and providing for lesser bonus depreciation percentages of 40% for TY 2018 and 30% for TY 2019. The Tax Cuts and Jobs Act (TCJA) of 2017 retained the 50% bonus depreciation for property placed in service on or before September 27, 2017 and increased the bonus depreciation to 100% for property placed in service after September 27, 2017 but before January 1, 2023. Beginning on January 1, 2023, the allowable bonus depreciation decreases by 20 percentage points in each subsequent year until it reaches 0% on January 1, 2027.

Rhode Island's disallowance of bonus depreciation is a timing issue. In the year that an asset is put in service and is eligible for the federal bonus depreciation, a Rhode Island taxpayer must take as a modification increasing federal adjusted gross income (AGI) the difference in the bonus

VIII. Tax Expenditure Items – Modifications

depreciation amount allowed on the federal tax return and the depreciation amount allowed for Rhode Island tax purposes. In subsequent years, a Rhode Island taxpayer may take as a modification decreasing federal AGI the difference in the depreciation amount allowed for Rhode Island tax purposes and the depreciation amount allowed on the federal tax return. At the end of the asset's "useful" life, the same amount of depreciation will be realized by the taxpayer on both the federal and the Rhode Island tax returns. Thus, over the life of the asset, there is no net impact on Rhode Island tax collections.

The Division of Taxation allows corporate tax filers to report bonus depreciation and expensing as set forth in the IRC § 179 on the same line as a total. As a result, depending on the tax year, the reported amounts on Rhode Island business corporation tax returns include both bonus depreciation and § 179 expensing. However, after tax year 2018, it is presumed that § 179 expensing deductions will no longer exist due to conformity with federal tax law on § 179 expensing.

Data Source: *Business Corporation Tax:* Rhode Island Division of Taxation and Office of Revenue Analysis (ORA) calculations. For TY 2018, this deduction includes combined bonus depreciation and enhanced § 179 expensing for C-corporations only, and the amounts are not necessarily specific to Rhode Island-based activity. For TY 2018 and TY 2019, the total net modification resulted in an increase to federal taxable income and thus, no revenue was forgone for these taxpayers. The number of taxpayers includes C-corporations, S-corporations and partnerships that had a deduction increasing or decreasing federal taxable income and can include a taxpayer in both categories, provided the taxpayer simultaneously had a modification increasing and decreasing federal taxable income.

Bank Tax: Rhode Island Division of Taxation and ORA calculations. This deduction includes combined bonus depreciation and enhanced § 179 expensing for TY 2018, and the amounts are not necessarily specific to Rhode Island-based activity. For TY 2016 the total net modification resulted in a decrease to federal taxable income. The amount of revenue forgone is derived by multiplying the apportioned net decreasing deduction by the banking institutions excise tax rate of 9%. For TY 2017, the total net deduction amount was positive; therefore, there is no revenue forgone from this deduction in TY 2017. The number of taxpayers includes those taxpayers with a deduction that increased their federal taxable income.

Personal Income Tax: Office of Revenue Analysis (ORA) calculations. Modifications include adjustments that either increase or decrease federal AGI. For TY 2018 and TY 2019, the total net modification by resident and non-resident taxpayers increased federal AGI; therefore, there is no revenue forgone from this modification in TY 2018 or TY 2019. The number of taxpayers includes those resident and non-resident taxpayers with a modification that either increased or decreased federal AGI.

Reliability Index: 1

VIII. Tax Expenditure Items – Modifications

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	\$0	28,026
2018 Bank Tax	\$0	62
2018 Personal Income Tax	\$0	23,339
2018 Total	\$0	51,427
2019 Business Corporation Tax	\$0	28,729
2019 Bank Tax	\$0	50
2019 Personal Income Tax	\$0	29,312
2019 Total	\$0	58,091

Projection Methodology: *Business Corporation, Bank Taxes:* TY 2020 projections provided by the Division of Taxation with data that was available as of August 2021 and is subject to revision. The total net modification resulted in an increase to federal taxable income and thus, no revenue was forgone for these taxpayers. Due to changes in Federal tax law, ORA is unable to project usage of this modification into the future and have thus reported no estimate possible for tax years 2021-2023. The projected number of taxpayers for tax years 2021-2023 is the average number of taxpayers reported for TYs 2018 and 2019. *Personal Income Taxes:* Due to changes in Federal tax law, ORA is unable to project usage of this modification into the future and have thus reported no estimate possible for tax years 2020-2023. The number of projected taxpayers for TY 2020 is the 5-year average of total taxpayers that have taken the modification either increasing or decreasing federal AGI. TYs 2021-2023 are set equal to TY 2020.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	\$0	11,711
2020 Bank Tax	\$0	< 10
2020 Personal Income Tax	<i>No estimate possible</i>	26,777
2020 Projected Total	\$0	Not Available*
2021 Business Corporation Tax	<i>No estimate possible</i>	28,378
2021 Bank Tax	<i>No estimate possible</i>	56
2021 Personal Income Tax	<i>No estimate possible</i>	26,777
2021 Projected Total	<i>No estimate possible</i>	55,211

VIII. Tax Expenditure Items – Modifications

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2022 Business Corporation Tax	<i>No estimate possible</i>	28,378
2022 Bank Tax	<i>No estimate possible</i>	56
2022 Personal Income Tax	<i>No estimate possible</i>	26,777
2022 Projected Total	<i>No estimate possible</i>	55,211
2023 Business Corporation Tax	<i>No estimate possible</i>	28,378
2023 Bank Tax	<i>No estimate possible</i>	56
2023 Personal Income Tax	<i>No estimate possible</i>	26,777
2023 Projected Total	<i>No estimate possible</i>	55,211

**Indicates data that is not disclosed by Taxation due to taxpayer’s confidentiality*

Law Comparison: Connecticut, Maine, and Vermont have similar provisions.

Connecticut: Effective for tax year 2017 and going forward, Connecticut decoupled from the federal bonus depreciation deduction. Taxpayers who report a subtraction modification on their federal return must report a bonus depreciation addition modification on the Connecticut return. The taxpayer may then report 25% of such additional allowance for depreciation in each of the four succeeding taxable years.

Connecticut corporation tax law states that for purposes of determining net income subject to tax, the deduction allowed for depreciation shall be determined as provided under the IRC, provided that in making such determination the provisions of § 168(k) of the IRC do not apply.

Connecticut Statute: Conn. Gen. Stat. §§ 12-701(a)(20)(A)(ix), 12-701(a)(20)(B)(v), and 12-217(b)(1)

Maine: For tax years beginning on or after January 1, 2015, federal AGI is increased by an amount equal to the net increase attributable to the depreciation deduction claimed by the taxpayer under § 168(k) for which a Maine credit is claimed under § 5219-NN for that tax year; and an amount equal to the net increase attributable to the depreciation deduction claimed by the taxpayer under § 168(k) with respect to property for which a Maine credit is not claimed under § 5219-NN.

The addition modifications are recaptured in future years through a series of subtraction modifications. Federal AGI or federal net income is reduced by a fraction of any amount previously added back by the taxpayer. For tax years beginning on or after January 1, 2016, an amount equal to the net increase in the depreciation deduction allowable under §§ 167 and 168 of the IRC that would have been applicable to that property had the depreciation deduction under § 168(k) of the IRC not been claimed with respect to such property placed in service during the taxable year for which an addition was required. For property placed in service on or after January 1, 2020, an affected property is eligible to take both a bonus depreciation addition modification and the Maine capital investment credit.

VIII. Tax Expenditure Items – Modifications

Maine Statute: Me. Rev. Stat. Ann. tit. 36, ch. 805, §§ 5122(1)(KK), 5122(2)(NN), and 5122(2)(RR) and ch. 817, §§ 5200-A(1)(CC), and 5200-A(2)(AA)

Vermont: Vermont defines net income for any corporate taxpayer as the taxable income of the taxpayer for that taxable year under the laws of the United States, without regard to 26 U.S.C. § 168(k) of the Internal Revenue Code (IRC), and excluding income which under the laws of the United States is exempt from taxation by the states. For the individual income tax and for that of estates or trusts, Vermont includes provisions that taxable income is determined based on federal AGI or taxable income, respectively, without regard to § 168(k) of the IRC.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 5811(18)(A), (21), and (28)

2. Companies Engaged in Buying, Selling, Dealing In or Holding Securities on Own Behalf:

Statutory Reference: R.I. Gen. Laws § 44-11-2(b)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1938 / 2004

Description: Corporations that buy, sell, deal in or hold securities on their own behalf and “not as a broker, underwriter, or distributor” and whose gross receipts derived from these actions amount to at least 90% of its total gross receipts derived from all activities in a taxable year can take as a modification reducing net income 50% of excess capital gains over capital losses for the taxable year prior to computing the tax imposed by R.I. Gen. Laws Chapter 44-11.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Only Massachusetts has a similar provision.

Massachusetts: Every financial institution or business corporation which is engaged exclusively in buying, selling, dealing in, or holding securities on its own behalf and not as a broker and is not a bank holding company under the Internal Revenue Code, as amended and in effect for the taxable year shall pay, on account of each taxable year, an excise equal to 0.132% of the gross income received by such corporation during the taxable year, or \$456, whichever is greater. For every financial institution or business corporation that is engaged in buying, selling, dealing or holding securities on its own behalf and not as a broker and is a bank holding company, the respective rate is 0.33% of the gross income, or \$456, whichever is greater. Such companies are exempt from the corporate excise tax.

Massachusetts Statute: Mass. Gen. Laws ch. 63, §§ 38B, 68C

3. Contribution to Medical Savings Accounts by Scituate Residents:

Statutory Reference: R.I. Gen. Laws § 44-30-25.1(d)(1)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2002 / N/A

Description: A resident individual of the town of Scituate who establishes a medical savings account is allowed a modification decreasing federal adjusted gross income (AGI) prior to computing the tax imposed by R.I. Gen. Laws § Laws Chapter 44-30 for contributions made to said medical savings account to the extent such a contribution is deemed taxable under the Internal Revenue Code. The income, including gains and losses on a medical savings account, is exempt from taxation.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2018 and TY 2019 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Revenue forgone is determined by taking the difference between the two tax liability calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$342	< 10
2019 Personal Income Tax	\$830	< 10

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Projection Methodology: TY 2020 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2015- TY 2019 to TY 2019. TY 2021 – TY 2023 are set equal to TY 2020.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$1,891	< 10
2021 Personal Income Tax	\$1,891	< 10
2022 Personal Income Tax	\$1,891	< 10
2023 Personal Income Tax	\$1,891	< 10

Law Comparison: Massachusetts has a similar provision.

Massachusetts: Massachusetts allows a deduction for contributions to Archer Medical Savings Accounts (MSA) for all individuals who qualify for the federal deduction.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(d)(1)

4. Contributions to an Account under Tuition Savings Program:

Statutory Reference: R.I. Gen. Laws § 44-30-12(c)(4)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2002 / NA

Description: Contributions made to an account under the Rhode Island tuition savings program, including the “contributions carryover”, if any, can be taken as a modification decreasing federal adjusted gross income (AGI) prior to computing the tax imposed by R.I. Gen. Laws Chapter 44-30 subject to the limitation that the aggregate subtraction for any taxable year of the taxpayer shall not exceed \$500 or \$1,000 if a joint return. The subtraction shall not reduce the taxpayer’s federal AGI to less than zero.

The following shall not be considered contributions to an account under the tuition savings program: (1) Contributions made by any person to an account who is not a participant of the account at the time the contribution is made; (2) Transfers or rollovers to an account from any other tuition savings program account or from any other “qualified tuition program” under § 529 of the Internal Revenue Code; or (3) A change of the beneficiary of the account.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2018 and TY 2019 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all

VIII. Tax Expenditure Items – Modifications

taxpayers. Revenue forgone is determined by taking the difference between the two tax liability calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 1 (This modification includes the Federally Taxable Qualified Withdrawals from Tuition Savings Program Account modification).

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$155,566	3,844
2019 Personal Income Tax	\$160,879	4,244

Projection Methodology: TY 2020 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2015- TY 2019 to TY 2019. TY 2021 – TY 2023 are set equal to TY 2020.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$164,450	4,444
2021 Personal Income Tax	\$164,450	4,444
2022 Personal Income Tax	\$164,450	4,444
2023 Personal Income Tax	\$164,450	4,444

Law Comparison: Connecticut, Massachusetts, and Vermont have similar provisions.

Connecticut: Connecticut taxpayers may deduct contributions to accounts established pursuant to any qualified state tuition program, as defined in § 529(b) of the Internal Revenue Code, established and maintained by the state or any official, agency, or instrumentality of the state, but may not exceed \$5,000 for each individual taxpayer or \$10,000 for taxpayers filing a joint return. Any amount of a contribution that is not subtracted by the taxpayer in that year for which the contribution is made may be carried forward as a subtraction from income for the succeeding five years, provided the amount subtracted does not exceed the maximum allowed in each subsequent taxable year.

Connecticut Statute: Conn. Gen. Stat. §§ 12-701(20)(B)(xiii) and 12-701a

Massachusetts: For tax years beginning on or after January 1, 2017 and through the tax year beginning on January 1, 2021, there is a deduction equal to either the purchases of or contributions made in a taxable year to an account in a pre-paid tuition program or a college savings program established by Massachusetts or an instrumentality or authority of Massachusetts. The deduction is capped at \$1,000 for single, married filing separately, or head of household filers and \$2,000 for a married couple filing jointly.

VIII. Tax Expenditure Items – Modifications

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 3(B)(a)(19)

Vermont: The Vermont Higher Education Investment Plan (VHEIP) tax credit entitles a taxpayer, including each spouse filing a joint return, a nonrefundable credit of 10% of the first \$2,500 contributed for each beneficiary to a Vermont higher education investment plan account. A taxpayer who has received this credit must repay to the state 10% of any non-qualified distribution from a VHEIP account, up to a maximum of the total credits received by the taxpayer.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5825a

5. **Enterprise Zone Business Owner with Domiciliary in Enterprise Zone:**

Statutory Reference: R.I. Gen. Laws § 42-64.3-7

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1982 / 1997

Description: A domiciliary of an enterprise zone who owns and operates a qualified business facility in that zone and which business is not required to file under R.I. Gen. Laws Chapters 44-11, 44-13, 44-14, or 44-17 may take as a modification decreasing federal adjusted gross income (AGI) prior to computing the tax imposed by R.I. Gen. Laws Chapter 44-30, an amount of \$50,000 during the first three years after certification and operations in the zone and may deduct \$25,000 in the fourth and fifth year. In the case of multiple business owners, the modification shall be apportioned according to the ownership interests of the qualified business.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2018 and TY 2019 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Revenue forgone is determined by taking the difference between the two tax liability calculations. The number of taxpayers includes those resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$13,620	35
2019 Personal Income Tax	\$30,691	122

Projection Methodology: TY 2020 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2015- TY 2019 to TY 2019. TY 2021 – TY 2023 are set equal to TY 2020.

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<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$38,952	191
2021 Personal Income Tax	\$38,952	191
2022 Personal Income Tax	\$38,952	191
2023 Personal Income Tax	\$38,952	191

Law Comparison: Only Maine has a similar provision.

Maine: Maine allows as a modification decreasing the taxable income of the taxpayer under the laws of the United States in the case of a corporation, or federal AGI in the case of an individual, an amount equal to the reduction in salary and wage expenses for federal income tax purposes associated with the taxpayer’s federal empowerment zone employment credit as determined under § 1396 of the Internal Revenue Code.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 5122(2)(B) and 5200-A(2)(C)

6. Federally Taxable Qualified Withdrawals from Tuition Savings Program Account:

Statutory Reference: R.I. Gen. Laws § 44-30-12(c)(3)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / N/A

Description: The amount of any withdrawal or distribution from the tuition savings program referenced in R.I. Gen. Laws § 16-57-6.1 which is included in federal adjusted gross income (AGI) other than a withdrawal or distribution or portion thereof that is deemed nonqualified is a modification that decreases federal AGI for purposes of the tax imposed by R.I. Gen. Laws Chapter 44-30.

Under federal income tax law, the taxable portion of a qualified withdrawal or distribution is the earnings portion of the withdrawal or transfer that exceeds the adjusted qualified education expenses. Adjusted qualified education expenses is the total qualified education expenses reduced by any tax-free educational assistance. Tax-free educational assistance includes: the tax-free portion of scholarships and fellowships, veterans’ educational assistance, Pell grants, employer-provided educational assistance and any other nontaxable (tax-free) payments (other than gifts or inheritances) received as educational assistance.

Data Source: *No reliable data exists for this tax expenditure item. (This modification is included in the Contributions to an Account under Tuition Savings Program.)

Reliability Index: 5

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<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	*	*
2019 Personal Income Tax	*	*

Projection Methodology: No projection is made due to lack of reliable data.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	*	*
2021 Personal Income Tax	*	*
2022 Personal Income Tax	*	*
2023 Personal Income Tax	*	*

Law Comparison: Connecticut and Maine have similar provisions.

Connecticut: To the extent included in the federal AGI of a designated beneficiary, any distribution to such beneficiary from any qualified state tuition program, as defined in § 529(b) of the Internal Revenue Code, established and maintained by the state or any official, agency, or instrumentality of the state can be taken as a modification decreasing federal AGI for Connecticut income tax purposes.

Connecticut Statute: Conn. Gen. Stat. § 12-701(a)(20)(B)(xii)

Maine: To the extent included in federal AGI, any amount that is a qualified distribution from an account established under the Maine College Savings Program and used for paying higher education expenses of the designated beneficiary of that account is subtracted from federal AGI in calculating Maine taxable income.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5122(2)(J)

7. Gain from Stock Options in Qualifying Corporations:

Statutory Reference: R.I. Gen. Laws § 44-39.3-1

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1997 / N/A

Description: “The income, gain, or preference items resulting from the sale, transfer, or exercise of qualified and nonqualified stock options, the stock issued or transferred on the exercise of any option and warrants issued with respect to options and/or stock of a qualifying corporation” can

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be taken by a qualifying taxpayer as a modification reducing federal adjusted gross income (AGI) for the purposes of computing the tax imposed by R.I. Gen. Laws Chapter 44-30.

A qualifying taxpayer is a resident of Rhode Island who has been employed at a location in Rhode Island for at least three consecutive months as a full-time employee of a qualifying corporation and the estate, heirs, and successors of that taxpayer. A qualifying corporation is any corporation that (1) annually elects to be a qualifying corporation; (2) has at least 10 full-time employees in Rhode Island; and (3) is engaged principally in at least one business activity described in Standard Industrial Classification (SIC) codes 7371, Computer Programming Services; 7372, Prepackaged Software; or 7373, Computer Integrated Systems Design.

Data Source: *No reliable data exists for this tax expenditure item. (This modification is included in the Income or Gain from a Qualifying Employee’s Ownership of a Qualifying Corporation modification.)

Reliability Index: 5

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	*	*
2019 Personal Income Tax	*	*

Projection Methodology: No projection is made due to lack of reliable data.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	*	*
2021 Personal Income Tax	*	*
2022 Personal Income Tax	*	*
2023 Personal Income Tax	*	*

Law Comparison: Massachusetts has a similar provision.

Massachusetts: Massachusetts gives a preferential tax rate of 3% for gains derived from the sale of investments. Investments must have been made within five years of the corporation’s date of incorporation and must be in stock that generally satisfies the definition of qualified small business stock under the Internal Revenue Code (IRC) § 1202(c), except for the requirement the stock be of a C-corporation. The stock must have been held for a minimum of three years and the investments must be made in a corporation domiciled in Massachusetts, incorporated on or after January 1, 2011, has less than \$50 million in assets at the time of investment, and complies with certain active business requirements under the IRC § 1202.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 4(c)

8. Income Earned on Rhode Island Family Education Accounts:

Statutory Reference: R.I. Gen. Laws §§ 44-30-12(c)(2) and 44-30-25(f)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1988 / 2005

Description: The income earned on the assets held in family education accounts can be taken as a modification decreasing federal adjusted gross income (AGI) prior to the computation of the tax imposed by R.I. Gen. Laws Chapter 44-30. A family education account is an account created by an individual taxpayer for the purpose of providing qualified educational benefits to a qualified beneficiary provided that the account is created by a written governing instrument as prescribed by the Tax Administrator that designates the account as a Rhode Island Family Education Account.

Data Source: Division of Taxation, Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2018 and TY 2019 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$13,536	234
2019 Personal Income Tax	\$14,501	246

Projection Methodology: TY 2020 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2015- TY 2019 to TY 2019. TY 2021 – TY 2023 are set equal to TY 2020.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$14,333	258
2021 Personal Income Tax	\$14,333	258
2022 Personal Income Tax	\$14,333	258
2023 Personal Income Tax	\$14,333	258

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Law Comparison: Connecticut, Maine, and Massachusetts have similar provisions.

Connecticut: To the extent includable in the federal AGI of a designated beneficiary, any distribution to such beneficiary from any qualified state tuition program, as defined in § 529(b) of the Internal Revenue Code, established and maintained by the state or any official, agency, or instrumentality of the state can be taken as a modification decreasing federal AGI for Connecticut income tax purposes.

Connecticut Statute: Conn. Gen. Stat. § 12-701(a)(20)(B)(xii)

Maine: To the extent included in federal AGI, any amount constituting a qualified distribution from an account established under Maine law and used for paying higher education expenses of the designated beneficiary of that account can be claimed as a modification decreasing federal AGI in determining Maine taxable income.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5122(2)(J)

Massachusetts: Plan earnings are tax-free when used to pay for qualified higher education expenses. Income may be taxable if the distribution is made for a reason other than qualified expenses, beneficiary's death, or receipt of a scholarship.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 3(B)(a)(19)

9. **Income from the Assignment or Transfer of Historic Preservation Tax Credits:**

Statutory Reference: R.I. Gen. Laws § 44-33.6-3(f)

Year Enacted / Last Year Amended: 2013 / 2016

Stated Purpose: The purpose of this chapter is to create economic incentives for the purpose of stimulating the redevelopment and reuse of Rhode Island's historic structures, as well as to generate the positive economic and employment activities that will result from such redevelopment and reuse.

Description: Any assignment or sales proceeds received by the taxpayer for its assignment or sale of the tax credits allowed pursuant to R.I. Gen. Laws Chapter 44-33.6 shall be taken as a modification decreasing federal (AGI) prior to the calculation of the taxes imposed by R.I. Gen. Laws Title 44 entitled "Taxation."

If a tax credit is subsequently recaptured, revoked or adjusted, the seller's tax calculation for the year of revocation, recapture, or adjustment shall be increased by the total amount of the sales proceeds, without proration, as a modification increasing federal AGI under R.I. Gen. Laws Chapter 44-30.

In the event that the seller is not a natural person, the seller's tax calculation under R.I. Gen. Laws Chapters 44-11, 44-13 (other than with respect to the tax imposed under R.I. Gen. Laws § 44-13-

VIII. Tax Expenditure Items – Modifications

13), 44-14, 44-17, or 44-30, as applicable, for the year of revocation, recapture, or adjustment, shall be increased by including the total amount of the sales proceeds without proration. As such, assignment or sales of tax credits under above mentioned tax types increase taxable income to the seller. The Office of Revenue Analysis (ORA) will report on the required increasing and decreasing modifications to federal AGI under R.I. Gen. Laws Chapter 44-30.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2018 and TY 2019 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations.

The raw data for this modification includes the modification amounts for income for the assignment or transfer of historic preservation, historic structures, motion picture, and musical or theatrical production tax credits. The amount of revenue forgone allocated to each tax credit type is a projection based on TY 2018 and TY 2019 tax credit redemption. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 2

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$17,693	45
2019 Personal Income Tax	\$13,095	42

Projection Methodology: Projected amount of modification and number of taxpayers is the average of revenue forgone and number of taxpayers from TY 2018-TY 2019.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$15,394	44
2021 Personal Income Tax	\$15,394	44
2022 Personal Income Tax	\$15,394	44
2023 Personal Income Tax	\$15,394	44

Law Comparison: No similar provisions found in the other New England states.

10. Income from the Assignment or Transfer of Historic Structures Tax Credits:

Statutory Reference: R.I. Gen. Laws § 44-33.2-3(e)(2)

Year Enacted / Last Year Amended: 2001 / 2008

Stated Purpose: The purpose of this chapter is to create economic incentives for the purpose of stimulating the redevelopment and reuse of Rhode Island's historic structures.

Description: Any assignment or sales proceeds received by the taxpayer for its assignment or sale of the tax credits allowed pursuant to R.I. Gen. Laws Chapter 44-33.2 shall be taken as a modification decreasing federal adjusted gross income (AGI) prior to the calculation of the taxes imposed by R.I. Gen. Laws Title 44 entitled "Taxation."

If a tax credit is subsequently recaptured, revoked or adjusted, the seller's tax calculation for the year of revocation, recapture, or adjustment shall be increased by the total amount of the sales proceeds, without proration, as a modification increasing federal AGI under R.I. Gen. Laws Chapter 44-30.

In the event that the seller is not a natural person, the seller's tax calculation under R.I. Gen. Laws Chapters 44-11, 44-13 (other than with respect to the tax imposed under R.I. Gen. Laws § 44-13-13), 44-14, 44-17, or 44-30, as applicable, for the year of revocation, recapture, or adjustment, shall be increased by including the total amount of the sales proceeds without proration. As such, assignment or sales of tax credits under above mentioned tax types increase taxable income to the seller. The Office of Revenue Analysis (ORA) will report on the required increasing and decreasing modifications to federal AGI under R.I. Gen. Laws Chapter 44-30.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2018 and TY 2019 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations.

The raw data for this modification includes the modification amounts for income for the assignment or transfer of historic preservation, historic structures, motion picture, and musical or theatrical production tax credits. The amount of revenue forgone allocated to each tax credit type is a projection based on TY 2018 and TY 2019 tax credit redemption. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 2

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$26,405	33
2019 Personal Income Tax	\$12,411	29

Projection Methodology: Projected amount of modification and number of taxpayers is the average of revenue forgone and number of taxpayers from TY 2018-TY 2019.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$19,408	31
2021 Personal Income Tax	\$19,408	31
2022 Personal Income Tax	\$19,408	31
2023 Personal Income Tax	\$19,408	31

Law Comparison: No similar provisions found in the other New England states.

11. Income from the Assignment or Transfer of Motion Picture Production Credits:

Statutory Reference: R.I. Gen. Laws § 44-31.2-9

Year Enacted / Last Year Amended: 2005 / 2006

Stated Purpose: “The primary objective of this chapter is to encourage development in Rhode Island of a strong capital base for motion picture film, videotape, and television program productions, in order to achieve a more independent, self-supporting industry. This objective is divided into immediate and long-term objectives as follows:

1. Immediate objectives are to:
 - i. Attract private investment for the production of motion pictures, videotape productions, and television programs, which contain substantial Rhode Island content as defined herein.
 - ii. Develop a tax infrastructure, which encourages private investment. This infrastructure will provide for state participation in the form of tax credits to encourage investment in state- certified productions.
 - iii. Develop a tax infrastructure utilizing tax credits, which encourage investments in multiple state-certified production projects.
2. Long-term objectives are to:
 - i. Encourage increased employment opportunities within this sector and increased competition with other states in fully developing economic development options within the film and video industry.
 - ii. Encourage new education curricula in order to provide a labor force trained in all aspects of film production.”

Description: Any motion picture production tax credit certificate issued in accordance with R.I. Gen. Laws § 44-31.2-5 which has been issued to a motion picture production company or passed through in accordance with R.I. Gen. Laws § 44-31.2-5(d), and to the extent not previously claimed against the tax of the motion picture production company or of the owner of the certificate if the certificate was issued in accordance with R.I. Gen. Laws § 44-31.2-5(d), may be transferred or sold by such company to another Rhode Island taxpayer, subject to certain procedures and

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conditions. Any assignment or sales proceeds received by the motion picture production company for its assignment or sale of the motion picture production tax credit shall be taken as a modification decreasing federal taxable income prior to the calculation of taxes imposed by R.I. Gen. Laws Title 44, entitled “Taxation.”

Failure to comply with R.I. Gen. Laws § 44-31.2-9 will result in the disallowance of the tax credit until the taxpayers are in full compliance. Disallowance of the motion picture production tax credit that was previously claimed is recaptured and added back as a modification increasing federal adjusted gross income (AGI).

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2018 and TY 2019 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations.

The raw data for this modification includes the modification amounts for income for the assignment or transfer of historic preservation, historic structures, motion picture, and musical or theatrical production tax credits. The amount of revenue forgone allocated to each tax credit type is a projection based on TY 2018 and TY 2019 tax credit redemption. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 2

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$2,341	5
2019 Personal Income Tax	\$3,414	4

Projection Methodology: Projected amount of modification and number of taxpayers is the average of revenue forgone and number of taxpayers from TY 2018-TY 2019.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$2,878	5
2021 Personal Income Tax	\$2,878	5
2022 Personal Income Tax	\$2,878	5
2023 Personal Income Tax	\$2,878	5

Law Comparison: No similar provisions found in the other New England states.

12. Income from the Assignment or Transfer of Musical and Theatrical Production Tax Credits:

Statutory Reference: R.I. Gen. Laws § 44-31.3-2(b)(6)

Stated Purpose: The purpose of this tax expenditure is to create economic incentives for the purpose of stimulating the local economy and reducing unemployment in Rhode Island.

Year Enacted / Last Year Amended: 2012 / 2014

Description: Any musical and theatrical production tax credit, to the extent not previously claimed against the tax of the taxpayer, may be transferred or sold to another Rhode Island taxpayer, subject to certain procedures and conditions. The assignee of the tax credits may use acquired credits to offset up to 100% of the tax liabilities otherwise imposed pursuant to R.I. Gen. Laws Chapters 44-11, 44-13 (other than the tax imposed under R.I. Gen. Laws § 44-13-13), 44-14, 44-17 or 44-30. The assignee may apply the tax credit against taxes imposed on the assignee for not more than three succeeding tax years. Any assignment or sales proceeds received for its assignment or sale shall be taken as a modification decreasing federal taxable income prior to the calculation of taxes imposed by the State of Rhode Island.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal adjusted gross income (AGI). ORA calculated the Rhode Island tax liability for each taxpayer under TY 2018 and TY 2019 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations.

The raw data for this modification includes the modification amounts for income for the assignment or transfer of historic preservation, historic structures, motion picture, and musical or theatrical production tax credits. The amount of revenue forgone allocated to each tax credit type is a projection based on TY 2018 and TY 2019 tax credit redemption. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 2

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$68	2
2019 Personal Income Tax	\$742	6

Projection Methodology: Projected amount of modification and number of taxpayers is the average of revenue forgone and number of taxpayers from TY 2018-TY 2019.

VIII. Tax Expenditure Items – Modifications

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$405	4
2021 Personal Income Tax	\$405	4
2022 Personal Income Tax	\$405	4
2023 Personal Income Tax	\$405	4

Law Comparison: No similar provisions found in the other New England states.

13. Income or Gain from a Qualifying Employee’s Ownership of a Qualifying Corporation:

Statutory Reference: R.I. Gen. Laws § 44-43-8

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1993 / 1995

Description: Any income, gain or preference items resulting from the transfer of employer securities from a qualified retirement plan, the sale, transfer, or exercise of stock, warrants, options, bonds, notes, or other interests of any corporation can be taken as a modification decreasing federal adjusted gross income (AGI) for the purpose of computing the tax imposed by R.I. Gen. Laws Chapter 44-30 provided that at the time of the sale, transfer, or exercise the corporation is a qualifying corporation as defined in R.I. Gen. Laws § 44-43-8(c) with respect to the qualifying taxpayer.

R.I. Gen. Laws § 44-43-8(b) defines a qualifying taxpayer as a current or former employee of a qualifying corporation employed for three consecutive months as a full-time employee in accordance with corporate policy. R.I. Gen. Laws §§ 44-43-8(c) and 44-43-8(d) define a qualifying corporation.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2018 and TY 2019 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 1 (This modification includes the Gain from Stock Options in Qualifying Corporations modification.)

VIII. Tax Expenditure Items – Modifications

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$932	< 10
2019 Personal Income Tax	\$11,447	25

Projection Methodology: TY 2020 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2015- TY 2019 to TY 2019. TY 2021 – TY 2023 are set equal to TY 2020.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$36,283	32
2021 Personal Income Tax	\$36,283	32
2022 Personal Income Tax	\$36,283	32
2023 Personal Income Tax	\$36,283	32

Law Comparison: No similar provisions found in the other New England states.

14. Interest on Obligations of the United States and its Possessions:

Statutory Reference: R.I. Gen. Laws §§ 44-30-12(c)(1) and 44-11-11(a)(1)(iv)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1971 / N/A

Description: Any interest income on obligations of the United States and its possessions to the extent includible in gross income for federal income tax purposes, and any interest or dividend income on obligations, or securities of any authority, commission, or instrumentality of the United States to the extent includible in gross income for federal income tax purposes but exempt from state income taxes under the laws of the United States; provided that the amount to be subtracted shall in any case be reduced by any interest on indebtedness incurred or continued to purchase or carry obligations or securities the income of which is exempt from Rhode Island personal income tax, to the extent the interest has been deducted in determining federal adjusted gross income (AGI) or taxable income shall be subtracted from federal AGI prior to computing the tax imposed by R.I. Gen. Laws Chapter 44-30.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2018 and TY 2019 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability

VIII. Tax Expenditure Items – Modifications

calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$2,403,990	16,303
2019 Personal Income Tax	\$3,276,702	22,927

Projection Methodology: TY 2020 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2015- TY 2019 to TY 2019. TY 2021 – TY 2023 are set equal to TY 2020.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$3,733,218	24,496
2021 Personal Income Tax	\$3,733,218	24,496
2022 Personal Income Tax	\$3,733,218	24,496
2023 Personal Income Tax	\$3,733,218	24,496

Law Comparison: All of the New England states have similar provisions.

Connecticut: In determining Connecticut personal income tax, any income with respect to which taxation by any state is prohibited by federal law is deducted from federal AGI to the extent the amount is includable in federal AGI.

Connecticut Statute: Conn. Gen. Stat. § 12-701(a)(20)(B)(i)

Maine: Federal AGI is reduced by interest or dividends on obligations of the United States and its territories and possessions or of any authority, commission, or instrumentality of the United States to the extent that interest or those dividends are included in federal AGI but exempt from state income taxes under the laws of the United States. A similar provision exists under Maine’s corporate income tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5122(2)(A) and 5200-A(2)(A)

Massachusetts: Interest on obligations of the United States are exempt from state income taxation to the extent included in federal AGI, and dividends received from a regulated investment company qualified under § 851 of the IRC to the extent such dividends are attributable to interest on obligations of the United States that are exempt from state income taxation and are so identified in a written notice mailed to the shareholders of such regulated investment company not later than 60 days after the close of its tax year can be deducted from federal AGI.

VIII. Tax Expenditure Items – Modifications

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(a)(2)(A)

New Hampshire: Income derived from interest on notes, bonds or other securities of the United States is deducted from gross business profits before calculating tax.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 77-A:4(II)

Vermont: Taxable income begins with federal AGI, without regard to 26 U.S.C § 165(k) and is decreased by income from United States government obligations.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5811(21)(B)(i)

15. **Military Pay of Non-Resident Individuals:**

Statutory Reference: R.I. Gen. Laws § 44-30-32(d)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1971 / N/A

Description: Compensation paid by the United States for service in the armed forces of the United States, performed by an individual not domiciled in Rhode Island can be taken as a modification decreasing federal adjusted gross income (AGI) for the purposes of computing the tax imposed by R.I. Gen. Laws Chapter 44-30.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2018 and TY 2019 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$825,302	690
2019 Personal Income Tax	\$733,133	1,086

Projection Methodology: TY 2020 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2015- TY 2019 to TY 2019. TY 2021 – TY 2023 are set equal to TY 2020.

VIII. Tax Expenditure Items – Modifications

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$854,432	1,202
2021 Personal Income Tax	\$854,432	1,202
2022 Personal Income Tax	\$854,432	1,202
2023 Personal Income Tax	\$854,432	1,202

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: Compensation paid by the United States for active service in the armed forces of the United States that is performed by an individual not domiciled in Connecticut is not considered to be Connecticut income derived from sources within Connecticut.

Connecticut Statute: Conn. Gen. Stat. § 12-711(d)

Maine: A member of the armed services who is a legal resident of another state but is stationed in Maine by military orders is not subject to Maine income tax on his or her service pay.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5142(7)

Massachusetts: The compensation paid by the United States to its uniformed military personnel assigned to duty at military posts, bases, or stations within the state for services rendered by said personnel while on active duty are not considered to be from Massachusetts sources.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 5A(c)

Vermont: For any taxable year, the Vermont income of a resident individual is the federal AGI of the individual for that taxable year less military pay for full-time active duty with the armed services earned outside Vermont and less the first \$2,000 of military pay for unit training in Vermont to National Guard and United States Reserve personnel that have certified that all of his or her unit training was completed during the calendar year and who have a federal AGI of less than \$50,000.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5823(a)(2)

16. New Research and Development Facilities:

Statutory Reference: R.I. Gen. Laws § 44-32-1

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1974 / 1975

VIII. Tax Expenditure Items – Modifications

Description: A deduction for all expenditures paid or incurred for the construction, reconstruction, erection, or acquisition of any new tangible property that is depreciable under 26 U.S.C. § 167, was acquired by purchase as defined in 26 U.S.C. § 179(d), is located in the State, and is used in the taxpayer’s trade or business for purposes of research and development in the experimental or laboratory sense shall be allowed against the portion of its entire net income allocated to Rhode Island during the taxable year. The deduction can be taken against the taxes imposed by R.I. Gen. Laws Chapters 44-11 and 44-30 and is in lieu of depreciation or an investment tax credit. The deduction is not refundable and may be carried over for up to three years.

Data Source: *Business Corporation Tax:* Rhode Island Division of Taxation and Office of Revenue Analysis (ORA) calculations. Amount of allowed deduction was summed and then multiplied by the business corporation tax rate of 7% for TY 2018 and TY 2019 to determine forgone revenue. The number of taxpayers includes those taxpayers with a deduction that decreased federal AGI.

Personal Income Tax: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal adjusted gross income (AGI). ORA calculated the Rhode Island tax liability for each taxpayer under TY 2018 and TY 2019 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: *Business Corporation Tax, Personal Income Tax, 1*

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	\$1,075	< 10
2018 Personal Income Tax	\$219	< 10
2018 Total	\$1,294	Not Available*
2019 Business Corporation Tax	\$265,879	13
2019 Personal Income Tax	\$2,201	< 10
2019 Total	\$268,080	Not Available*

**Indicates data that is not disclosed by Taxation due to taxpayer’s confidentiality*

Projection Methodology: *Business Corporation Tax:* TY 2020 projections provided by the Division of Taxation with data that was available as of August 2021 and is subject to revision. TY 2021-TY 2023 is the four-year average from TY 2016 – TY 2019 of revenue forgone and number of taxpayers.

Personal Income Tax: TY 2020 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2015- TY 2019 to TY 2019. TY 2021 – TY 2023 are set equal to TY 2020.

VIII. Tax Expenditure Items – Modifications

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	\$1,174	< 10
2020 Personal Income Tax	\$30,560	9
2020 Projected Total	\$31,734	Not Available*
2021 Business Corporation Tax	\$76,868	19
2021 Personal Income Tax	\$30,560	9
2021 Projected Total	\$107,428	28
2022 Business Corporation Tax	\$76,868	19
2022 Personal Income Tax	\$30,560	9
2022 Projected Total	\$107,428	28
2023 Business Corporation Tax	\$76,868	19
2023 Personal Income Tax	\$30,560	9
2023 Projected Total	\$107,428	28

*Indicates data that is not disclosed by Taxation due to taxpayer’s confidentiality

Law Comparison: No similar provisions found in the other New England states.

17. Organ Transplantation:

Statutory Reference: R.I. Gen. Laws § 44-30-12(c)(7)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2009 / N/A

Description: An individual may subtract up to \$10,000 from federal adjusted gross income (AGI) if he or she, while living, donates one or more of his or her human organs to another human being for human organ transplantation. An individual can claim this decreasing modification once and for unreimbursed expenses that are incurred by the claimant and related to the claimant’s organ donation in travel expenses, lodging expenses and lost wages. This modification may be claimed by residents of Rhode Island only.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2018 and TY 2019 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all

VIII. Tax Expenditure Items – Modifications

taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations. The number of taxpayers includes those resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$4,774	26
2019 Personal Income Tax	\$6,612	83

Projection Methodology: TY 2020 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2015- TY 2019 to TY 2019. Forgone revenues for TY 2021 – TY 2023 are set equal to TY 2020.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$7,675	119
2021 Personal Income Tax	\$7,675	119
2022 Personal Income Tax	\$7,675	119
2023 Personal Income Tax	\$7,675	119

Law Comparison: Connecticut and Massachusetts have similar provisions.

Connecticut: Taxpayers may subtract up to \$10,000 from Connecticut AGI for certain expenses related to organ donation.

Connecticut Statute: Conn. Gen. Stat. § 12-701(B)(xxii)

Massachusetts: A deduction is allowed for any individual who donates an organ to another person for human organ transplantation. The individual may claim travel expenses, lodging expenses, and lost wages not to exceed \$10,000 that are incurred by the individual and related to the individual’s organ donation. This deduction is only available to Massachusetts residents.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 3(B)(a)(16)

18. Performance-Based Income of Eligible Employees via the Jobs Growth Act:

Statutory Reference: R.I. Gen. Laws § 42-64.11-4

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2005 / N/A

VIII. Tax Expenditure Items – Modifications

Description: An eligible employee, as defined in R.I. Gen. Laws § 42-64.11-2(j), of an eligible company, as defined in R.I. Gen. Laws § 42-64.11-2(i), shall be allowed as a modification decreasing adjusted gross income and alternative minimum income 50% of the performance-based income realized by the eligible employee during any calendar year for which an eligible company has been certified under R.I. Gen. Laws § 42-64.11-3, prior to computing the tax imposed by R.I. Gen. Laws Chapter 44-30.

In any taxable year for which an eligible company has been certified under R.I. Gen. Laws § 42-64.11-3, said eligible company or its affiliates shall pay a tax equal to 5% of the aggregate performance-based compensation paid to its eligible employees.

Although this modification decreasing federal AGI is still permitted under state law, the company an employee works for must first apply and be certified under this expenditure. The companies' application status is determined by Rhode Island Commerce Corporation and any amount reducing federal AGI is set for review of eligibility.

Data Source: Rhode Island Division of Taxation and Office of Revenue Analysis Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2018 and TY 2019 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI. These results are subject to change as they may or may not have been verified by Taxation as of publication.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$2,235	< 10
2019 Personal Income Tax	\$9,603	< 10

Projection Methodology: Projected amount of modification and number of taxpayers are the average of revenue forgone and number of taxpayers from TY 2018 – TY 2019 for TY 2020. TYs 2021-2023 are held constant with TY 2020.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$5,919	< 10
2021 Personal Income Tax	\$5,919	< 10
2022 Personal Income Tax	\$5,919	< 10
2023 Personal Income Tax	\$5,919	< 10

Law Comparison: No similar provisions found in the other New England states.

19. Profits or Gains from Sales of Work by Artists, Writers, and Composers:

Statutory Reference: R.I. Gen. Laws § 44-30-1.1(c)(1)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1996 / 2005

Description: An individual to whom R.I. Gen. Laws § 44-30-1.1 applies is entitled to have the profits or gains arising from the publication, production, or sale of a work or works be taken as a modification reducing federal adjusted gross income (AGI) for the purposes of computing the tax imposed by R.I. Gen. Laws Chapter 44-30. The modification is available only to artists, writers and composers that reside within designated economic development zones in Providence, Pawtucket, Woonsocket, Warwick, Westerly, Newport, Tiverton, Little Compton, and Warren.

A work is defined in R.I. Gen. Laws § 44-30-1.1(a) as “an original and creative work whether written, composed, created or executed” that falls into one of the following categories: (1) a book or other writing; (2) a play or the performance of said play; (3) a musical composition or the performance of said composition; (4) a painting or other like picture; (5) a sculpture; (6) traditional and fine crafts; (7) the creation of a film or the acting of said film; or (8) the creation of a dance or the performance of said dance.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2018 and TY 2019 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 1

VIII. Tax Expenditure Items – Modifications

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$21,111	55
2019 Personal Income Tax	\$10,797	82

Projection Methodology: TY 2020 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2015- TY 2019 to TY 2019. Forgone revenues for TY 2021 – TY 2023 are set equal to TY 2020.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$9,201	83
2021 Personal Income Tax	\$9,201	83
2022 Personal Income Tax	\$9,201	83
2023 Personal Income Tax	\$9,201	83

Law Comparison: No similar provisions found in the other New England states.

20. Provision of Insurance Benefit to Dependent or Domestic Partner:

Statutory Reference: R.I. Gen. Laws § 44-30-12(c)(6)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2006 / N/A

Description: Any amount of insurance benefits or other coverage plan paid for or provided to a dependent, including a domestic partner, that is included in adjusted gross income (AGI) for federal income tax purposes shall be taken as a modification reducing federal AGI prior to the computation of the tax imposed by R.I. Gen. Laws Chapter 44-30.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2018 and TY 2019 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Revenue forgone is determined by taking the difference between the two tax liability calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 1

VIII. Tax Expenditure Items – Modifications

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$46,147	295
2019 Personal Income Tax	\$49,448	401

Projection Methodology: TY 2020 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2015- TY 2019 to TY 2019. Forgone revenues for TY 2021 – TY 2023 are set equal to TY 2020.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$50,641	429
2021 Personal Income Tax	\$50,641	429
2022 Personal Income Tax	\$50,641	429
2023 Personal Income Tax	\$50,641	429

Law Comparison: Massachusetts has a similar provision.

Massachusetts: If an employee participates in an employer-provided health insurance plan, any amount which would be included in gross income of the employee by reason of coverage under the plan of any person other than the employee, to the extent such coverage is mandated by law, may be deducted from federal AGI for purposes of calculating Massachusetts personal income tax.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(a)(2)(Q)

21. Qualifying Investment in a Certified Venture Capital Partnership:

Statutory Reference: R.I. Gen. Laws § 44-43-2(5)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1987 / N/A

Description: A modification reducing federal adjusted gross income (AGI) for making a qualifying investment in a certified venture capital partnership shall be allowed in the amount of the qualifying investment in the year in which the taxpayer first makes such an investment prior to computing the tax owed under R.I. Gen. Laws Chapter 44-30. (A deduction reducing net income or net worth, gross earnings, or gross premiums shall be allowed prior to computing the tax owed under R.I. Gen. Laws Chapters 44-11, 44-13, 44-14 or 44-17.)

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2018 and TY 2019 Rhode

VIII. Tax Expenditure Items – Modifications

Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$389	< 10
2019 Personal Income Tax	\$202	< 10

Projection Methodology: TY 2020 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2015- TY 2019 to TY 2019. Forgone revenues for TY 2021 – TY 2023 are set equal to TY 2020.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$151	< 10
2021 Personal Income Tax	\$151	< 10
2022 Personal Income Tax	\$151	< 10
2023 Personal Income Tax	\$151	< 10

Law Comparison: No similar provisions found in the other New England states.

22. Railroad Retirement Benefits:

Statutory Reference: 45 U.S.C. § 231m(a)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1935 / 2008

Description: The United States Railroad Retirement Act provides that notwithstanding any other law of the United States, or of any State, territory, or the District of Columbia no annuity or supplemental annuity shall be assignable or be subject to any tax or to garnishment, attachment, or other legal process under any circumstances whatsoever.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal adjusted gross income (AGI). ORA calculated the Rhode Island tax liability for each taxpayer under TY 2018 and TY 2019 Rhode Island personal income tax laws and the Rhode Island tax liability for each

VIII. Tax Expenditure Items – Modifications

taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$203,187	263
2019 Personal Income Tax	\$194,808	332

Projection Methodology: TY 2020 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2015- TY 2019 to TY 2019. Forgone revenues for TY 2021 – TY 2023 are set equal to TY 2020.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$194,346	338
2021 Personal Income Tax	\$194,346	338
2022 Personal Income Tax	\$194,346	338
2023 Personal Income Tax	\$194,346	338

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: In computing Connecticut AGI, there shall be subtracted from federal AGI, to the extent properly includable in gross income for federal income tax purpose, any tier 1 railroad retirement benefits.

Connecticut Statute: Conn. Gen. Stat. § 12-701(a)(20)(B)(iv)

Maine: In determining income subject to the Maine personal income tax, federal AGI is reduced by railroad retirement benefits paid by the United States to the extent included in federal AGI.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5122(2)(C)

Massachusetts: Massachusetts provides a deduction for Social Security benefits included in federal AGI under § 86 of the Internal Revenue Code. The term Social Security benefits in § 86 includes Tier 1 railroad retirement benefits. Tier II railroad retirement benefits are also exempt from state taxation under 45 U.S.C. § 231m.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(a)(2)(H)

Vermont: Vermont’s provisions exclude Tier I and II railroad retirement benefits from the calculation of the personal income tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 5811(21)(B)(iv), 5830e

23. Recognition of Income from Discharge of Business Indebtedness:

Statutory Reference: R.I. Gen. Laws § 44-66-1

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2009 / N/A

Description: For purposes of computing Rhode Island taxable income under R.I. Gen. Laws Chapters 44-11, 44-14 and 44-30, the recognition of income from the discharge of business indebtedness deferred under the American Recovery and Reinvestment Act (ARRA) of 2009 for federal tax purposes, must be reported as a modification increasing federal income for Rhode Island tax purposes in the year the discharge of indebtedness occurred. When claimed as income on a future federal tax return the deferred amount of the discharge of indebtedness may be reported as a modification decreasing federal income for Rhode Island tax purposes.

The ARRA of 2009 allowed certain businesses that had debts discharged in 2009 and 2010 to defer the recognition of income from the cancellation of such debts until 2014 and then spread that recognition of income over a five-year period. Rhode Island’s disallowance of the recognition of income from the discharge of business indebtedness is a timing issue. Over the course of the indebtedness, there is no net impact on Rhode Island tax collections.

Data Source: *Business Corporation*: Rhode Island Division of Taxation and Office of Revenue Analysis (ORA) calculations. Amount of modification was first multiplied by the taxpayer’s apportionment ratio and then multiplied by the business corporation tax rate of 7% for TY 2018 and TY 2019 to determine forgone revenue. The number of taxpayers includes those taxpayers with a modification that decreased federal AGI.

Bank Taxes: Rhode Island Division of Taxation. Amount of modification was first multiplied by the taxpayer’s apportionment ratio and then multiplied by the banking institution excise tax rate of 9% for TY 2018 and TY 2019 to determine revenue forgone. The number of taxpayers includes those taxpayers with a modification that decreased federal AGI.

Personal Income Tax: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal adjusted gross income (AGI). ORA calculated the Rhode Island tax liability for each taxpayer under TY 2018 and TY 2019 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: Business Corporation, Bank Taxes and Personal Income Tax, 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	\$639,148	73
2018 Bank Tax	\$4,963	< 10
2018 Personal Income Tax	\$3,790	23
2018 Total	\$647,901	Not Available*
2019 Business Corporation Tax	\$17,850	22
2019 Bank Tax	\$44,733	< 10
2019 Personal Income Tax	\$904	< 10
2019 Total	\$63,487	Not Available*

*Indicates data that is not disclosed by Taxation due to taxpayer's confidentiality

Projection Methodology: The cancellation of debt income for 2009 and 2010 could be deferred until 2014 and spread over five years (i.e., TY 2014 through TY 2019). Therefore, ORA projects this modification will be zero in TY 2020 and thereafter for all tax types.

Law Comparison: Connecticut, Maine, Massachusetts, and New Hampshire have similar provisions.

Connecticut: Any income from the discharge of indebtedness in connection with any reacquisition, after December 31, 2008, and before January 1, 2011, of an applicable debt instrument or instruments, as defined in § 108 of the Internal Revenue Code (IRC), as amended by § 1231 of the ARRA of 2009 not included in federal AGI shall be taken as a modification increasing AGI for Connecticut income tax purposes.

To the extent that any income from the discharge of indebtedness in connection with any reacquisition, after December 31, 2008, and before January 1, 2011, of an applicable debt instrument or instruments, as those terms are defined in the ARRA of 2009, was added to federal AGI in computing Connecticut AGI for a preceding taxable year, the amount of the income that was added to federal AGI may be taken as a modification decreasing AGI for Connecticut income tax purposes.

Similar provisions are included in Connecticut law for business corporation taxes.

Connecticut Statute: Conn. Gen. Stat. §§ 12-217(b)(2)(A), 12-217(b)(2)(B), 12-701(a)(20)(A)(xi), and 12-701(a)(20)(B)(xviii)

Maine: Maine taxable income is federal AGI decreased by an amount equal to the gross income from the discharge of indebtedness previously deferred under §108(i) of the IRC and included in federal AGI.

A similar provision is included in Maine law for the imposition of tax on corporations.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 5122(2)(DD) and 5200-A(2)(U)

Massachusetts: Gross income is defined as under the provisions of the IRC, as amended and in effect for the taxable year, but shall be determined without regard to § 108(i) of the IRC.

Massachusetts Statute: Mass. Gen. Laws ch. 63, § 1

New Hampshire: New Hampshire defines the term “United States Internal Revenue Code” to mean “[F]or all tax years beginning after January 1, 2000, the United States Internal Revenue Code of 1986 in effect on December 31, 2000.” Thus, by definition, amendments to the IRC that occurred after December 31, 2000 are not allowable under New Hampshire’s business profits tax and business taxpayers are required to adjust the taxable income reported on their federal return before reporting their gross business profits on their New Hampshire business tax return. The adjustment will require: (1) the addition of the deferred income from the cancellation of indebtedness taken in the taxable year; and (2) the subtraction of the amount of income from the cancellation of indebtedness deferred from a prior taxable year.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 77-A:1, XX

24. Rental Vehicle Surcharge Retained by Rental Car Companies:

Statutory Reference: R.I. Gen. Laws § 31-34.1-2(b)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1994 / 2014

Description: The rental vehicle surcharge rate is 8% of gross receipts per vehicle on all rentals for each of the first 30 consecutive days. Of the revenue collected from the imposition of the surcharge imposed by R.I. Gen. Laws § 31-34.1-2(a), 60% is retained by the rental car company and 40% of the surcharge is remitted to the state for deposit in the Rhode Island highway maintenance account.

Data Source: Excise Tax Section, Rhode Island Division of Taxation data on 40% of the surcharge remitted to the state. ORA calculations to determine 60% retained by rental car companies.

Reliability Index: 1

VIII. Tax Expenditure Items – Modifications

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Rental Vehicle Surcharge	\$5,474,231	53
2019 Rental Vehicle Surcharge	\$5,208,182	57
2020 Rental Vehicle Surcharge	\$4,778,672	64
2021 Rental Vehicle Surcharge	\$3,510,364	51

Projection Methodology: The number of taxpayers and projected revenue forgone is held constant with FY 2021.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2022 Rental Vehicle Surcharge	\$3,510,364	51
2023 Rental Vehicle Surcharge	\$3,510,364	51

Law Comparison: Only Connecticut has a similar provision.

Connecticut: The rental surcharge is equal to 3% of the total rental charge and is included in the sales tax base. It applies only if the rental company owns a fleet of at least five passenger motor vehicles used for rentals, and the vehicle is leased for less than 31 days. The total surcharge collected is retained by the rental company. Rentals by licensed new car dealers, repairers and limited repairers are exempt from the surcharge. Rentals by used car dealers who are not primarily engaged in the rental business are also exempt.

Connecticut Statute: Conn. Gen. Stat. § 12-692(b)

25. Rhode Island Fiduciary Adjustment:

Statutory Reference: R.I. Gen. Laws § 44-30-12(d)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1971 / 2002

Description: The taxpayer's share, as beneficiary of an estate or trust, of the Rhode Island fiduciary adjustment determined under R.I. Gen. Laws § 44-30-17 shall be taken as a modification either decreasing or increasing federal adjusted gross income (AGI) as the case may be prior to the computation of the tax liability imposed by R.I. Gen. Laws Chapter 44-30.

The Rhode Island fiduciary adjustment is the net amount of the modifications provided for in R.I. Gen. Laws § 44-30-12 exclusive of subdivisions (b)(4), (c)(3), and (c)(4), which relates to items of income or deduction of an estate or trust. This includes the modification for the Rhode Island fiduciary adjustment, subdivision (d) of R.I. Gen. Laws § 44-30-17, if the estate or trust is a

VIII. Tax Expenditure Items – Modifications

beneficiary of another estate or trust. The respective shares of an estate or trust and its beneficiaries, including solely for the purpose of this allocation, non-resident beneficiaries, in the fiduciary adjustment are in proportion to their respective share of federal distributable net income of the estate or trust.

Data Source: Office of Revenue Analysis (ORA) calculations. Modifications include adjustments that either increase or decrease federal AGI. For TY 2018 and TY 2019, the total net modification by resident and non-resident taxpayers increased federal AGI; therefore, there is no revenue forgone from this modification in TY 2018 or TY 2019. The number of taxpayers includes those resident and non-resident taxpayers with a modification that either increased or decreased federal AGI.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$0	1,314
2019 Personal Income Tax	\$0	1,595

Projection Methodology: TY 2020 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2015- TY 2019 to TY 2019. Forgone revenues for TY 2021 – TY 2023 are set equal to TY 2020.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$0	1,635
2021 Personal Income Tax	\$0	1,635
2022 Personal Income Tax	\$0	1,635
2023 Personal Income Tax	\$0	1,635

Law Comparison: Connecticut, Maine, and Massachusetts have similar provisions.

Connecticut: With respect to a person who is the beneficiary of a trust or estate, there shall be added or subtracted from federal AGI such person’s share, as determined under § 12-714, in the Connecticut fiduciary adjustment.

Connecticut Statute: Conn. Gen. Stat. § 12-701(a)(20)(C)

Maine: There shall be added to or subtracted from federal AGI the taxpayer’s share of the fiduciary adjustment determined under § 5164, Computation of Taxable Income of Resident Estates and Trusts.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5122(3)

Massachusetts: Massachusetts gross income includes a further modification for the income received from any trustee or other fiduciary, which income is taxable under the personal income tax to the trustee or other fiduciary.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(a)(2)(C)

26. Tax Incentives for Employers:

Statutory Reference: R.I. Gen. Laws § 44-55-4.1

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1997 / N/A

Description: Businesses that employ and retain in the State employees who have been previously unemployed for at least 26 consecutive calendar weeks and have been employed for at least 52 consecutive calendar weeks shall receive a modification from the income, gross earnings, deposits, or gross premiums subject to the taxes imposed by R.I. Gen. Laws Chapter 44-30. The modification is equal to 40% of the eligible employee's first year wages, up to a maximum \$2,400 per eligible employee. (Eligible businesses shall receive a deduction from the income, gross earnings, deposits, or gross premiums subject to the taxes imposed by R.I. Gen. Laws Chapters 44-11, 44-13, 44-14, 44-15, and 44-17.)

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal adjusted gross income (AGI). ORA calculated the Rhode Island tax liability for each taxpayer under TY 2018 and TY 2019 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$22,773	33
2019 Personal Income Tax	\$11,546	25

Projection Methodology: TY 2020 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2015- TY 2019 to TY 2019. Forgone revenues for TY 2021 – TY 2023 are set equal to TY 2020.

VIII. Tax Expenditure Items – Modifications

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$11,170	27
2021 Personal Income Tax	\$11,170	27
2022 Personal Income Tax	\$11,170	27
2023 Personal Income Tax	\$11,170	27

Law Comparison: No similar provisions found in the other New England states.

27. Taxable Pension Plan and/or Annuity Income:

Statutory Reference: R.I. Gen. Laws § 44-30-12(c)(9)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2016

Description: A modification reducing federal adjusted gross income (AGI) for up to \$15,000 of taxable pension and/or annuity income included in federal AGI is allowed for individual filers with federal AGI of \$80,000 or less and joint filers with federal AGI of \$100,000 or less who also have reached “full retirement age” based on Social Security Administration rules for tax years beginning on or after January 1, 2017. The federal AGI dollar amounts will be adjusted for inflation on a going-forward basis. For the tax year beginning on January 1, 2018, the federal AGI thresholds increased to \$81,900 and \$102,400, respectively. For the tax year beginning on January 1, 2019, the federal AGI thresholds increased to \$83,450 and \$104,350, respectively.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal adjusted gross income (AGI). ORA calculated the Rhode Island tax liability for each taxpayer under TY 2018 and TY 2019 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$12,919,675	32,986
2019 Personal Income Tax	\$13,328,983	45,627

VIII. Tax Expenditure Items – Modifications

Projection Methodology: TY 2020 – TY 2023 projected forgone revenue and count of taxpayers was calculated by applying the yearly cross product of the growth in Rhode Island’s 65 and older population and United States consumer price index for all urban consumers from the Consensus Economic Forecast adopted at the November 2021 Revenue Estimating Conference.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$13,913,466	47,628
2021 Personal Income Tax	\$14,914,830	51,056
2022 Personal Income Tax	\$16,079,077	55,041
2023 Personal Income Tax	\$16,749,878	57,337

Law Comparison: Connecticut, Maine, and Massachusetts have similar provisions.

Connecticut: To the extent properly includable in gross income for federal income tax purposes, any income received from the United States government as retirement pay for a retired member of the Armed Forces or the National Guard is deducted from federal AGI for Connecticut personal income tax purposes. Additionally, to the extent properly includable in federal AGI, for the taxable years commencing January 1, 2016 through January 1, 2020, 25% of the income received from the state teachers' retirement system, and for the taxable year commencing January 1, 2021 and each taxable year thereafter 50% of the income received from the state teachers' retirement system is deducted from federal AGI in determining Connecticut AGI subject to the personal income tax.

Connecticut Statute: Conn. Gen. Stat. § 12-701(20)(B)(xvii), (xx)

Maine: For each individual who is a primary recipient of pension benefits under an employee retirement plan, not including a military retirement plan, federal AGI is reduced by an amount that is the lesser of: (1) \$10,000 reduced by the total amount of the individual’s Social Security benefits and railroad retirement benefits paid by the United States, but not less than \$0 or (2) the aggregate of retirement plan benefits under employee retirement plans included in the individual’s federal AGI. Total retirement benefits under military retirement plans included in the individual’s federal AGI are also subtracted from federal AGI for the calculation of Maine’s individual income tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5122(2)(M-2)

Massachusetts: Massachusetts personal income tax provisions include a modification reducing federal AGI for income from any contributory annuity, pension, endowment, or retirement fund of the United States government, Massachusetts, or any political subdivision thereof, including the optional retirement system established by § 40 of Chapter 15A to which the employee has contributed or any income received from the United States government as retirement pay for a retired member of the Uniformed Services of the United States, including survivorship benefits.

VIII. Tax Expenditure Items – Modifications

Massachusetts provisions also contain a modification reducing federal AGI for income from annuity, stock bonus, pension, profit-sharing, annuity or deferred-payment plans, contracts described in §§ 403(b) and 404 of the Code or for individual retirement accounts (IRAs), individual retirement annuities, or retirement bonds described in §§ 408 and 409 of the Code. This modification does not apply to income from the optional retirement system established by Mass. Gen. Laws, ch. 15A, § 40.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(a)(2)(E), (F)

28. **Taxable Social Security Income:**

Statutory Reference: R.I. Gen. Laws § 44-30-12(c)(8)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2015

Description: A modification reducing federal adjusted gross income (AGI) of taxable Social Security income included in federal AGI is allowed for individual filers with federal AGI of \$80,000 or less and joint filers with federal AGI of \$100,000 or less who also have reached “full retirement age” based on Social Security Administration rules for tax years beginning on or after January 1, 2016. The federal AGI dollar amounts will be adjusted for inflation on a going-forward basis. For the tax year beginning on January 1, 2018, the federal AGI thresholds increased to \$83,550 and \$104,450, respectively. For the tax year beginning on January 1, 2019, the federal AGI thresholds increased to \$85,150 and \$106,400, respectively.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal adjusted gross income (AGI). ORA calculated the Rhode Island tax liability for each taxpayer under TY 2018 and TY 2019 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$18,439,561	37,184
2019 Personal Income Tax	\$20,280,093	49,227

Projection Methodology: TY 2020 – TY 2023 projected forgone revenue and count of taxpayers was calculated by applying the yearly cross product of the growth in Rhode Island’s 65 and older population and United States consumer price index for all urban consumers from the Consensus Economic Forecast adopted at the November 2021 Revenue Estimating Conference.

VIII. Tax Expenditure Items – Modifications

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$21,169,386	51,386
2021 Personal Income Tax	\$22,692,965	55,084
2022 Personal Income Tax	\$24,464,370	59,384
2023 Personal Income Tax	\$25,484,997	61,861

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont have similar provisions.

Connecticut: There is a modification from federal AGI for an amount equal to the Social Security benefits for single filers and married individuals filing separately whose federal AGI for such taxable year is less than \$50,000 and for married individuals filing jointly and heads of households whose federal AGI for such taxable year is less than \$60,000. For all filers who do not meet the above income thresholds, the modification reducing federal AGI for Connecticut personal income tax purposes is an amount equal to the difference between the amount of Social Security benefits includable for federal income tax purposes and the lesser of 25% of the Social Security benefits received during the taxable year or 25% of the excess described in § 86(b)(1) of the IRC.

Connecticut Statute: Conn. Gen. Stat. § 12-701(20)(B)(x)

Maine: Federal AGI is reduced by Social Security benefits and railroad retirement benefits paid by the United States for Maine income tax purposes, to the extent these benefits are included in federal AGI.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5122(2)(C)

Massachusetts: Social Security benefits includable in federal AGI may be subtracted from federal AGI for the calculation of Massachusetts personal income tax.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(a)(2)(H)

Vermont: Beginning in TY 2018, Social Security beneficiaries meeting certain income requirements will be able to claim an exemption for the taxable portion of their Social Security benefits. For single, married filing separately, head of household, and qualifying widow(er) filers, taxpayers with a federal AGI of less than \$45,000 may exclude all of their federally taxable Social Security benefits and taxpayers with a federal AGI between \$45,000 and \$55,000 maybe exclude some portion of the federally taxable Social Security. For married filing jointly filers, the maximum federal AGI is \$70,000, with a phaseout range of \$60,000 to \$70,000.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 5811(21)(B)(iv), 5830e

OTHER ITEMS

1. Allocation and Apportionment of Airlines:

Statutory Reference: R.I. Gen. Laws § 44-11-15 / R.I. Code of Regulations 280-20-25-9.11(C)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2004 / 2015

Description: According to the Rhode Island Code of Regulations (RICR) 280-20-25-9, Apportionment of Net Income, Part 9.11 specifies that certain categories of taxpayers are eligible to apportion income according to modified formulas. Airlines are specifically listed as a type of taxpayer eligible for a special apportionment formula. For tax years beginning on or after January 1, 2015, passenger revenue and freight revenue are allocated to Rhode Island based on the ratio of departures of flight aircraft, by type, from locations in Rhode Island compared to departures everywhere, multiplied by total passenger revenue everywhere in order to determine the share of net income attributable to Rhode Island for an airline. All other receipts that are attributable to Rhode Island are included in the numerator. The apportioned net income is then subject to the tax imposed by R.I. Gen. Laws Chapter 44-11.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Connecticut, Massachusetts, and New Hampshire have similar provisions.

VIII. Tax Expenditure Items – Other Items

Connecticut: Connecticut's tax on air carriers shall be allocated to Connecticut by use of the average of the following three ratios (a) The ratio which the aircraft arrivals and departures within Connecticut scheduled by such air carrier during the income year bears to the total aircraft arrivals and departures scheduled by such carrier on its entire system during the same period; provided, in the case of nonscheduled operations, all arrivals and departures shall be substituted for scheduled arrivals and departures; (b) the ratio which the revenue tons handled by such air carrier at airports within Connecticut during the income year bears to the total revenue tons handled by such carrier at all airports on its entire system during the same period; (c) the ratio which such air carrier's originating revenue within Connecticut for the income year bears to the total originating revenue of such carrier from its entire system for the same period. If the formula provided subjects a taxpayer to a portion of taxes larger or smaller than is reasonably attributable to Connecticut, than the provisions of Conn. Gen. Stat. Section 12-221a shall apply.

Connecticut Statute: Conn. Gen. Stat. § 12-244

Massachusetts: Airlines use a modified three factor apportionment percentage formula in Massachusetts. The numerator of the property factor is the sum of the average value of the real and tangible personal property of the airline, other than aircraft ready for flight, situated in Massachusetts and the average value of the aircraft ready for flight owned or rented and used by the airline in Massachusetts. The denominator of the property factor is the average value of all of the airline's real and tangible personal property owned, rented, or leased, and used during the taxable year. The numerator of the payroll factor is the sum of the compensation paid in Massachusetts to non-flight personnel during the taxable year and the compensation paid in Massachusetts to flight personnel during the taxable year. The denominator of the payroll factor is the total compensation paid by the airline during the taxable year. The sales factor is a fraction whose numerator is total sales of the taxpayer in Massachusetts during the taxable year and whose denominator is total sales of the taxpayer everywhere during the taxable year. In general, a taxpayer's total sales are its gross receipts.

Massachusetts Statute: Mass. Gen. Laws ch. 63, § 38(j), Mass. Regulations 830 CMR 63.38.2: Apportionment of Income of Airlines

New Hampshire: New Hampshire uses a three factor apportionment formula based on payroll, property, and a double-weighted sales factor for the calculation of the business profits tax. Airlines use a modified version of this apportionment formula. The property factor is the sum of average New Hampshire mobile property and average New Hampshire non-mobile property, divided by the sum of average mobile property everywhere and average non-mobile property everywhere. The payroll factor is the sum of New Hampshire mobile payroll and New Hampshire non-mobile payroll, divided by the sum of mobile payroll everywhere and non-mobile payroll everywhere. The sales factor is the sum of New Hampshire transportation sales and New Hampshire non-transportation sales, divided by the sum of transportation sales everywhere and non-transportation sales everywhere.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 77-A:3, II(a); NH Admin Rules Rev 304.07

2. **Allocation and Apportionment of Brokerage Services:**

Statutory Reference: R.I. Gen. Laws § 44-11-14.2(b) / R.I. Code of Regulations 280-20-25-9.11(D)(2)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1995 / N/A

Description: Any taxpayer located in Rhode Island that provides securities brokerage services may choose to allocate its net income as follows: all net income derived directly or indirectly from the sale of security brokerage services shall be apportioned to Rhode Island only to the extent that securities brokerage customers are domiciled in Rhode Island. The apportionment factor is defined as the ratio of the brokerage commissions and total margin interest paid on accounts owned by Rhode Island domiciled customers to the brokerage commissions and total margin interest paid on accounts owned by all of the taxpayer's customers. The apportioned net income is then subject to the tax imposed by R.I. Gen. Laws Chapter 44-11. If the taxpayer chooses to use this apportionment method, then the taxpayer must use this apportionment method for the five succeeding tax years after the tax year of election.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Only Connecticut has a similar provision.

VIII. Tax Expenditure Items – Other Items

Connecticut: Each taxpayer that provides securities brokerage service apportions its net income derived, directly or indirectly, from rendering securities brokerage services as follows: the numerator of the apportionment fraction consists of the brokerage commissions and total margin interest paid on behalf of brokerage accounts owned by the taxpayer's customers who are domiciled in Connecticut during such taxpayer's income year, computed according to the method of accounting used in the computation of net income. The denominator of the apportionment fraction consists of brokerage commissions and total margin interest paid on behalf of brokerage accounts owned by all of the taxpayer's customers, wherever domiciled, during such taxpayer's income year, computed according to the method of accounting used in the computation of net income.

Connecticut Statute: Conn. Gen. Stat. §§ 12-218(f)

3. Allocation and Apportionment of Credit Card Banks:

Statutory Reference: R.I. Gen. Laws § 44-11-14.3 / R.I. Code of Regulations 280-20-25-9.11(E)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1996 / N/A

Description: Any banking institution whose business activities are taxable within and outside of Rhode Island and whose activities are limited to those described in § 2(c)(2)(F) of the federal Bank Holding Company Act (12 U.S.C. § 1841(c)(2)(F)) may choose to allocate its net income based on a special apportionment formula. All net income derived directly or indirectly from the banking institution shall be apportioned to Rhode Island only to the extent that the banking institution's customers are domiciled in Rhode Island. The apportionment factor is defined as the ratio of the income derived from accounts owned by customers domiciled in Rhode Island to the income derived from accounts owned by all of the banking institution's customers. The apportioned net income is then subject to the tax imposed by R.I. Gen. Laws Chapter 44-11. If the taxpayer chooses to use this apportionment method, then the taxpayer must use this apportionment method for the five succeeding tax years after the tax year of election.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

VIII. Tax Expenditure Items – Other Items

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Connecticut and New Hampshire have similar provisions.

Connecticut: Any financial service company that has net income derived from credit card activities apportions its net income derived from credit card activities using a special formula. The numerator of the apportionment fraction is Connecticut receipts. The denominator of the apportionment fraction consists of the total amount of interest and fees or penalties in the nature of interest from credit card receivables, receipts from fees charged to all card holders, including, but not limited to, annual fees, net gains from the sale of credit card receivables for all card holders, and all credit card issuer’s reimbursement fees.

Connecticut receipts are the sum of interest and fees or penalties in the nature of interest from credit card receivables and receipts from fees charged to card holders, including, but not limited to, annual fees, for card holders in Connecticut and the product of the sum of net gains from the sale of credit card receivables and all credit card issuer’s reimbursement fees multiplied by a fraction. The numerator of this fraction is interest and fees or penalties in the nature of interest from credit card receivables and receipts from fees charged to card holders, including, but not limited to, annual fees, from card holders in Connecticut, and the denominator is the total amount of interest and fees or penalties in the nature of interest from credit card receivables and receipts from fees charged to card holders, including, but not limited to, annual fees, for all card holders. Income derived by such taxpayer from sources other than credit card activities are apportioned using Connecticut’s standard apportionment formula.

Connecticut Statute: Conn. Gen. Stat. § 12-218(i)

New Hampshire: New Hampshire uses a three factor apportionment formula based on payroll, property, and a double-weighted sales factor for the calculation of the business profits tax. Financial institutions, including credit card companies, use a modified version of this apportionment formula. The property factor shall be the sum of the value of the real and tangible property and the intangible property components. The real and tangible property component shall be calculated using the standard formula for all businesses. The intangible property component shall include the average value of the business organization's loans and credit card receivables and be determined to be located in New Hampshire when it is properly assigned to a regular place of business within New Hampshire based upon the preponderance of substantive contacts relating to the loans having occurred in New Hampshire. The payroll factor is calculated in the same as the

VIII. Tax Expenditure Items – Other Items

standard apportionment formula for New Hampshire, which is the total compensation consisting of wages, salaries, commissions and other forms of remuneration paid during the taxable period to employees for personal services, excluding benefits. The sales factor is a fraction with the numerator being the sum of the receipts from the lease, sublease, rental or sub-rental of real property located in New Hampshire and the lease or rental of tangible personal property, other than transportation equipment, located in New Hampshire when it is first placed in service by the lessee owned by the business organization in New Hampshire during the taxable year and the denominator being the receipts of the business organization within and without New Hampshire during the taxable period.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 77-A:3, II(a); NH Admin Rules Rev 304.10

4. Allocation and Apportionment of Motor Carriers:

Statutory Reference: R.I. Gen. Laws § 44-11-15 / R.I. Code of Regulations 280-20-25-9.11(B)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2004 / 2015

Description: According to the Rhode Island Code of Regulations (RICR) 280-20-25-9.11 Apportionment of Net Income, only certain, specified categories of taxpayers are eligible to apportion income according to modified formulas. Motor carriers are specifically listed as a type of taxpayer eligible for a special apportionment formula.

For tax years beginning on or after January 1, 2015, to arrive at a determination of the share of net income attributable to Rhode Island the motor carrier’s net income is multiplied by the motor carrier’s apportionment percentage. The apportionment percentage is a ratio of the motor carrier’s total Rhode Island sales and the motor carrier’s total worldwide sales. A motor carrier’s Rhode Island sales consist of the average of the inbound/outbound Rhode Island receipts plus all other receipts attributable to Rhode Island.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

VIII. Tax Expenditure Items – Other Items

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Connecticut, Massachusetts, and New Hampshire have similar provisions.

Connecticut: Any motor carrier which transports property for hire and which is taxable both within and without Connecticut apportions its net income derived from carrying of property for hire using an apportionment fraction, the numerator of which is the total number of miles operated within Connecticut and the denominator of which is the total number of miles operated everywhere. Income derived by motor carriers from sources other than the carrying of property for hire use Connecticut’s standard apportionment formula to calculate the net income attributable to the state.

Connecticut Statute: Conn. Gen. Stat. § 12-218(d)

Massachusetts: Motor carrier companies use a modified three factor apportionment percentage formula in Massachusetts. The numerator of the property factor is the sum of the value of the real and tangible personal property of the motor carrier, other than mobile property, situated in Massachusetts and the value of the mobile property owned, rented, or leased and used by the motor carrier in Massachusetts. The denominator of the property factor is the average value of all of the motor carrier's real and tangible personal property owned, rented, or leased, and used during the taxable year. The value of the mobile property owned, rented, or leased, and used by the motor carrier in Massachusetts is the total value of the motor carrier's mobile property, multiplied by the percentage of miles traveled by the motor carrier's mobile property in Massachusetts.

The numerator of the payroll factor is the sum of the compensation paid in Massachusetts to personnel other than operating personnel and the compensation paid in Massachusetts to operating personnel. The compensation paid in Massachusetts to operating personnel is computed by multiplying the motor carrier's total payroll for operating personnel by the percentage of miles traveled by the motor carrier's mobile property in Massachusetts.

The denominator of the payroll factor is the total compensation paid by the motor carrier during the taxable year. The sales factor is calculated in the same manner as that of the standard Massachusetts apportionment formula and is a fraction whose numerator is total sales of the taxpayer in Massachusetts during the taxable year and whose denominator is total sales of the taxpayer everywhere during the taxable year. In general, a taxpayer’s total sales are its gross receipts.

Massachusetts Statute: Mass. Gen. Laws ch. 63, § 38(j), Mass. Regulations 830 CMR 63.38.3: Apportionment of Income of Motor Carriers

New Hampshire: New Hampshire uses a three factor apportionment formula based on payroll, property, and a double-weighted sales factor for the calculation of the business profits tax. Transportation industries other than airlines, communication, and energy companies use a modified version of this apportionment formula. The property factor's components shall be calculated utilizing the following provisions: the property factor is the sum of average New Hampshire mobile property and average New Hampshire non-mobile property, divided by the sum of average mobile property everywhere and average non-mobile property everywhere. The payroll factor is the sum of New Hampshire mobile payroll and New Hampshire non-mobile payroll divided by the sum of mobile payroll everywhere and non-mobile payroll everywhere. The sales factor is the sum of New Hampshire transportation income and New Hampshire non-transportation income divided by the sum of transportation income everywhere and non-transportation income everywhere.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 77-A:3, II(a); NH Admin Rules Rev 304.07

5. Allocation and Apportionment of Regulated Investment Companies:

Statutory Reference: R.I. Gen. Laws § 44-11-14.2(a) / R.I. Code of Regulations 280-20-25-9.11(D)(1)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1995 / N/A

Description: Any taxpayer located in Rhode Island that sells management, distribution or administration services to or on behalf of a regulated investment company, as defined by federal law, may choose to allocate its net income as follows: all net income derived directly or indirectly from the sale of management, distribution, or administration services to or on behalf of regulated investment companies, including net income received directly or indirectly from trustees, and sponsors or participants of employee benefit plans which have accounts in a regulated investment company, shall be apportioned to Rhode Island only to the extent that shareholders of the regulated investment company are domiciled in Rhode Island. The apportionment factor is defined as the ratio of the taxpayer's Rhode Island receipts from the services it provides to the taxpayer's receipts everywhere from the services it provides. Rhode Island receipts are determined by multiplying total receipts for the taxable year from each separate regulated investment company for which the services are performed by a fraction: the numerator being the average of the number of shares owned by the regulated investment company's shareholders domiciled in this state at the beginning of and at the end of the company's taxable year and the denominator being the average of the number of the shares owned by the regulated investment company's shareholders everywhere at the beginning and the end of the company's taxable year.

VIII. Tax Expenditure Items – Other Items

The apportioned net income is then subject to the tax imposed by R.I. Gen. Laws Chapter 44-11. If the taxpayer chooses to use this apportionment method, then the taxpayer must use this apportionment method for the five succeeding tax years after the tax year of election.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Connecticut, Maine, and Massachusetts have similar provisions.

Connecticut: Each taxpayer that provides management, distribution or administrative services to or on behalf of a regulated investment company apportions by a fraction its net income derived directly or indirectly from providing management, distribution, or administrative services to or on behalf of a regulated investment company, including net income received directly or indirectly from trustees and sponsors or participants of employee benefit plans which have accounts in a regulated investment company. The numerator of the apportionment fraction is the sum of Connecticut receipts, while the denominator of the apportionment fraction is total receipts from the sale of management, distribution or administrative services to or on behalf of all the regulated investment companies.

Connecticut receipts are determined by multiplying receipts from the rendering of management, distribution or administrative services to or on behalf of each separate regulated investment company by a fraction. The numerator of this fraction is the average of the number of shares on the first day of such regulated investment company's taxable year, which ends within or at the same time as the taxable year of the taxpayer, that are owned by shareholders of such regulated investment company domiciled in Connecticut

VIII. Tax Expenditure Items – Other Items

and the number of shares on the last day of such regulated investment company's taxable year that are owned by shareholders of such regulated investment company domiciled in Connecticut. The denominator of this fraction is the average of the number of shares that are owned by shareholders of such regulated investment company on such dates.

Connecticut Statute: Conn. Gen. Stat. § 12-218(e)

Maine: Maine has a special apportionment formula for mutual fund service providers. A mutual fund service provider may elect to apportion its net income as follows: net income is multiplied by a fraction, the numerator of which is the Maine receipts during the taxable year and the denominator of which is the total receipts everywhere for the same taxable year. Maine receipts from the direct or indirect provision of management, distribution or administration services to or on behalf of a regulated investment company or from trustees, sponsors and participants of employee benefit plans that have accounts in a regulated investment company are determined by multiplying total receipts for the taxable year from each separate regulated investment company for which the mutual fund service provider performs management, distribution or administration services by a fraction. The numerator of the fraction is the average of the number of shares owned by the regulated investment company's shareholders domiciled in Maine at the beginning of and at the end of the regulated investment company's taxable year, and the denominator of the fraction is the average of the number of the shares owned by the regulated investment company's shareholders everywhere at the beginning of and at the end of the regulated investment company's taxable year. If the taxpayer chooses to use this apportionment method, then the taxpayer must use this apportionment method for the five succeeding tax years after the tax year of election.

This special apportionment was repealed in the Maine 2019 legislative session.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5212(2), ME Pub. Law Ch. 401, Pt. C, § 10

Massachusetts: A mutual fund service corporation is defined as any corporation doing business in Massachusetts that derives more than 50% of its gross income from directly or indirectly providing management, distribution, or administration services to or on behalf of a regulated investment company and from trustees, sponsors and participants of employee benefit plans that have accounts in a regulated investment company. Any mutual fund service corporation whose employment level in the current taxable year is equal to or greater than its jobs commitment level for a taxable year or any mutual fund service corporation for which the jobs commitment level requirement no longer applies apportions its net income by multiplying it by 100% of the sales factor. A mutual fund service corporation that fails to achieve its jobs commitment level may still use 100% of the sales factor in apportioning net income if the failure to achieve the jobs commitment level for any taxable year is demonstrated by the mutual fund service corporation to be a direct result of adverse economic conditions in that taxable year.

Any taxable net income received by mutual fund sales that is not derived from mutual fund sales must be apportioned using the standard Massachusetts three factor apportionment. A

mutual fund service corporation that has taxable net income from mutual fund sales as well as taxable net income from non-mutual fund sales in the same tax year will have two income apportionment percentages for that year. If a mutual fund service corporation is subject to the non-income measure of the corporate excise tax, the mutual fund service corporation must use a weighted average of the two apportionment percentages to calculate the non-income measure of its excise due for that tax year. To determine the weighted average percentage, a mutual fund service corporation must calculate the ratio of its taxable net income from mutual fund sales to its taxable net income from non-mutual fund sales.

Massachusetts Statute: Mass. Gen. Laws ch. 63, § 38(m), 830 CMR 63.38.7
Apportionment of Income of Mutual Fund Service Corporations

6. Allocation and Apportionment of Retirement and Pension Plans:

Statutory Reference: R.I. Gen. Laws § 44-11-14.4 / Rhode Island Code of Regulations 280-20-25-9.11(F)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1996 / N/A

Description: Any taxpayer located in Rhode Island that sells management, distribution, or administration services, including without limitations, transfer agent, fund accounting, custody and other similar related services to or on behalf of an employee retirement or pension plan may choose to apportion to Rhode Island all net income derived directly and indirectly from the sale of the management, distribution, or administration services to or on behalf of a retirement or pension plan to the extent that the beneficiaries or participants of a retirement or pension plan are domiciled in Rhode Island. The apportionment factor is defined as the ratio of Rhode Island receipts from the services to the total receipts everywhere from the services for the same taxable year. Rhode Island receipts are determined by multiplying total taxable year receipts from a retirement or pension plan for which the services are performed by a fraction, the numerator of which is the average of the number of total beneficiaries or participants of each retirement or pension plan domiciled in Rhode Island at the beginning of and at the end of the taxable year of the taxpayer and the denominator of which is the average of the number of total beneficiaries or participants of the retirement or pension plan located everywhere at the beginning of and at the end of the taxable year of the taxpayer. The apportioned net income is then subject to the tax imposed by R.I. Gen. Laws Chapter 44-11. If the taxpayer chooses to use this apportionment method, then the taxpayer must use this apportionment method for the five succeeding tax years after the tax year of election.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

VIII. Tax Expenditure Items – Other Items

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Business Corporation Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Connecticut uses a special apportionment formula for financial service companies, including those that provide management, distribution and administrative services performed on behalf of a pension fund or retirement account. The numerator of the receipts factor includes receipts received for management, distribution and administrative services performed on behalf of a pension fund or retirement account equal to the product of such receipts for the income year multiplied by a fraction, the numerator of which is the average of the number of participants with an interest in the pension fund or retirement account on the first day of the pension fund or retirement account taxable year and whose billing address is in Connecticut and the number of participants with an interest in the pension fund or retirement account on the last day of the pension fund or retirement account taxable year and whose billing address is in Connecticut.

The denominator of the fraction is the total number of participants with an interest in the pension fund or retirement account on such dates. In lieu of using the billing addresses of the participants with an interest in the pension fund or retirement account, the taxpayer may elect to determine receipts based upon the average of the fair market value of funds under management in each taxable year allocated to the commercial domicile of the sponsor of the pension fund or retirement account and, where there is no sponsor for a particular pension fund or retirement account, the billing address of the participant. The election, if made by the taxpayer must be used five successive years and shall be applicable to all receipts from the rendering of management, distribution or administrative services performed for any pension fund or retirement account.

Connecticut Statute: Conn. Gen. Stat. § 12-218b(j)(2)

PREFERENTIAL TAX RATES

1. Jobs Development Act:

Statutory Reference: R.I. Gen. Laws § 42-64.5-3 / R.I. Gen. Laws § 44-48.3-12

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1994 / 2015

Description: The rate of tax payable by an eligible company, or each of its eligible subsidiaries, on its net income taxed under R.I. Gen. Laws Chapters 44-11, 44-14, and 44-17 or on its gross earnings taxed under R.I. Gen. Laws Chapter 44-13 shall be reduced by the amount specified in R.I. Gen. Laws § 42-64.5-4. The amount of rate reduction for any eligible company that is not a telecommunications company shall be based on the aggregate amounts of new units of employment for each taxable year over the base employment. A unit of employment consists of 10 new full-time equivalent employees for companies with base employment levels of 100 or fewer full-time employees or 50 new full-time equivalent employees for companies with base employment of more than 100 full-time employees.

Under the original terms of the Jobs Development Act, a qualifying company received a 0.25 percentage point reduction in the statutory tax rate for each unit of employment added up to a maximum reduction of six percentage points. These parameters applied to all tax types other than the tax on the gross earnings of public service corporations for which the maximum tax rate reduction is one percentage point. Following the implementation of mandatory combined reporting for business corporation tax filers, which included a reduction of the business corporation tax rate from 9% to 7% effective January 1, 2015, the amount of the JDA tax rate reduction was adjusted from 0.25 to 0.2 percentage points per unit of employment and the maximum reduction adjusted from six to four percentage points.

Any eligible company that fails to maintain for any taxable year the number of units of new employment it reported for its 1997 tax year or the third taxable year following the base employment period election set forth in R.I. Gen. Laws § 42-64.5-5, as applicable, the rate reduction provided shall expire permanently.

Effective July 1, 2015, the Jobs Development Act tax rate reduction was discontinued unless a company had qualified for the tax rate reduction prior to July 1, 2015. This provision, contained in Rhode Island General Laws § 44-48.3-12, essentially grandfathers in recipients of the JDA tax rate reduction who qualified prior to July 1, 2015 while denying any new companies that might otherwise qualify for the JDA tax rate reduction from being approved for it.

Data Source: May 2021 Revenue Estimating Conference Testimony, Rhode Island Division of Taxation

Reliability Index: 1 (This preferential tax rate includes the Life Sciences Rate Reduction preferential tax rate to the extent that preferential tax rate has been used by any taxpayers).

VIII. Tax Expenditure Items – Preferential Tax Rates

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	\$1,414,740	4
2018 Public Service Corporation Tax	\$0	0
2018 Bank Tax	\$6,448,475	1
2018 Ins Co Gross Premiums Tax	\$0	0
2018 Total	\$7,863,215	6
2019 Business Corporation Tax	\$1,569,804	4
2019 Public Service Corporation Tax	\$0	0
2019 Bank Tax	\$9,956,752	1
2019 Ins Co Gross Premiums Tax	\$0	0
2019 Total	\$11,526,556	5
2020 Business Corporation Tax	\$1,547,992	3
2020 Public Service Corporation Tax	\$0	0
2020 Bank Tax	\$17,955,874	1
2020 Ins Co Gross Premiums Tax	\$0	0
2020 Total	\$19,503,866	4
2021 Business Corporation Tax	\$1,092,149	3
2021 Public Service Corporation Tax	\$0	0
2021 Bank Tax	\$13,201,760	1
2021 Ins Co Gross Premiums Tax	\$0	0
2021 Total	\$14,293,909	4

Projection Methodology: As no new taxpayers may qualify for the JDA rate reduction, the number of taxpayers was held constant with FY 2021 for tax years 2022 and 2023. For projected revenue forgone these same tax years, ORA used the three-year average of revenue forgone for fiscal years 2019-2021.

VIII. Tax Expenditure Items – Preferential Tax Rates

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2022 Business Corporation Tax	\$1,403,315	3
2022 Public Service Corporation Tax	\$0	0
2022 Bank Tax	\$13,704,795	1
2022 Ins Co Gross Premiums Tax	\$0	0
2022 Projected Total	\$15,108,110	4
2023 Business Corporation Tax	\$1,403,315	3
2023 Public Service Corporation Tax	\$0	0
2023 Bank Tax	\$13,704,795	1
2023 Ins Co Gross Premiums Tax	\$0	0
2023 Projected Total	\$15,108,110	4

Law Comparison: No similar provisions found in the other New England states.

2. Life Science Rate Reduction:

Statutory Reference: R.I. Gen. Laws §§ 42-64.14-10 and 42-64.14-11

Stated Purpose: The purpose of R.I. Gen. Laws § 42-64.14 is to create a state-local-private sector partnership to plan, implement, administer, and oversee the redevelopment of the surplus I-195 properties and to authorize, provide for, and facilitate the consolidated exercise of development and redevelopment powers existing at the state and local levels. There is no stated purpose provided in the statute for R.I. Gen. Laws § 42-64.14-10.

Year Enacted / Last Year Amended: 2011 / 2014

Description: The rate of tax for an eligible life science company and each of its subsidiaries applicable against its net income subject to taxation under R.I. Gen. Laws § 44-11-2(a) is reduced by the amount specified in R.I. Gen. Laws § 42-64.14-11. The amount of rate reduction is based on the aggregate amount of new employment for each taxable year over the base employment and is equal to 0.2 percentage points for each unit of new employment. The total amount of the rate reduction cannot exceed four percentage points for any taxable year. Should any eligible company fail to maintain the number of units of new employment it reported above its base employment, the rate reduction will expire permanently.

Data Source: No reliable data exists for this tax expenditure item. (*This preferential tax rate is included in the Jobs Development Act preferential tax rate to the extent that preferential tax rate has been used by any taxpayers.)

VIII. Tax Expenditure Items – Preferential Tax Rates

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Business Corporation Tax	*	*
2019 Business Corporation Tax	*	*

Projection Methodology: * Projections for this modification / deduction are included in the Jobs Development Act preferential tax rate.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Business Corporation Tax	*	*
2021 Business Corporation Tax	*	*
2022 Business Corporation Tax	*	*
2023 Business Corporation Tax	*	*

Law Comparison: Massachusetts has a similar provision.

Massachusetts: A taxpayer, to the extent authorized by the life sciences tax incentive program, may be allowed a refundable jobs credit against the Massachusetts corporate income tax in an amount determined by the Massachusetts Life Sciences Center in consultation with the Massachusetts Department of Revenue. A taxpayer taking said credit shall commit to the creation of a minimum of 50 net new permanent full-time positions in Massachusetts. The amount of the jobs credit issued that exceeds the taxpayer’s liability under the Massachusetts corporate income tax shall be refunded to the taxpayer at a rate of 90 percent of the amount of excess credit. The Department of Revenue shall issue the refundable portion of the jobs credit in accordance with the cumulative amount, including the current year costs of incentives allowed in previous years, which shall not exceed \$30.0 million annually.

Massachusetts Statute: Mass. Gen. Laws ch. 63, § 38CC

TAX ABATEMENTS

1. Cigarette Tax Stamping Discount:

Statutory Reference: R.I. Gen. Laws § 44-20-19

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1939 / 2007

Description: Cigarette distributors have a right to purchase cigarette excise tax stamps at a discount from the stamp's face value. The cigarette distributor pays to the Tax Administrator 98.75% of the face value of the cigarette excise tax stamps that are purchased. This yields a discount of 1.25% for the distributor. This equates to a savings of \$0.053125 against the cigarette excise tax of \$4.25 per pack of 20 cigarettes. Distributors may also be allowed to pay for the cigarette excise tax stamps purchased up to 30 days after the actual receipt of the tax stamps.

Data Source: Excise Tax Section, Rhode Island Division of Taxation. The number of taxpayers is set to the number of Rhode Island registered cigarette distributors for that fiscal year.

Reliability Index: 1

<i>Fiscal Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Cigarette Tax	\$1,734,551	19
2019 Cigarette Tax	\$1,625,306	18
2020 Cigarette Tax	\$1,621,163	18
2021 Cigarette Tax	\$1,869,469	18

Projection Methodology: FY 2022 revenue forgone was calculated by applying the growth projected for cigarettes from FY 2021 audited revenues to FY 2022 projected revenues for cigarettes of -4.2%. FY 2023 is grown based on the growth rate of -3.7% calculated using the projected revenue amounts for cigarettes for FY 2022 and FY 2023. Projected revenues were based on the revenue estimates adopted at the November 2021 Revenue Estimating Conference. The projected number of taxpayers is equal to the Rhode Island registered cigarette distributors published for FY 2022.

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2022 Cigarette Tax	\$1,791,265	18
2023 Cigarette Tax	\$1,724,313	18

Law Comparison: All of the New England states have similar provisions.

VIII. Tax Expenditure Items – Tax Abatements

Connecticut: Connecticut's provisions include a discount of 1% of the face value of the cigarette excise tax stamps if purchased by a distributor. This equates to a savings of \$0.0435 against the Connecticut cigarette excise tax of \$4.35 per pack of 20 cigarettes. No discount applies if the cigarette excise tax stamps are purchased by a dealer. The Commissioner of Revenue may permit a licensed distributor or licensed dealer to pay for such stamps within 30 days after the date of purchase, provided a bond or other security satisfactory to the Commissioner in an amount not less than the sale price of such stamps has been filed with the Commissioner conditioned upon payment for such stamps.

Connecticut Statute: Conn. Gen. Stat. § 12-298

Maine: Maine's provisions include a discount rate of 1.15% for stamps, or a savings of \$0.023 against the Maine cigarette excise tax of \$2.00 per pack of 20 cigarettes. The State Tax Assessor may permit a licensed distributor to pay for the stamps within 30 days after the date of purchase, if a bond satisfactory to the assessor in an amount not less than 50% of the sale price of the stamps has been filed with the assessor conditioned upon payment for the stamps.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, ch. 703, § 4366-A(2)(D)

Massachusetts: A stamper may withhold and retain from each payment for cigarette excise tax stamps as compensation for service rendered in stamping packs of cigarettes the following amounts: for encrypted stamps purchased and not returned for an abatement, \$12 per roll of 1,200 stamps (\$0.01 per excise stamp); in each fiscal year, \$600 per roll of 30,000 encrypted stamps for the first 50 rolls purchased (\$0.02 per excise stamp) and \$200 per each additional roll of 30,000 encrypted stamps purchased (\$0.0067 additional excise stamp); and in the case of non-encrypted adhesive stamps purchased and not returned for an abatement, \$1.85 for each 600 stamps purchased (\$0.003083 per excise stamp) and a proportionate amount for any fraction thereof. No such compensation shall be allowed on any sale of less than \$100. The commissioner, in his discretion, may, permit a stamper to pay for such stamps within 30 days after the date of purchase; provided that the stamper furnishes a bond.

Massachusetts Statute: Mass. Gen. Laws ch. 64C, § 30

New Hampshire: New Hampshire does not provide a discount to stampers, however, the Commissioner of Revenue may permit a licensed wholesaler to pay for cigarette excise tax stamps within 30 days after the date of purchase, provided a bond satisfactory to the Commissioner in an amount not less than the sale price of such stamps shall have been filed with the Commissioner, conditioned upon the payment of such stamps.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 78:10, II

Vermont: Cigarette excise tax stamps are sold to licensed wholesale dealers at a discount of 2.3% of their face value for payment at time of sale. This equates to a savings of \$0.07084 against the Connecticut cigarette excise tax of \$3.08 per pack of 20 cigarettes. At the purchaser's request, the Commissioner of Taxes may sell cigarette excise tax stamps to licensed wholesale dealers for

VIII. Tax Expenditure Items – Tax Abatements

payment within 10 days at a discount of 1.5% of their face value if timely paid (i.e., \$0.0462 per pack of 20 cigarettes).

Vermont Statute: Vt. Stat. Ann. tit. 32, § 7772

2. Political Check-Off:

Statutory Reference: R.I. Gen. Laws § 44-30-2(d)(1)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1971 / 1997

Description: There is allowed as a credit against the tax due under R.I. Gen. Laws Chapter 44-30 a contribution of \$5.00, or \$10.00 if married filing a joint return, for the public financing of the electoral system. The first \$2.00, \$4.00 if married filing a joint return, goes to a political party or a non-partisan account if indicated by the taxpayer up to a maximum of \$200,000 in total for all political parties and the non-partisan account. The remainder of the credit is general revenue to the State.

Data Source: Division of Taxation, Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Personal Income Tax	\$81,470	11,820
2019 Personal Income Tax	\$82,625	12,017

Political Party Contributions:

<i>POLITICAL PARTY</i>	<i>2018 CONTRIBUTIONS</i>	<i>2019 CONTRIBUTIONS</i>
Democratic Party	\$9,404	\$10,250
Green Party	\$28	\$22
Moderate Party	\$428	\$538
Non-Partisan	\$4,998	\$5,108
Republican Party	\$2,938	\$3,088

Projection Methodology: Projected revenue forgone for TY 2020 - TY 2023 is the average of TY 2018 and TY 2019 revenue forgone. The projected number of taxpayers electing for TY 2020 - TY 2023 is the average TY 2018 and TY 2019 number of taxpayers.

VIII. Tax Expenditure Items – Tax Abatements

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Personal Income Tax	\$82,048	11,919
2021 Personal Income Tax	\$82,048	11,919
2022 Personal Income Tax	\$82,048	11,919
2023 Personal Income Tax	\$82,048	11,919

Law Comparison: Maine and Massachusetts have similar provisions.

Maine: Resident taxpayers may designate on the income tax form that \$3, or \$6 if filing a joint return, of their taxes be deposited in the Maine Clean Election Fund.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, ch. 831, § 5286

Massachusetts: Massachusetts provides for a \$1.00 credit for a resident individual filer and a \$2.00 credit for a resident jointly filed return against the Massachusetts individual income tax to be paid over to the State Election Campaign Fund.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 6C

3. Value of Farmland Included in Estate:

Statutory Reference: R.I. Gen. Laws § 44-23-5(b)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1916 / 2013

Description: All farmland included as part of an estate and utilized by the executor, administrator, heir-at-law, beneficiary or trustee as farmland is appraised at its use value and not at fair market value.

Data Source: No reliable data exists for this tax expenditure item.

Reliability Index: 5

<i>Fiscal Year / Tax Type</i>	<i>Forgone Revenue</i>	<i>Number of Taxpayers</i>
2018 Estate and Transfer Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Estate and Transfer Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Projection Methodology: No projection is made due to lack of reliable data.

VIII. Tax Expenditure Items – Tax Abatements

<i>Fiscal Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Estate and Transfer Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Estate and Transfer Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Estate and Transfer Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Estate and Transfer Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: Connecticut, Massachusetts, and Vermont have similar provisions.

Connecticut: In determining the tax due, the value of any farmland transferred by a donor by gift to a donee who is a lineal descendant or spouse of the donor is determined based upon its current use without regard to neighborhood land use of a more intensive nature. This present value shall be deemed by assessors and boards of assessment appeals to be the fair market value and not its value at an auction sale.

Connecticut Statute: Conn. Gen. Stat. §12-646a

Maine: When determining value for an estate or property that is included in an estate for purposes of calculating the Maine estate tax, the value is as determined by the assessor in accordance with the Internal Revenue Code, which under § 2032A allows an alternative method for valuing certain real property used as a farm to reflect the (lower) value of the property in its current use.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, ch. 577, § 4102

Massachusetts: For decedents who died prior to January 1, 2019, if the gross estate of a decedent includes real property devoted to use as a farm for farming purposes, the estate may elect to value such property in accordance with § 2032A of the Internal Revenue Code, which allows for an alternative method for valuing certain real property used as a farm to reflect the (lower) value of the property in its current use.

If the gross estate of a decedent dying on or after January 1, 2019 includes real property that is qualifying agricultural land, associated land, or qualifying noncommitted land, the estate may elect to value such property, or any portion thereof, as closely held agricultural land pursuant to the valuation set by the Farmland Valuation Advisory Commission for the fiscal year of the most recent growing season. The value of closely-held agricultural land as determined for such election is only for computing the Massachusetts estate tax.

Massachusetts Statute: Mass. Gen. Laws ch. 65C, § 5(c), (d)(2)

Vermont: For Vermont estate tax purposes, all values are determined for federal estate tax purposes. Section 2032A of the IRC allows an alternative method for valuing certain real property used as a farm to reflect the (lower) value of the property in its current use.

VIII. Tax Expenditure Items – Tax Abatements

Vermont Statute: Vt. Stat. Ann. Title 32, § 7442a

TAX DEFERRALS

1. Holding Period for Unstamped Cigarettes:

Statutory Reference: R.I. Gen. Laws § 44-20-14

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1948 / 2007

Description: Any consumer possessing any cigarettes with respect to the storage or use of which is subject to the tax imposed by R.I. Gen. Laws § 44-20-13 must, within 24 hours after coming into possession of the cigarettes in Rhode Island, file a return with the State. The return must be accompanied by a payment for the amount of tax due shown on the tax return.

Data Source: No reliable data exists for this tax expenditure item. The nature of the tax expenditure item is such that the tax deferral is for a very short duration, 24 hours, and thus realistically no revenue is forgone from the tax expenditure item provided that consumers comply with the law.

Reliability Index: 1

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Cigarette Tax	\$0	Unknown
2019 Cigarette Tax	\$0	Unknown

Projection Methodology: No projection is made due to lack of reliable data.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Cigarette Tax	\$0	Unknown
2021 Cigarette Tax	\$0	Unknown
2022 Cigarette Tax	\$0	Unknown
2023 Cigarette Tax	\$0	Unknown

Law Comparison: All of the New England states have similar provisions.

Connecticut: Connecticut allows a 24-hour holding period before unstamped cigarettes must have tax stamps affixed by dealers.

Connecticut Statute: Conn. Gen. Stat. § 12-303

Maine: Any person, who is not a licensed distributor, who imports, receives or otherwise acquires more than two cartons in any one month of unstamped cigarettes for use or consumption in Maine

VIII. Tax Expenditure Items – Tax Deferrals

must file a return, on or before the last day of the month following the month in which unstamped cigarettes were acquired, together with payment of the tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 4384

Massachusetts: Stamps must be affixed to every cigarette package no later than 72 hours after receipt of the cigarettes.

Massachusetts Statute: Mass Gen. Laws ch. 64C, §30

New Hampshire: Wholesalers shall affix the stamps before it transfers possession of the cigarettes or little cigars to a retailer in this state within 90 days.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 78:11

Vermont: Vermont allows a 24-hour holding period before unstamped cigarettes must have tax stamps affixed by retailers.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 7775

2. Write-Downs or Reserves for Security Losses:

Statutory Reference: R.I. Gen. Laws § 44-14-14

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1942 / 1956

Description: A financial institution that is subject to the tax imposed under R.I. Gen. Laws Chapter 44-14 may elect to treat the amount of the write down of the value of any of its securities or the establishment of reserves for the decrease in values of its securities that have been required by regulators with supervisory authority over the financial institution as deductions in the year in which such write downs or reserves are recorded on its books. The write-downs or reserves specifically allocated to any security shall be used to adjust the basis of the security and the adjusted basis shall be used in determining gains or losses when the security is sold or disposed.

Data Source: No reliable data exists for tax expenditure item.

Reliability Index: 5

<i>Calendar Year / Tax Type</i>	<i>Revenue Forgone</i>	<i>Number of Taxpayers</i>
2018 Bank Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2019 Bank Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

VIII. Tax Expenditure Items – Tax Deferrals

Projection Methodology: No projection is made due to lack of reliable data.

<i>Calendar Year / Tax Type</i>	<i>Projected Revenue Forgone</i>	<i>Projected Number of Taxpayers</i>
2020 Bank Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2021 Bank Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2022 Bank Tax	<i>No estimate possible</i>	<i>No estimate possible</i>
2023 Bank Tax	<i>No estimate possible</i>	<i>No estimate possible</i>

Law Comparison: No similar provisions found in the other New England states.

IX. Recommendations for Improving the Report

The Tax Expenditures Report's effectiveness as a tax policy tool is dependent on the report users' background, knowledge of state tax law, and ability to understand the process by which estimates have been derived by the Office of Revenue Analysis. Although 40.3% of the tax expenditure items for which reliable data existed in TY 2019 were assigned a reliability level index of "1," meaning the source of the derived estimate was actual tax returns, ideally 100% of the derived estimates for tax expenditure items for which reliable data exists should have as a source the actual tax return from which the estimate is derived.

The primary tax type for which actual tax return data does not exist, and thus estimates of forgone revenue must be derived via less reliable methods, is the sales and use tax. Given that the sales and use tax is the second largest source of state general revenue and that it also is the tax type for which the greatest amount of forgone revenue was estimated at \$1,432,811,789 in TY 2019, the Office of Revenue Analysis finds that the quality and quantity of data collected for the sales and use tax needs to be improved for there to be an increase in the reliability of the forgone revenue estimates for the sales and use tax.

In addition, the quantity and quality of data for the business corporation tax is lacking. The business corporation tax, commonly referred to as the corporate income tax, is the tax type with the fourth largest amount of estimated forgone revenue due to tax expenditure items at \$36,343,381 in TY 2019, but has one of the largest percentage of tax expenditures items at 43.1% for which no reliable data exists from which to derive estimates of forgone revenue. This compares to 7.0% of tax expenditure items for which no reliable data exists for the personal income tax and 30.7% of tax expenditure items for which no reliable data exists for the sales and use tax. The Office of Revenue Analysis finds that the quality and quantity of data collected for the business corporation tax needs to be improved for there to be an increase in the reliability of the forgone revenue estimates for the business corporation tax. Unfortunately, most of the data that would improve the reporting of business corporation tax expenditure items is not reported on the taxpayers' tax returns, and the crux of the issue in this regard is that these are calculations that are done at the firm level before arriving at taxable income, which is where the Rhode Island return begins.

To this end, the Office of Revenue Analysis is recommending updating the report's interpretation of tax expenditure. Under current law, a tax expenditure is defined as any tax credit, deduction, exemption, exclusion, credit preferential tax rate, tax abatement, and tax deferral that provides preferential treatment to selected taxpayers, whether directly through Rhode Island general laws or constitutional provisions or indirectly through adoption of other tax codes. Other states' tax expenditures reports, such as Connecticut and Minnesota, include criteria that a tax expenditure provision must meet before a tax expenditure item is included in the tax expenditures report. In preparing their respective tax expenditure reports, these states do not include every exemption, deduction, credit, or lower tax rate. A provision must meet all the criteria in order to be a tax expenditure. Such criteria include: if a provision has an impact on a tax that is applied statewide; confers preferential treatment; results in reduced tax revenue in the applicable fiscal years; is not included as an expenditure item in the state budget; is included in the defined tax base for that tax; is not subject to an alternative tax; and can be amended or repealed by a change in state law.

Of interest to the Office of Revenue Analysis in this recommendation is the criteria of whether the provision is an exception to the tax base. The exclusion of certain income is currently reported in the *2022 Tax Expenditures Report*, however, ORA is recommending removing such items from the report. For example, currently included in the report, is an exclusion set forth in R.I. Gen. Laws § 44-43-5 that excludes any long-term gains from capital investments in small businesses from the determination of income that is subject to the tax imposed by R.I. Gen. Laws Chapters 44-11, 44-13, 44-14, or 44-30. This type of income is excluded from taxable income and not reported on taxpayers' returns but instead is calculated at the firm level before arriving at taxable income.

Finally, the criteria regarding provisions subject to more than one tax would be useful in eliminating some expenditure items where no estimate can be derived nor expected to be calculated. In some instances, one tax may be imposed in place of another tax, and it would not be reasonable for a taxpayer or activity to be subject to both taxes. The exemption from one tax type when another is imposed is currently reported in the *2022 Tax Expenditures Report*, however ORA is recommending removing these items from the report. For example, currently included in the report, is an exclusion set forth in R.I. Gen. Laws § 44-11-1(4)(ii) for public service corporations from the tax imposed by R.I. Gen. Laws Chapter 44-11. These taxpayers are excluded from paying under the business corporation tax and required to pay under another tax type, the public service corporation tax. It is not clear if this exclusion is a tax expenditure if the inclusion generates more revenue than the exclusion precludes.

ORA believes these two updates are a logical application of the tax expenditure concept, while making the report more accessible to readers. ORA lacks the authority to implement these two updates without a change to R.I. Gen. Laws § 44-48.1-1(b). In this regard, ORA would recommend that this section be amended as follows:

§ 44-48.1-1. Tax expenditure reporting.

(a) On or before the second Tuesday in January of each even numbered year beginning in 2004, the chief of the office of revenue analysis, shall deliver a tax expenditure report to the general assembly. Each report will provide the minimum information for one hundred percent (100%) of tax expenditures in effect on January 1 of the calendar year preceding the report's publication.

(b) For the purposes of this section, a "tax expenditure" is ~~any~~ tax credit, deduction, exemption, exclusion, ~~credit~~ preferential tax rate, tax abatement, and tax deferral that provides preferential treatment to selected taxpayers, whether directly through Rhode Island general laws or constitutional provisions or indirectly through adoption of other tax codes- provided, however, that such a tax expenditure does not subject the selected taxpayers to tax elsewhere in Title 44 or the Rhode Island General Laws.

(c) The information included for each tax expenditure shall include, but shall not be limited to:

(1) The legal reference of the expenditures, including information whether the expenditure is required as a result of federal or state constitutional, judicial, or statutory mandate.

IX. Recommendations for Improving the Report

(2) Amount of revenues forgone or an estimate, if the actual amount cannot be determined, for the calendar year immediately preceding the publication of the report. The report shall also include an estimate of revenue forgone for the calendar year in which the report is published and the year following the report's publication. The tax administrator shall develop an index of the reliability of each estimate using five (5) levels with level one being most reliable. Where actual tax returns are the source of the estimate, the estimate should be assigned reliability level one. Where no reliable data exists for the estimate, the estimate should be assigned reliability level five (5). The reliability level shall be reported for the estimate of the revenues forgone.

(3) To the extent allowable by law, identification of the beneficiaries of the exemption by number, income, class and industry.

(4) A comparison of the tax expenditure to the tax systems of the other New England states, with emphasis on Massachusetts and Connecticut.

(5) The data source(s) and analysis methodology.

(6) To the extent allowable by law, identification of similar taxpayers or industries that do not enjoy the exemption.

(d) Each report shall include a section containing recommendations for improving the effectiveness of the report as a tax policy tool. This section shall identify the resources required to implement these recommendations and shall also contain an estimate of the costs associated with such recommendations.

(e) On or before the second Tuesday in January 2004, the chief of the office of revenue analysis shall make available to the general assembly a plan to improve Rhode Island's tax expenditure reporting effort. The plan shall include measurable criteria to evaluate improvements in the reliability of tax expenditure item estimates and the identification of beneficiaries of each tax expenditure by number, income, class and industry. The plan shall also include cost estimates of additional resources necessary to implement the plan and may include any other information that the tax administrator deems appropriate for inclusion in said plan.

Appendix A: Current Statute on Tax Expenditure Reporting

TITLE 44
Taxation
CHAPTER 44-48.1
Tax Expenditure Reporting

SECTION 44-48.1-1

§ 44-48.1-1 Tax expenditure reporting.

- (a) On or before the second Tuesday in January of each even numbered year beginning in 2004, the chief of the office of revenue analysis, shall deliver a tax expenditure report to the general assembly. Each report will provide the minimum information for one hundred percent (100%) of tax expenditures in effect on January 1 of the calendar year preceding the report's publication.
- (b) For the purposes of this section, a “tax expenditure” is any tax credit, deduction, exemption, exclusion, credit preferential tax rate, tax abatement, and tax deferral that provides preferential treatment to selected taxpayers, whether directly through Rhode Island general laws or constitutional provisions or indirectly through adoption of other tax codes.
- (c) The information included for each tax expenditure shall include, but shall not be limited to:
 - (1) The legal reference of the expenditures, including information whether the expenditure is required as a result of federal or state constitutional, judicial, or statutory mandate.
 - (2) Amount of revenues forgone or an estimate, if the actual amount cannot be determined, for the calendar year immediately preceding the publication of the report. The report shall also include an estimate of revenue forgone for the calendar year in which the report is published and the year following the report's publication. The tax administrator shall develop an index of the reliability of each estimate using five (5) levels with level one being most reliable. Where actual tax returns are the source of the estimate, the estimate should be assigned reliability level one. Where no reliable data exists for the estimate, the estimate should be assigned reliability level five (5). The reliability level shall be reported for the estimate of the revenues forgone.
 - (3) To the extent allowable by law, identification of the beneficiaries of the exemption by number, income, class and industry.
 - (4) A comparison of the tax expenditure to the tax systems of the other New England states, with emphasis on Massachusetts and Connecticut.
 - (5) The data source(s) and analysis methodology.

- (6) To the extent allowable by law, identification of similar taxpayers or industries that do not enjoy the exemption.
- (d) Each report shall include a section containing recommendations for improving the effectiveness of the report as a tax policy tool. This section shall identify the resources required to implement these recommendations and shall also contain an estimate of the costs associated with such recommendations.
- (e) On or before the second Tuesday in January 2004, the chief of the office of revenue analysis shall make available to the general assembly a plan to improve Rhode Island's tax expenditure reporting effort. The plan shall include measurable criteria to evaluate improvements in the reliability of tax expenditure item estimates and the identification of beneficiaries of each tax expenditure item by number, income, class and industry. The plan shall also include cost estimates of additional resources necessary to implement the plan, and may include any other information that the tax administrator deems appropriate for inclusion in said plan.

History of Section.

(P.L. 1996, ch. 327, § 1; P.L. 1996, ch. 394, § 1; P.L. 1997, ch. 30, art. 38, § 1; P.L. 2003, ch. 142, § 1; P.L. 2003, ch. 146, § 1; P.L. 2006, ch. 246, art. 38, § 16.)

Appendix B: Current Statute on Tax Incentives Evaluation

TITLE 44

Taxation

CHAPTER 44-48.2

Rhode Island Economic Development Tax Incentives Evaluation Act of 2013

SECTION 44-48.2-1

§ 44-48.2-1 Short title. – This chapter shall be known and may be cited as the "Economic Development Tax Incentives Evaluation Act of 2013."

History of Section.

(P.L. 2013, ch. 155, § 5; P.L. 2013, ch. 209, § 5.)

SECTION 44-48.2-2

§ 44-48.2-2 Legislative findings and purpose. – The general assembly finds and declares that:

- (1) The state of Rhode Island relies on a number of tax incentives, including credits, exemptions, and deductions, to encourage businesses to locate, hire employees, expand, invest, and/or remain in the state;
- (2) These various tax incentives are intended as a tool for economic development, promoting new jobs and business growth in Rhode Island;
- (3) The state needs a systematic approach for evaluating whether incentives are fulfilling their intended purposes in a cost-effective manner;
- (4) In order to improve state government's effectiveness in serving the residents of this state, the legislature finds it necessary to provide for the systematic and comprehensive analysis of economic development tax incentives and for those analyses to be incorporated into the budget and policymaking processes.

History of Section.

(P.L. 2013, ch. 155, § 5; P.L. 2013, ch. 209, § 5; P.L. 2014, ch. 528, § 65.)

SECTION 44-48.2-3

§ 44-48.2-3 Economic development tax incentive defined. – (a) As used in this section, the term "economic development tax incentive" shall include:

- (1) Those tax credits, deductions, exemptions, exclusions, and other preferential tax benefits associated with §§ 42-64.3-6, 42-64.3-7, 42-64.5-3, 42-64.6-4, 42-64.11-4, 44-30-1.1, 44-31-1, 44-31-1.1, 44-31-2, 44-31.2-5, 44-32-1, 44-32-2, 44-32-3,

44-39.1-1, 44-43-2, 44-43-3, and 44-63-2, and chapters 64.20, 64.21, 64.26, 64.30 of title 42 and chapter 48.3 of title 44;

- (2) Any future incentives enacted after the effective date of this section for the purpose of recruitment or retention of businesses in the state of Rhode Island.

(b) In determining whether a future tax incentive is enacted for "the purpose of recruitment or retention of businesses", the office of revenue analysis shall consider legislative intent, including legislative statements of purpose and goals, and may also consider whether the tax incentive is promoted as a business incentive by the state's economic development agency or other relevant state agency.

History of Section.

(P.L. 2013, ch. 155, § 5; P.L. 2013, ch. 209, § 5; P.L. 2014, ch. 528, § 65; P.L. 2015, ch. 141, art. 19, § 14.)

SECTION 44-48.2-4

§ 44-48.2-4 Economic Development Tax Incentive Evaluations, Schedule. – (a) In accordance with the following schedule, the tax expenditure report produced by the chief of the office of revenue analysis pursuant to § 44-48.1-1 shall include an additional analysis component, consistent with § 44-48.2-5 and produced in consultation with the director of the economic development corporation, the director of the office of management and budget, and the director of the department of labor and training:

- (1) Analyses of economic development tax incentives as listed in subdivision 44-48.2-3(1) shall be completed at least once between July 1, 2014, and June 30, 2017, and no less than once every three (3) years thereafter;
- (2) Analyses of any economic development tax incentives created after July 1, 2013, shall be completed within five (5) years of taking effect and no less than once every three (3) years thereafter;

(b) No later than the tenth (10th) of January each year, beginning in 2014, the office of revenue analysis will submit to the chairs of the senate and house finance committees a three-year (3) plan for evaluating economic development tax incentives.

History of Section.

(P.L. 2013, ch. 155, § 5; P.L. 2013, ch. 209, § 5; P.L. 2014, ch. 528, § 65.)

SECTION 44-48.2-5

§ 44-48.2-5 Economic Development Tax Incentive Evaluations, Analysis. – (a) The additional analysis as required by § 44-48.2-4 shall include, but not be limited to:

- (1) A baseline assessment of the tax incentive, including, if applicable, the number of aggregate jobs associated with the taxpayers receiving such tax incentive and the aggregate annual revenue that such taxpayers generate for the state through the direct taxes applied to them and through taxes applied to their employees;
- (2) The statutory and programmatic goals and intent of the tax incentive, if said goals and intentions are included in the incentive's enabling statute or legislation;
- (3) The number of taxpayers granted the tax incentive during the previous twelve-month (12) period;
- (4) The value of the tax incentive granted, and ultimately claimed, listed by the North American Industrial Classification System (NAICS) Code associated with the taxpayers receiving such benefit, if such NAICS Code is available;
- (5) An assessment and five-year (5) projection of the potential impact on the state's revenue stream from carry forwards allowed under such tax incentive;
- (6) An estimate of the economic impact of the tax incentive including, but not limited to:
 - (i) A cost-benefit comparison of the revenue foregone by allowing the tax incentive compared to tax revenue generated by the taxpayer receiving the credit, including direct taxes applied to them and taxes applied to their employees;
 - (ii) An estimate of the number of jobs that were the direct result of the incentive; and
 - (iii) A statement by the director of the economic development corporation as to whether, in his or her judgment, the statutory and programmatic goals of the tax benefit are being met, with obstacles to such goals identified, if possible;
- (7) The estimated cost to the state to administer the tax incentive if such information is available;
- (8) An estimate of the extent to which benefits of the tax incentive remained in state or flowed outside the state, if such information is available;
- (9) In the case of economic development tax incentives where measuring the economic impact is significantly limited due to data constraints, whether any changes in statute would facilitate data collection in a way that would allow for better analysis;
- (10) Whether the effectiveness of the tax incentive could be determined more definitively if the general assembly were to clarify or modify the tax incentive's goals and intended purpose;

(11) A recommendation as to whether the tax incentive should be continued, modified, or terminated; the basis for such recommendation; and the expected impact of such recommendation on the state's economy;

(12) The methodology and assumptions used in carrying out the assessments, projections and analyses required pursuant to subdivisions (1) through (8) of this section.

(b) All departments, offices, boards, and agencies of the state shall cooperate with the chief of the office of revenue analysis and shall provide to the office of revenue analysis any records, information (documentary and otherwise), data, and data analysis as may be necessary to complete the report required pursuant to this section.

History of Section.

(P.L. 2013, ch. 155, § 5; P.L. 2013, ch. 209, § 5; P.L. 2014, ch. 528, § 65.)

SECTION 44-48.2-6

§ 44-48.2-6 Consideration by the governor. – The governor's budget submission as required under chapter 35-3 shall identify each economic development tax incentive for which an evaluation was completed in accordance with this chapter in the period since the governor's previous budget submission. For each evaluated tax incentive, the governor's budget submission shall include a recommendation as to whether the tax incentive should be continued, modified, or terminated.

History of Section.

(P.L. 2013, ch. 155, § 5; P.L. 2013, ch. 209, § 5.)

Appendix C: Defunct Tax Expenditure Items Found in Rhode Island Law

Due to various law changes, there are tax expenditure items found listed in the Rhode Island General Laws that are unable to be taken against one or more tax types. In the 2010 Session, the Rhode Island Legislature enacted a personal income tax reform that explicitly stated which credits may be used against the personal income tax. Credits not listed in Rhode Island General Laws Section 44-30-2.6(c)(2)(F) are not able to be taken. Credits that are no longer able to be taken against the personal income tax may still be able to be taken against another tax type. Additionally, in the 2014 Session, the legislature enacted a change to the business corporation tax requiring the use of combined reporting, single sales factor apportionment of net income, and market-based sourcing of sales for tax years beginning on or after January 1, 2015, which rendered several tax expenditure items associated with the business corporation tax moot. Also, in the 2014 Session, the legislature repealed the franchise tax (Rhode Island General Laws Chapter 44-12) for tax years beginning on or after January 1, 2015, which eliminated any tax expenditure item established against taxes imposed by the franchise tax. Finally, there are tax expenditure items that have been allowed to expire through a sunset provision or other enacted legislation. ORA has included a list of these items that were eliminated due to legislation enacted in or after the 2008 Session.

Disallowed Tax Expenditure Items

The following is a list, by tax type, of various tax expenditure items that can no longer be used against the tax type cited. The Rhode Island General Laws citation is contained in the parentheses immediately following the tax expenditure item.

Bank Tax:

Credits:

- Specialized Mill Building Investment (§ 44-31-2)

Business Corporation Tax:

Credits:

- Specialized Mill Building Investment (§ 44-31-2)

Exclusions:

- Special Apportionment of U.S. Federal Drug Administration Facilities (§ 44-11-14.1)

Modifications:

- Domestic International Sales Corporations (DISCs) (§ 44-11-11(c))
- Foreign Sales Corporations (FSCs) (§ 44-11-11(d))

Other Items:

- Allocation and Apportionment of Manufacturers (§ 44-11-14.6)
- Allocation and Apportionment of Specialty Receipts (§ 44-11-15)

Insurance Company Gross Premiums Tax

Credits:

- Specialized Mill Building Investment (§ 44-31-2)

Personal Income Tax:

Credits:

- Adoption* (§ 44-30-2.6(c)(2)(L))
- Adult and Child Daycare (Chapter 44-47)
- Adult Education Credit (Chapter 44-46)
- Art Exhibition Credit (§ 44-30-24)
- Biotechnology Investment (§ 44-31-1.1)
- Elderly or Disabled* (§ 44-30-2.6(c)(2)(K))
- Employment – Welfare Bonus Program (Chapter 44-39.1)
- Empowerment Zone Employment Credit* (§ 44-30-2.6(c)(2)(K))
- Farm to School Income (§ 44-30-27)
- General Business* (§ 44-30-2.6(c)(2)(K))
- Historic Homeownership Assistance¹³ (Chapter 44-33.1)
- Hydroelectric Power (§ 44-30-22)
- Interest for Loans to Mill Building Owners (§ 42-64.9-9)
- Investment Credit (§ 44-31-1)
- Juvenile Restitution (§ 14-1-32.1(c))
- Mortgage Interest Credit* (§ 44-30-2.6(c)(2)(K))
- Non-Resident Trust Beneficiary for Accumulating Distribution (§ 44-30-37)
- Prior Year Minimum Tax* (§ 44-33-5)
- Qualified Electric Vehicle Credit* (§ 44-30-2.6(c)(2)(K))
- Qualifying Widow(er) (§ 44-30-26)
- Research and Development Expense (§ 44-32-3)
- Research and Development Property (§ 44-32-2)
- Resident Trust Beneficiary for Accumulating Distribution (§ 44-30-19)
- Residential Renewable Energy System (§ 44-57-1)
- Specialized Mill Building Investment (Chapter 44-31-2)
- Wage credit – Tax Incentives for Capital Investment in Small Businesses (§ 44-43-3)
- Wages Paid by Employers in Mill Buildings (§ 42-64.9-8)

* For tax years beginning on or before December 31, 2010, Rhode Island taxpayers were able to receive a Rhode Island credit of 25 percent of certain allowable federal credits.

¹³ No new credits may be issued under the Historic Homeownership Assistance Act. Please see Historic Homeownership Assistance in Section VIII: Credits for an explanation on the allowance of previously issued carryforwards.

Deductions:

- Amortization of Air or Water Pollution Control Facilities (§ 44-30-7)

Preferential Tax Rate:

- Alternative Personal Income Tax (§ 44-30-2.10)

Sales and Use Tax:

Exemptions

- Distressed Essential Community Hospital (§ 23-17.25-2) (as of July, 1, 2019)

Franchise Tax:

The repeal of the franchise tax for tax years beginning on or after January 1, 2015, under Rhode Island Public Laws 2014, Chapter 145, Article 12, Section 20, eliminated any tax expenditure item established against taxes imposed by Rhode Island General Laws Chapter 44-12. The following is a list of tax expenditure items impacted by this law change, along with their statutory reference in parentheses:

Credits:

- Historic Preservation (Chapter 44-33.6)
- Historic Structures (Chapter 44-33.2)
- Incentives for Innovation and Growth (Chapter 44-63)
- Musical and Theatrical Production (Chapter 44-31.3)

Exclusions:

- Corporations Taxed Under the Business Corporation Tax (§ 44-12-1(b))

Exemptions:

- Hospitals and Other Specific Corporations (§ 44-12-11)

Modifications:

- Income from the Assignment or Transfer of Historic Preservation Tax Credits (§ 44-33.6-3(f))
- Income from the Assignment or Transfer of Historic Structures Tax Credits (§ 44-33.2-3(2))
- Income from the Assignment or Transfer of Motion Picture Production Tax Credits (§ 44-31.2-9(c))
- Income from the Assignment or Transfer of Musical and Theatrical Production Tax Credits (§ 44-31.3-2(b)(6))

Expired Tax Expenditure Items

The following is a list, by tax type, of various tax expenditure items that have expired, along with the expiration date. It should be noted that some tax expenditure items may still be taken if the taxpayer was approved for the tax expenditure item prior to the expiration date. The Rhode Island

General Laws citation is contained in the parentheses immediately following the tax expenditure item.

Bank Tax:

Credits:

- Interest for Loans to Mill Building Owners, August 8, 2009 (§42-64.9-9)

Business Corporation Tax:

Credits:

- Anchor Institution, December 31, 2018 (Chapter 42-64.30)
- Enterprise Zone Wage, June 30, 2015 (Chapter 42-64.3)
- Incentives for Innovation and Growth, December 31, 2016 (§ 44-63-2)
- Interest for Loans to Mill Building Owners, August 8, 2009 (§42-64.9-9)
- Jobs Training, December 31, 2017 (§ 42-64.6-4)
- Mill Building and Economic Revitalization Act, August 8, 2009 (Chapter 42-64.7)
- Taxes Paid to Foreign Governments, January 1, 2008 (§ 44-30-2.6)
- Wages Paid by Employers in Mill Buildings, August 8, 2009 (§42-64.9-8)

Exemptions:

- Rhode Island Economic Development Corporation (now the Rhode Island Commerce Corporation) Project Status Designees, June 30, 2011 (§ 42-64-20)

Other Items:

- Passive Investment Treatment, December 31, 2014 (§ 44-11-43)
- Returns of Affiliated Groups of Corporations, December 31, 2014 (§ 44-11-4)

Preferential Tax Rates

- Capital Gains as Ordinary Income, December 31, 2009 (§§ 44-30- 2.6, 44-30-2.7)

Insurance Company Gross Premiums Tax

Credits:

- Interest for Loans to Mill Building Owners, August 8, 2009 (§42-64.9-9)

Exclusions:

- Programs of Insurance Administered Under Title XIX of the Social Security Act, 42 U.S.C.

Exemptions:

- Nonprofit Dental Service Corporations, January 1, 2009 (§ 27-20.1-2(f))
- Premiums Received from Insurance for Medical Malpractice, January 1, 2011 (§ 42-14.1-1)

Preferential Tax Rates

- Nonprofit Hospital Service Corporations, Nonprofit Medical Service Corporations, Nonprofit Dental Corporations, and Health Maintenance Organizations, January 1, 2009 (§ 44-17-1)

Public Service Corporation Tax:

Credits:

- Interest for Loans to Mill Building Owners, August 8, 2009 (§42-64.9-9)

Sales and Use Tax

Exemptions

- Distressed Essential Community Hospital, June 30, 2019 (§ 23-17.25-2)
- Electricity, Steam and Thermal Energy from Rhode Island Economic Development Corporation (now the Rhode Island Commerce Corporation), central heating plant at Quonset Development Park was closed in 2002 (§ 44-18-40.1)
- Prewritten Computer Software Delivered Electronically, June 30, 2011 (§ 44-15-30(61))
- Rhode Island Economic Development Corporation Project Status Designees, June 30, 2011 (§ 42-64-20)