STATE OF RHODE ISLAND

GOVERNOR DANIEL J. MCKEE

2024
TAX EXPENDITURES REPORT

STATE OF RHODE ISLAND

DOR

DEPARTMENT OF REVENUE

Office of Revenue Analysis

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I. Executive Summary

Tax expenditures are legal mandates that provide preferential tax treatment to taxpayers that meet the requirements of the mandates. The *2024 Tax Expenditures Report* contains information on 227 tax expenditure items enacted in the Rhode Island General Laws as of January 1, 2023, 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 $2.56 billion in 2020 and $2.83 billion in 2021.

The *2024 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:

Index of Reliability	Interpretation
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 2020:

Summary Table by Tax Expenditure Category for 2020

Tax Expenditure Category	Number of Items in Each Category	Tax Year 2020 Revenue Forgone[1]	Average Reliability Index Level
Credits	30	$ 317,570,864	1.1
Deductions	22	252,171,097	2.6
Exclusions	23	349,853,590	4.0
Exemptions	106	1,575,192,087	3.2
Modifications	27	45,831,656	1.6
Other Items	6	---	5.0
Preferential Tax Rates	2	19,503,866	3.0

[1] Revenue forgone amounts are a mix of fiscal year and tax year periodicities depending on the tax expenditure category in question.

Summary Table by Tax Expenditure Category for 2020			
Tax Expenditure Category	**Number of Items in Each Category**	**Tax Year 2020 Revenue Forgone[1]**	**Average Reliability Index Level**
Tax Abatements	3	1,705,798	2.3
Tax Deferrals	2	0	3.0
2020 TOTAL	**221**	**$ 2,561,828,958**	**2.8**

The tax expenditure category with the highest number of tax expenditure items in 2020 was Exemptions with 106. Exemptions also had the highest number of items for which no reliable data exists from which to estimate revenue forgone with 35 or 33.0% of all Exemptions. Finally, Exemptions are also the tax expenditure category with the largest amount of revenue forgone at $1.57 billion or 61.5% of the estimated total revenue forgone for 2020.

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 86 or 38.9% of all 2020 tax expenditure items received a reliability index level score of one, while 67 or 30.3% of the 221 tax expenditure items were assigned a reliability index score of five. The remaining 68 tax expenditure items were assigned a reliability index level score of two, three, or four.

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 2021:

Summary Table by Tax Expenditure Category for 2021			
Tax Expenditure Category	**Number of Items in Each Category**	**Tax Year 2021 Revenue Forgone[2]**	**Average Reliability Index Level**
Credits	30	$ 335,988,517	1.1
Deductions	21	253,043,503	3.4
Exclusions	24	499,296,919	3.8
Exemptions	106	1,682,838,721	3.2
Modifications	27	45,913,467	1.6
Other Items	6	---	5.0
Preferential Tax Rates	2	14,409,731	3.0

[2] Revenue forgone amounts are a mix of fiscal year and tax year periodicities depending on the tax expenditure category in question.

Summary Table by Tax Expenditure Category for 2021			
Tax Expenditure Category	**Number of Items in Each Category**	**Tax Year 2021 Revenue Forgone[2]**	**Average Reliability Index Level**
Tax Abatements	3	1,950,239	2.3
Tax Deferrals	2	0	3.0
2021 TOTAL	**221**	**$ 2,833,441,097**	**2.9**

The tax expenditure category with the highest number of tax expenditure items in 2021 was Exemptions with 106. Exemptions also had the highest number of items for which no reliable data exists from which to estimate revenue forgone with 35, or 33.0% of all Exemptions. Finally, Exemptions are also the tax expenditure category with the largest amount of revenue forgone at $1.68 billion or 59.4% of the estimated total revenue forgone for 2021.

A total of 87 or 39.4% of all tax expenditure items in 2021 received a reliability index level score of one, while 72 or 32.6% of the 221 tax expenditure items were assigned a reliability index score of five. The remaining 62 tax expenditure items were assigned a reliability index level score of two, three or four.

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 2020:

Summary Table by Tax Type for 2020			
Tax Type	**Number of Items ***	**Tax Year 2020 Revenue Forgone[3]**	**Average Reliability Index Level**
Alcoholic Beverage Tax	4	$ 271,758	3.0
Bank Deposits Tax	4	0	2.0
Bank Tax	20	29,685,255	1.4
Beverage Containers Tax	2	359,838	3.5
Business Corporation Tax	49	86,655,362	2.8
Cigarettes Tax	4	5,411,928	2.3
Estate and Transfer Tax	3	8,762,508	2.3
Hotel Tax	1	3,796,496	1.0
Ins Co Gross Premiums Tax	21	9,241,083	1.5
Motor Carrier Fuel Use Tax	1	5,979,435	1.0

[3] Revenue forgone amounts are a mix of fiscal year and tax year periodicities depending on the tax type in question.

Summary Table by Tax Type for 2020			
Tax Type	**Number of Items ***	**Tax Year 2020 Revenue Forgone[3]**	**Average Reliability Index Level**
Motor Fuel Tax	3	280,879,868	1.3
Non-Profit Refund	1	0	1.0
Personal Income Tax	57	669,756,280	1.8
Public Service Corporation Tax	22	1,443,336	2.3
Real Estate Conveyance Tax	5	0	4.2
Refund Option	3	3,710,166	1.0
Rental Vehicle Surcharge	1	4,778,672	1.0
Sales and Use Tax	87	1,449,541,133	3.3
Shared Responsibility Payment Penalty Tax	4	1,555,840	3.5
2020 TOTAL	**292**	**$ 2,561,828,958**	**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 highest number of tax expenditure items in 2020 was the Sales and Use Tax with 87. The tax type with the largest amount of revenue forgone in 2020 was also the Sales and Use Tax at $1.45 billion or 56.6% 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 26 items, or 29.9% 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 $384.5 million or 15% of the estimated total revenue forgone. This tax expenditure item was assigned a reliability index level of two. There were 70 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 2021:

Summary Table by Tax Type for 2021			
Tax Type	**Number of Items ***	**Tax Year 2021 Revenue Forgone[4]**	**Average Reliability Index Level**
Alcoholic Beverage Tax	4	$ 236,729	3.0
Bank Deposits Tax	4	0	2.0
Bank Tax	21	19,909,295	1.4
Beverage Containers Tax	2	341,851	3.5
Business Corporation Tax	50	106,677,554	2.8
Cigarettes Tax	4	7,861,163	2.3
Estate and Transfer Tax	3	12,201,478	2.3
Hotel Tax	1	3,701,787	1.0
Ins Co Gross Premiums Tax	21	12,452,328	1.5
Motor Carrier Fuel Use Tax	1	4,407,456	1.0
Motor Fuel Tax	3	397,608,367	1.3
Non-Profit Refund	1	0	1.0
Personal Income Tax	57	702,049,978	2.0
Public Service Corporation Tax	22	1,406,773	2.3
Real Estate Conveyance Tax	5	0	4.2
Refund Option	3	4,196,013	1.0
Rental Vehicle Surcharge	1	3,510,364	1.0
Sales and Use Tax	87	1,555,651,099	3.3
Shared Responsibility Payment Penalty Tax	4	1,228,862	3.5
2021 TOTAL	**294**	**$ 2,833,441,097**	**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 2021 tax expenditure items for which no reliable data existed was the Sales and Use tax at 26 items or 29.9% 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 $1.56 billion or 54.9% 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.

[4] Revenue forgone amounts are a mix of fiscal year and tax year periodicities depending on the tax type in question.

The largest amount of calculated revenue forgone for an individual tax expenditure item for 2021 is the sales and use tax exemption for purchases used for manufacturing purposes at nearly $413.2 million or 14.6% of the total calculated revenue forgone. This tax expenditure item was assigned a reliability index level of two.

II. Foreword

The *2024 Tax Expenditures Report* generally uses data for 2020 as its base year and includes estimates of forgone revenue for 2020 through 2025. 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 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. 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, 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 *2022 Tax Expenditures Report* included information on tax expenditure items for Tax Years 2018 through 2023, with Tax Year 2018 as its base tax year. Technically, the *2024 Tax Expenditures Report* is mandated to provide information on all tax expenditure items in effect on January 1, 2023, as well as an estimate of forgone revenue for 2024 and 2025. For a complete and more accurate picture for 2020 through 2021 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.

Matthew McCabe
Chief, Office of Revenue Analysis
Rhode Island Department of Revenue

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 Ch. 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 *2024 Tax Expenditures Report* covers the tax expenditures that were in place on January 1, 2023.

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, 2024, there were 231 tax expenditure items in effect in 2023[7] either directly through Rhode Island General Laws, 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

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[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.
[3.] This includes any new tax expenditures contained within the report for which there may not be revenue forgone yet.

being the most reliable; (3) the identification of the beneficiaries of the tax expenditure by "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 Ch. 44-48.2 – Rhode Island Economic Development Tax Incentives Evaluation Act of 2013[8]

On July 11, 2013, R.I. Gen. Laws Ch. 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 § 44-48.1-1 "shall include an additional analysis component… produced in consultation with the chief executive officer of the commerce 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 § 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 § 44-48.2-5(a).

The Office of Revenue Analysis produced the first round of tax incentive evaluation 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 § 44-48.2-3(a)(1) between March 2018 and July 2018. The second round of tax incentive evaluation reports was produced between June 2020 and May 2022. The Office of Revenue Analysis is currently working on the third round and has completed tax incentive evaluation reports for the Stay Invested in RI Wavemaker Fellowship (Ch. 42-64.26, published on April 14, 2023), Jobs Development Act (Ch. 42-64.5, published on September 28, 2023), the Investment Tax Credit (Chs. 44-31-1, 44-31-1.1, and 44-31-2, published on September 29, 2023) and the New Qualified Jobs Incentive Act of 2015 (Ch. 44-48.3, published on October 30, 2023).

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

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, Ch. 327, § 1 and Ch. 394, § 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, Ch. 30, § 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.

On June 30, 2006, R.I. Gen. Laws Ch. 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. There have been no further amendments to R.I. Gen. Laws Ch. 44-48.1 since 2006.

IV. Interpreting the Report

The Index of Reliability

R.I. Gen. Laws § 44-48.1-1(c)(2)[9] requires the Chief of the Office of Revenue Analysis to develop an index of the reliability of each estimate of revenue forgone. By statute, the reliability index 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 *2024 Tax Expenditures Report* continues to use the reliability index that was developed in the *2010 Tax Expenditures Report*. The reliability index of is shown below:

Reliability Index	Interpretation
Level 1	Estimate is from actual Rhode Island tax return data
Level 2	Estimate is extrapolated from Rhode Island source data
Level 3	Estimate is from Rhode Island tax simulation model
Level 4	Estimate is federal/national data scaled for Rhode Island
Level 5	No reliable data exists from which to derive an estimate

The end points of the reliability index (i.e., level 1 and level 5) are consistent with their statutory mandates. An estimate of revenue forgone for a tax expenditure item that is assigned a reliability index of level 1 will be based on actual Rhode Island tax return data. Given the fact that reliability index of 5 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.

The reliability index levels 2 - 4 requires some further explanation. An estimate of revenue forgone with reliability index of 2 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 expenditures report. When a reliability index of 2 is assigned to the revenue forgone estimate of a tax expenditure item, the source of the Rhode Island data will be specified.

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

An estimate of revenue forgone for a tax expenditure item with a reliability index of 3 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 main example of this type of micro simulation model is the *Rhode Island Interactive Sales and Use Tax Simulation 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 a reliability index of 4 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 a reliability index of 4 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

Beginning with the *2010 Tax Expenditures Report*, the Office of Revenue Analysis adopted a revised presentation format for this report. 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 *2024 Tax Expenditures Report* follows the same approach as was adopted for the *2010 Tax Expenditures Report*.

To assist readers in the use of the *2024 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.

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.

2024 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.										
		Tax Type Against Which Tax Expenditure Item May Be Applied								
Number	**Credits:**	**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	Apprenticeship	44-11-41	X							
5	Biotechnology Investment	44-31-1.1	X					*		
6	Child and Dependent Care (Federal)	44-30-2.6						X		
7	Contribution to Scholarship Organizations	44-62	X	X	X	X	X	X		
8	Earned Income (Federal/State)	44-30-2.6(c)(2)(N)						X		
9	Educational Assistance and Development	44-42-2	X	X	X		X			
10	Employment – Welfare Bonus Program	44-39.1-1	X	X	X	X	X	*		
11	Historic Homeownership Assistance	44-33.1-3						X		
12	Historic Preservation	44-33.6-3	X	X	X		X	X		
13	Historic Structures	44-33.2-3	X	X	X		X	X		
14	Hydroelectric Power	44-30-22	X					*		
15	Investment	44-31-1	X		X		X	*		
16	Juvenile Restitution	14-1-32.1(c)	X							
17	Lead Paint Abatement	44-30.3-1						X		
18	Low-Income Housing *(new)*		X	X	X		X	X		
19	Motion Picture Production	44-31.2-5	X		X		X	X		
20	Motor Carrier Fuel Use Taxes Paid to Rhode Island	31-36.1-15								X
21	Musical and Theatrical Production	44-31.3-2	X	X	X		X	X		
22	New Qualifed Jobs Incentive Act	44-48.3	X	X	X		X	X		
23	Property Tax Relief	44-33-5						X		
24	Rebuild Rhode Island	42-64.20	X	X	X		X	X		
25	Research and Development Expense	44-32-3	X				X	*		
26	Research and Development Property	44-32-2	X				X	*		
27	Residential Renewable Energy System	44-57-1	X					*		
28	Rhode Island Small Business Development Fund	42-64.33-3					X			
29	Stay Invested in RI Wavemaker Fellowship	42-64.26						X		
30	Tax on Net Estate of Decedent	44-22-1.1								X
31	Taxes Paid to Other States	44-30-18						X		

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2024 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.											
		Tax Type Against Which Tax Expenditure Item May Be Applied									
		RI Statutory	Bus Corp	Pub Serv	Bank	Bank Dep	Ins Co	PIT	SUT	Other	
Number	**Deductions:**	Reference:	44-11	44-13	44-14	44-15	44-17	44-30	44-18	Taxes	
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	Health Savings Account (Federal)	44-30-2.6(c)(3) / 44-30-32(a)						X			
9	Individual Retirement Arrangement Contributions (Federal)	44-30-2.6(c)(3) / 44-30-32(a)						X			
10	Keough and SEP Contributions (Federal)	44-30-2.6(c)(3) / 44-30-32(a)						X			
11	Merchandise Sold	44-13-5(a)		X							
12	Moving Expenses (Federal)	44-30-2.6(c)(3) / 44-30-32(a)						X			
13	Net Operating Losses	44-11-11(b)	X								
14	One-Half of Self Employment Tax (Federal)	44-30-2.6(c)(3) / 44-30-32(a)						X			
15	Penalty of Early Withdrawal of Savings (Federal)	44-30-2.6(c)(3) / 44-30-32(a)						X			
16	Qualified Charitable Contribution on Non-Itemized Returns (Federal)	44-30-2.6(c)(3) / 44-30-32(a)						X			
17	Qualifying Investment in a Certified Venture Capital Partnership	44-43-2	X	X	X		X				
18	Return or Unabsorbed Premiums or Premiums for Reinsurance Assumed	44-17-2					X				
19	Self-Employed Health Insurance (Federal)	44-30-2.6(c)(3) / 44-30-32(a)						X			
20	Standard Deduction	44-30-2.6(c)(3)(B)						X			
21	Student Loan Interest (Federal)	44-30-2.6(c)(3) / 44-30-32(a)						X			
22	Tax Incentives for Employers	44-55-4.1	X	X	X	X	X				

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2024 TAX EXPENDITURE ITEMS										
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			Tax Type Against Which Tax Expenditure Item May Be Applied							
		RI Statutory	**Bus Corp**	**Pub Serv**	**Bank**	**Bank Dep**	**Ins Co**	**PIT**	**SUT**	**Other**
Number	**Exclusions:**	**Reference:**	**44-11**	**44-13**	**44-14**	**44-15**	**44-17**	**44-30**	**44-18**	**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 Benefit Societies	44-17-1(a)					X			
11	Gain or Loss on Sale of Property Other Than Securities	44-14-11			X					
12	Income from the Sale of International Investment Management Services	44-11-14.5	X							
13	Insurance and Surety Companies	44-11-1(4)(iii)	X							
14	Interest Received from Debt Instruments Issued by Public Service Corporations	44-11-12(2)	X							
15	Long-Term Gain From Capital Investment in Small Business	44-43-5	X	X	X			X		
16	Lubricating Oils, Marine Diesel Fuel, Aviation Fuel, and Heating Oil	31-36-1(4)								X
17	Maximum Tax of $0.50 per Cigar	44-20-13.2(a)(2)								X
18	Medical Cannabis *(new)*	21-28.11-3(2								X
19	Paycheck Protection Program Loan Foregiveness	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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2024 TAX EXPENDITURE ITEMS										
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		Tax Type Against Which Tax Expenditure Item May Be Applied								
Number	**Exemptions:**	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	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	Boats or Vessels Brought in Exclusively for Winter Storage, Maintenance, Repair or Sale	44-18-30(46)							X	
8	Boats or Vessels Generally	44-18-30(48)							X	
9	Boats to Non-Residents	44-18-30(30)							X	
10	Breast Pumps Collection and Storage Supplies *(new)*	44-18-30(67)							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	Cannabis Sold in Rolling Papers *(new)*	44-20-59								X
15	Casual Sales	44-18-20(g)							X	
16	Charitable, Educational, or Religious Organizations	44-18-30(5)							X	
17	Clothing and Footwear	44-18-30(27)							X	
18	Coffins, Caskets, Urns, Shrouds, and Burial Garments	44-18-30(12)							X	
19	Coins	44-18-30(43)							X	
20	Commercial Fishing Vessels in Excess of Five Net Tons	44-18-30(26)							X	
21	Commercial Vessels of 50 Tons Burden or More	44-18-30(25)							X	
22	Compressed Air	44-18-30(33)							X	
23	Containers	44-18-30(4)							X	
24	Deed, Instrument, or Writing where Grantor is U.S. Government or State of Rhode Island	44-25-2(b)								X
25	Diesel Emission Control Technology	44-18-30(62)							X	
26	Dietary Supplements	44-18-30(59)							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	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
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	

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An asterisk (*) indicates a tax expenditure item that is no longer allowed under Rhode Island General Laws, for that particular tax type.										
		Tax Type Against Which Tax Expenditure Item May Be Applied								
Number	**Exemptions:**	**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**
41	Hardship *(new)*	44-30-101(e)(2)								X
42	Heating Fuels	44-18-30(20)							X	
43	Horse Food Products	44-18-30(53)							X	
44	Human Blood	44-18-30(60)							X	
45	Installation Labor Charges When Separately Stated	44-18-12(b)(ii)							X	
46	Jewelry Display Product	44-18-30(47)							X	
47	Lottery Prizes	42-61-17							X	
48	Manufacturers' Machinery and Equipment	44-18-30(22)							X	
49	Medicaid *(new)*	44-30-101(e)(6)								X
50	Medicines, Drugs, and Durable Medical Equipment	44-18-30(10)							X	
51	Mobile and Manufactured Homes Generally	44-18-30(50)							X	
52	Motor Vehicle and Adaptive Equipment for Amputee Veterans	44-18-30(35)							X	
53	Motor Vehicle and Adaptive Equipment for Persons with Disabilities	44-18-30(19)							X	
54	Narragansett Pier Railroad Company	44-13-1(a)		X						
55	Newspapers	44-18-30(2)							X	
56	Ocean Marine Insurance	44-17-1					X			
57	Out-of-State Shipments of Rhode Island Alcoholic Beverage Manufacturers	3-10-2								X
58	Personal and Dependent	44-30-2.6(c)(3)(C)						X		
59	Personal Holding Company, Regulated Investment Company, or Real Estate Investment Trust	44-11-2(c)	X							
60	Precious Metal Bullion	44-18-30(24)							X	
61	Promotional and Product Literature of Boat Manufacturers	44-18-30(38)							X	
62	Property Otherwise Exempted	44-18-36(3)							X	
63	Property Purchased from Federal Government	44-18-35							X	
64	Property Purchased Outside of State by Nonresident and Brought into State	44-18-36(2)							X	
65	Property Returned Within 120 Days from the Date of Delivery	44-18-30(58)							X	
66	Prosthetic Devices and Mobility Enhancing Equipment	44-18-30(11)							X	
67	Purchases Used for Manufacturing Purposes	44-18-30(7)							X	
68	Qualified Sales of Manufactured and Mobile Home Parks	31-44-3.3								X
69	Rebuild Rhode Island Sales and Use Tax	42-64.20-5(o)							X	
70	Refillable and Reusable Beverage Containers	44-44-3								X
71	Religious Conscience *(new)*	44-30-101(e)(3)								X
72	Renewable Energy Products	44-18-30(57)							X	
73	Rental Charged for Living or Sleeping Quarters in a Hospital or Nursing Home	44-18-30(17)							X	
74	Rhode Island Industrial Facilities Corporation Lessees	45-37.1-9, 9.1							*	
75	Sacramental Wines Sold Directly to Member of Clergy	3-10-1(b)								X
76	Sales and Use Taxes Paid to Other Jurisdictions	44-18-30A(a)							X	
77	Sales beyond Constitutional Power of State	44-18-30(1)							X	
78	Sales by Writers, Composers, Artists	44-18-30B							X	
79	Sales in Municipal Economic Development Zones	44-18-30C							X	
80	Sales in Public Buildings by Blind People	44-18-30(14)							X	

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			Tax Type Against Which Tax Expenditure Item May Be Applied								
Number	**Exemptions:**	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
81	Sales of Motor Vehicles to Non-residents	44-18-30(13)							X	
82	Sales of Non-Motorized Recreational Vehicles to Non-residents	44-18-30(54)							X	
83	Sales of Trailers Ordinarily Used for Residential Purposes	44-18-20(d)(3)							X	
84	Sales to Common Carriers for Use Outside of the State	44-18-33							X	
85	Sales to Federal Government	44-18-31							X	
86	Sales to the State or Its Political Subdivisions	44-18-30(8)							X	
87	Sales to the U.S. Government and Operators of Railroad Transportation Equipment	31-36-13								X
88	School Meals	44-18-30(3)							X	
89	Securities from Taxation	44-13-14		X						
90	Seeds and Plants used to Grow Food and Food Ingredients	44-18-30(65)							X	
91	Special Adaptations for Wheelchair Accessible Taxicabs	44-18-30(19)(iii)							X	
92	Stay Invested in RI Wavemaker Fellowship Awards	42-64.26-8						X		
93	Supplies Used in On-Site Hazardous Waste Recycling, Reuse, or Treatment	44-18-30(37)							X	
94	Supplies Used in Preparing Floral Products and/or Arrangements	44-18-30(52)							X	
95	Taxpayers with Income Below Filing Threshold *(new)*	44-30-101(e)(4)								X
96	Telecommunications Carrier Access Service	44-18-30(45)							X	
97	Textbooks	44-18-30(36)							X	
98	Total Loss or Destruction of Motor Vehicle within 120 Days of Tax Payment	44-18-21(c)							X	
99	Trade-in Value of Boats	44-18-30(41)							X	
100	Trade-in Value of Motorcycles *(new)*	44-18-30(68)							X	
101	Trade-In Value of Private Passenger Automobiles	44-18-30(23)							X	
102	Transfers or Sales Made to Immediate Family Members	44-18-20(d)(1)							X	
103	Transfers or Sales Related to Business Dissolution or Partial Liquidation	44-18-20(d)(2)							X	
104	Transportation Charges of Motor Carriers to Haul Goods	44-18-30(40)							X	
105	Vacation Homes Rented in Entirety	44-18-36.1(a)								X
106	Vehicles Purchased by Nonresident Military Personnel Subject to Sales Tax Elsewhere	44-18-30A(b)							X	
107	Video Lottery Terminal, Table Games, and Sports Wagering Prizes	42-61.2-10							X	
108	Water for Residential Use	44-18-30(28)							X	
109	Wine and Spirits	44-18-30(64)							X	
110	Youth Activities Equipment Sold for $20 or less by Nonprofit Organizations	44-18-30(31)							X	

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2024 TAX EXPENDITURE ITEMS										
		Tax Type Against Which Tax Expenditure Item May Be Applied								
		RI Statutory	Bus Corp	Pub Serv	Bank	Bank Dep	Ins Co	PIT	SUT	Other
Number	**Modifications:**	Reference:	44-11	44-13	44-14	44-15	44-17	44-30	44-18	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 Non-resident 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	Rental Vehicle Surcharge Retained by Rental Car Companies	31-34.1-2(b)								X
24	Rhode Island Fiduciary Adjustment	44-30-12(d)						X		
25	Tax Incentives for Employers	44-55-4.1						X		
26	Taxable Military Service Pension Income *(new)*	44-30-12(c)(11)						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		

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			Tax Type Against Which Tax Expenditure Item May Be Applied							
Number	**Other Items:**	**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	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							
			Tax Type Against Which Tax Expenditure Item May Be Applied							
Number	**Preferential Tax Rates:**	**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	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							
			Tax Type Against Which Tax Expenditure Item May Be Applied							
Number	**Tax Abatements:**	**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	Child Tax Rebate *(new)*	44-30-103						X		
2	Cigarette Tax Stamping Discount	44-20-19								X
3	Political Check-Off	44-30-2(d)(1)						X		
4	Temporary Relief from Gross Earnings Tax on Electricity and Gas *(new)*	44-13-37		X						
5	Value of Farmland Included in Estate	44-23-5(b)								X
			Tax Type Against Which Tax Expenditure Item May Be Applied							
Number	**Tax Deferrals:**	**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	Holding Period for Unstamped Cigarettes	44-20-14								X
2	Write-Downs or Reserves for Securities Losses	44-14-14			X					

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V. Laws Changes that Impact Tax Expenditures

There were several law changes enacted during the 2022 and 2023 sessions by the General Assembly that impact tax expenditures. Law changes that impacted tax expenditures enacted in the 2020 and 2021 sessions of the General Assembly were included in the *2022 Tax Expenditures Report*. The following list of revised, added, and deleted tax expenditure items is in alphabetical order by tax expenditure category. In the case of a sunset that has been extended in more than one session, only the last enacted change is listed.

CREDITS

- **Contributions to Scholarship Organizations**

  Statutory Reference: R.I. Gen. Laws Chapter 44-62 / R.I. Pub. Laws 2023, Ch. 79, Art. 4, § 8

  Year Enacted / Last Year Amended: 2006 / 2023

  Description of Change: The enacted change increases the cap on the total tax credit allowed from $1.5 million to $1.6 million.

  Sunset: N/A

  Effective Date: January 1, 2024

  Tax Expenditures Impacted: The enacted change may increase the tax expenditures associated with business corporation tax, public service corporation tax, bank excise tax, bank deposits tax, insurance company gross premiums tax, and personal income tax.

  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) / R.I. Pub. Laws 2023, Ch. 79, Art. 4, § 2

  Year Enacted / Last Year Amended: 2001 / 2023

  Description of Change: 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 enacted change increases the state earned income tax credit from 15% of the federal earned income tax credit amount to 16% for tax years beginning on or after January 1, 2024. This credit is fully refundable.

  Sunset: N/A

  Effective Date: June 6, 2023

Tax Expenditures Impacted: The enacted change will increase the tax expenditures associated with personal income taxes.

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 2022, Ch. 231, Art. 9, § 18 / R.I. Pub. Laws 2022, Ch. 271 and 272 / R.I. Pub. Laws 2023, Ch. 339, § 1

  Year Enacted / Last Year Amended: 1996 / 2023

  Description of Change: The 2023 General Assembly extended the sunset after which Historic Preservation Tax Credits can no longer be reserved to June 30, 2024. Additionally, constructions projects over $10 million are subject to prevailing wage requirements and must receive certification of compliance with these requirements in order to receive tax credits under this program.

  Sunset: No credits shall be reserved on or after June 30, 2024 or upon the exhaustion of the maximum aggregate credits, whichever comes first.

  Effective Date: July 1, 2022 / June 24, 2023

  Tax Expenditures Impacted: The extension of the sunset day may increase the tax expenditures associated with the business corporation tax, public service corporation tax, bank excise tax, insurance company gross premiums tax, and personal income tax. The addition of the prevailing wage requirements may decrease the tax expenditures related with the noted taxes.

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

- **Low-Income Housing**

  Statutory Reference: R.I. Gen. Laws Ch. 44-71 / R.I. Pub. Laws 2023, Ch. 79, Art. 6, § 5

  Year Enacted / Last Year Amended: 2023 / N/A

  Description of Change: The new law creates a low-income housing tax credit program for taxpayers who own an interest in an eligible Rhode Island low-income housing project. Eligibility is based on the federal definition of a qualified low-income housing project as defined in the Internal Revenue Code and is certified by the Department of Housing. Total credits in a given fiscal year cannot exceed $30 million.

  The tax credit will be issued as five annual increments. If any portion of the tax credit for a given year exceeds the total tax liability for the taxpayer, the excess credit can be carried forward for the four succeeding years. Unused tax credits can be transferred, sold, or assigned to other taxpayers eligible under this chapter to receive credits.

If any portion of the federal low-income housing tax credits taken on a low-income project is required to be recaptured, the state low-income house tax credit will also be recaptured equal to the tax credits previously claimed multiplied by a fraction, the numerator of which is the amount of federal credits recaptured and the denominator of which is the amount of federal credits previously claimed.

Sunset: No credits shall be issued for tax years beginning on or after June 30, 2028.

Effective Date: June 16, 2023

Tax Expenditures Impacted: The new tax credit may be taken against the business corporation tax, public service corporation tax, bank excise tax, insurance company gross premiums tax, and the personal income tax.

Purpose: The purpose of the Rhode Island low-income housing tax credit to increase the development and availability of affordable housing in Rhode Island.

- **Motion Picture Production Tax Credit**

  Statutory Reference: R.I. Gen. Laws § 44-31.2-5 / R.I. Pub. Laws 2022, Ch. 231, Art. 9, § 16

  Year Enacted / Last Year Amended: 2005 / 2022

  Description of Change: The aggregate annual cap for total motion picture production tax credits and/or musical and theatrical tax production credits was increased to $40 million for TY 2023 and TY 2024 only. Previous legislation had increased the cap from $15 million to $20 million starting in TY 2020, and a separate bill increased the cap to $30 million just for TY 2022. After TY 2024, the cap will revert to $20 million.

  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 1, 2022

  Tax Expenditures Impacted: The enacted changes may increase the tax expenditures for the business corporation tax, bank excise tax, insurance company gross premiums tax, and personal income tax.

  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 2022, Ch. 231, Art. 9, § 16 / R.I. Pub. Laws 2023, Chs. 239 and 240

  Year Enacted / Last Year Amended: 2012 / 2022

  Description of Change: In the 2022 General Assembly session, 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 $40 million for TY 2023 and TY 2024 only. In the 2023 session, the type of productions eligible for the musical and theatrical tax production credits was expanded to include national touring productions. Additionally, the sunset was extended from July 1, 2024 to July 1, 2027.

  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 1, 2022 / June 23, 2023

  Tax Expenditures Impacted: The enacted changes may increase the tax expenditures for the business corporation tax, bank excise tax, insurance company gross premiums tax, and personal income tax.

  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 2022, Ch. 231, Art. 9, § 19 / R.I. Pub. Laws 2023, Ch. 79, Art. 7, § 15

  Year Enacted / Last Year Amended: 2015 / 2023

  Description of Change: The New Qualified Jobs Incentive Act sunset was extended to December 31, 2024 in the 2023 session.

  Sunset: No credits can be authorized to be reserved after December 31, 2024.

  Effective Date: July 1, 2022 / June 16, 2023

  Tax Expenditures Impacted: The enacted changes may increase the tax expenditures for the business corporation tax, public service corporation tax, bank excise tax, insurance company gross premiums tax, and personal income tax.

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

- **Property Tax Relief**

  Statutory Reference: R.I. Gen. Laws Ch. 44-33 / R.I. Pub. Laws 2022, Ch. 231, Art. 6, § 11

  Year Enacted / Last Year Amended: 1977 / 2022

  Description of Change: The maximum qualifying income amount was increased from $30,000 to $35,000 and the maximum credit amount was set at $600 for TY 2022. The qualifying income ranges and maximum credit amount were tied to inflation based on the Consumer Price Index for all Urban Consumers (CPI-U) beginning on or after January 1, 2023.

  Sunset: N/A

  Effective Date: July 1, 2022

  Tax Expenditures Impacted: These enacted changes increase the tax expenditure for the personal income tax.

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

- **Rebuild Rhode Island Tax Credit**

  Statutory Reference: R.I. Gen. Laws Ch. 42-64.20 / R.I. Pub. Laws 2022, Ch. 231, Art. 9, § 4 / R.I. Pub. Laws 2022, Ch. 272 / R.I. Pub. Laws 2023, Ch. 79, Art. 7, § 4

  Year Enacted / Last Year Amended: 2015 / 2023

  Description of Change: In the 2022 session, construction projects over $10 million were made subject to prevailing wage requirements and must receive certification of compliance with these requirements in order to receive tax credits under this program. In the 2023 session, the sunset was extended to December 31, 2024 and the cap on maximum aggregate credits was increased from $210 million to $225 million.

  Sunset: No credits can be authorized to be reserved after December 31, 2024.

  Effective Date: July 1, 2022 / June 16, 2023

  Tax Expenditures Impacted: The extension of the sunset and the increase in the cap will increase the tax expenditures for the business corporation tax, public service corporation tax, bank excise tax, insurance company gross premiums tax, and personal income tax. The addition of the prevailing wage requirements may decrease the tax expenditures related with the noted taxes.

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

- **Stay Invested in RI Wavemaker Fellowship**

  Statutory Reference: R.I. Gen. Laws Ch. 42-64.26 / R.I. Pub. Laws 2022, Ch. 231, Art. 9, § 10 / R.I. Pub. Laws 2023, Ch. 79, Art. 7, § 10

  Year Enacted / Last Year Amended: 2015 / 2023

  Description of Change: The 2022 session expanded the Wavemaker Fellowship Program to include health care professionals, including high-demand healthcare practitioners or mental health professionals, clinical social workers, and mental health counselors licensed by the Department of Health. In the 2023 session, the program was expanded to include teachers in elementary and secondary education. Additionally, the program's sunset was extended to December 31, 2024 in the 2023 session.

  Sunset: No credits can be authorized to be reserved after December 31, 2024.

  Effective Date: July 1, 2022 / June 16, 2023

  Tax Expenditures Impacted: This enacted change will increase the tax expenditure for personal income tax.

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

EXEMPTIONS

- **Breast Pump Collection and Storage Supplies:**

  Statutory Reference: R.I. Gen. Laws § 44-18-30(67) / R.I. Pub. Laws 2022, Ch. 231, Art. 6, § 8

  Year Enacted / Last Year Amended: 2022 / N/A

  Description of Change: Creates an exemption from the sales and use tax for breast pumps and breast pump collection and storage supplies. The new exemption applies to the purchase of these items that are used in connection with a breast pump, including breast shields and breast shield connectors, breast pump tubes and tubing adapters, breast pump valves and membranes, backflow protectors and backflow protector adapters, bottles and bottle caps specific to the operation of the breast pump, breast milk storage bags, and related items sold as part of a breast pump kit pre-packaged by a breast pump manufacturer.

  Effective Date: October 1, 2022

  Tax Expenditures Impacted: The enacted change creates a new tax expenditure for the sales and use tax.

  Purpose: No explicit purpose provided in the statute.

- **<u>Cannabis Sold in Rolling Papers:</u>**

  Statutory Reference: R.I. Gen. Laws § 44-20-59 / R.I. Pub. Laws 2023, Chs. 136 and 137

  Year Enacted / Last Year Amended: 2023 / N/A

  Description of Change: Creates an exemption from the cigarette and other tobacco products taxes for adult-use cannabis sold in rolling papers.

  Effective Date: June 22, 2023

  Tax Expenditures Impacted: The enacted change creates a new tax expenditure for the cigarettes and other tobacco products taxes.

  Purpose: No explicit purpose provided in the statute.

- **<u>Coffins, Caskets, Urns, Shrouds, and Burial Garments:</u>**

  Statutory Reference: R.I. Gen. Laws § 44-18-30(12) / R.I. Pub. Laws 2022, Ch. 231, Art. 6, § 8

  Year Enacted / Last Year Amended: 1952 / 2022

  Description of Change: The sales and use tax exemption that includes coffins, caskets, urns, shrouds, and burial garments was expanded to include burial containers, urn liners, urn vaults, grave liners, grave vaults, burial tent setups, and prayer cards.

  Effective Date: October 1, 2022

  Tax Expenditures Impacted: The enacted change increases the tax expenditures for the sales and use tax.

  Purpose: No explicit purpose provided in the statute.

- **<u>Medicaid Exemption:</u>**

  Statutory Reference: R.I. Gen. Laws § 44-30-101(e)(6) / R.I. Pub. Laws 2023, Ch. 79, Art. 4, § 4

  Year Enacted / Last Year Amended: 2023 / N/A

  Description of Change: Rhode Island's health insurance mandate requires Rhode Islanders to have minimum essential coverage for healthcare otherwise a tax is imposed on an individual for failing to maintain minimum health insurance coverage throughout the calendar year.

During the 2023 session, a new exemption was enacted to exempt any applicable individual who was enrolled in the Medicaid program through December 31, 2023.

Effective Date: June 16, 2023

Tax Expenditures Impacted: The enacted change creates a new tax expenditure for the shared responsibility payment penalty tax.

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 2022, Ch. 231, Art. 9, § 4 / R.I. Pub. Laws 2022, Ch. 272, § 1 / R.I. Pub. Laws 2023, Ch. 79, Art. 7, § 4

  Year Enacted / Last Year Amended: 2015 / 2023

  Description of Change:
  In the 2022 session, construction projects over $10 million were made subject to prevailing wage requirements and must receive certification of compliance with these requirements in order to receive tax credits under this program. In the 2023 session, the sunset was extended to December 31, 2024 and the cap on maximum aggregate credits was increased from $210 million to $225 million. The Commerce Corporation is authorized to provide sales and use tax exemptions as part of Rebuild Rhode Island awards.

  Sunset: No credits can be authorized to be reserved after December 31, 2024.

  Effective Date: July 1, 2022 / June 16, 2023

  Tax Expenditures Impacted: The extension of the sunset and the increase in the cap will increase the tax expenditures for the business corporation tax, public service corporation tax, bank excise tax, insurance company gross premiums tax, and personal income tax. The addition of the prevailing wage requirements may decrease the tax expenditures related with the noted taxes.

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

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

  Statutory Reference: R.I. Gen. Laws Ch. 42-64.26-8 / R.I. Pub. Laws 2022, Ch. 231, Art. 9, § 10 / R.I. Pub. Laws 2023, Ch. 79, Art. 7, § 10

  Year Enacted / Last Year Amended: 2015 / 2023

  Description of Change: The 2022 session expanded the Wavemaker Fellowship Program to include health care professionals, including high-demand healthcare practitioners or mental health professionals, clinical social workers, and mental health counselors licensed by the Department of Health. In the 2023 session, the program was expanded to include teachers in elementary and secondary education. Additionally, the program's sunset was extended to December 31, 2024 in the 2023 session. All awards under this program are exempt from personal income tax.

Sunset: No credits can be authorized to be reserved after December 31, 2023.
July 1, 2022 / June 16, 2023

Tax Expenditures Impacted: This program will increase the tax expenditure for the personal income tax.

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

- **Trade-In Value of Motorcycles:**

  Statutory Reference: R.I. Gen. Laws § 44-18-30(68) / R.I. Pub. Laws 2022, Ch. 231, Art. 6, § 8

  Year Enacted / Last Year Amended: 2022 / N/A

  Description of Change: Creates an exemption against the sales and use tax for the trade-in value of new or used motorcycles. The exemption does not apply to motorcycles used for hire or other types of motor vehicles.

  Effective Date: October 1, 2022

  Tax Expenditures Impacted: The enacted change creates a new tax expenditure for the sales and use tax.

  Purpose: No explicit purpose provided in the statute.

EXCLUSIONS

- **Medical Cannabis:**

  Statutory Reference: R.I. Gen. Laws §§ 21-28.11-3 and 21-28.11-13 / R.I. Pub. Laws 2022, Ch. 32

  Year Enacted / Last Year Amended: 2022 / N/A

  Description of Change: The state cannabis excise tax (10%) and the local cannabis excise tax (3%) is imposed on adult-use cannabis, which is defined as cannabis which may be legally possessed and consumed for non-medical purposes by a person who is at least 21 years of age. Medical cannabis is exempt from these excise taxes, but subject to the 4% compassion center surcharge. Both adult-use and medical cannabis are subject to the sales and use tax.

Effective Date: December 1, 2022

Tax Expenditures Impacted: The enacted change creates a tax expenditure for the state cannabis excise tax.

Purpose: No explicit purpose provided in the statute.

Modifications

- **Taxable Military Service Pension Income:**

  Statutory Reference: R.I. Gen. § 44-30-12(c)(11) / R.I. Pub. Laws 2022, Ch. 231, Art. 6, § 9

  Year Enacted / Last Year Amended: 2022 / N/A

  Description of Change: A modification reducing federal adjusted gross income (AGI) for taxable military service benefits included in federal AGI is beginning on or after January 1, 2023. The modification, alone or in combination with the taxable pension and annuities modification, may not exceed the amount of the military service pension received in the tax year for which the modification is claimed.

  Effective Date: January 1, 2023

  Tax Expenditures Impacted: The enacted change adds a new tax expenditure to be taken against the personal income tax.

  Purpose: No explicit purpose provided in the statute.

- **Taxable Pension Plan and/or Annuity Income:**

  Statutory Reference: R.I. Gen. § 44-30-12(c)(9) / R.I. Pub. Laws 2022, Ch. 231, Art. 6, § 9

  Year Enacted / Last Year Amended: 2016 / 2022

  Description of Change: The maximum modification amount was increased from $15,000 to $20,000.

  Effective Date: January 1, 2023

  Tax Expenditures Impacted: The enacted change increases the tax expenditure taken against the personal income tax.

  Purpose: No explicit purpose provided in the statute.

Tax Abatements

- **Child Tax Rebate:**

  Statutory Reference: R.I. Gen. § 44-30-103 / R.I. Pub. Laws 2022, Ch. 231, Art. 6, § 10

  Year Enacted / Last Year Amended: 2022 / N/A

  Description of Change: A one-time child tax rebate of $250 per child 18 years and younger, up to a maximum of three children, was distributed to qualifying Rhode Island resident taxpayers based on the taxpayer's TY 2021 Rhode Island personal income tax return. The federal adjusted gross income of each taxpayer must be below the income threshold of $100,000 for single, head of household, married filing separately, and qualifying widow(er) filers or $200,000 for joint filers. Child Tax Rebate payments will not be considered income for the purposes of state personal income tax for tax year 2022.

  Effective Date: July 1, 2022

  Tax Expenditures Impacted: The enacted change adds a new tax expenditure to be taken against the personal income tax.

  Purpose: No explicit purpose provided in the statute.

- **Temporary Relief from Gross Earnings Tax on Electricity and Gas:**

  Statutory Reference: R.I. Gen. § 44-13-37 / R.I. Pub. Laws 2023, Ch. 79, Art. 4, § 2

  Year Enacted / Last Year Amended: 2023 / N/A

  Description of Change: For the months of December 2023 through March 2024, electric and natural gas utility companies will not be allowed to charge the public service corporation tax but are still required to pay the amount of tax to the state. These utility companies may apply to the Division of Taxation for a rebate payment for the amount of public service corporation tax that would otherwise have been charged to customers for the given months.

  Effective Date: June 6, 2023

  Tax Expenditures Impacted: The enacted change adds a new tax expenditure to be taken against the public service corporation tax.

  Purpose: No explicit purpose provided in the statute.

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 FY 2020 and FY 2021. Tax expenditure items marked with a † indicate forgone revenue is on a calendar year basis. Additionally, tax expenditure items marked with a ^ indicate that FY 2021 and FY 2022 are reported. Finally, tax expenditure items marked with a * indicate forgone revenue is included with another tax expenditure item.

Credits

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 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	Apprenticeship †	0	1	0	1
74	Biotechnology Investment †	*	5	*	5
75	Child and Dependent Care (Federal) †	2,536,226	1	9,970,987	1
77	Contributions to Scholarship Organizations †	1,172,382	1	1,162,475	1
80	Earned Income (Federal) †	22,917,692	1	26,462,253	1
82	Educational Assistance and Development †	0	1	0	1
85	Employment – Welfare Bonus Program †	0	1	0	1
87	Historic Homeownership Assistance†	7,450	1	7,332	1
88	Historic Preservation †	1,133,312	1	495,057	1
92	Historic Structures †	782,036	1	2,494,072	1
95	Hydroelectric Power †	0	1	0	1
96	Investment †	10,934,063	1	6,569,155	1
99	Juvenile Restitution †	0	1	0	1
100	Lead Paint Abatement †	165,773	1	183,245	1
101	Low-Income Housing *(new)*	*n/a*	*n/a*	*n/a*	*n/a*
104	Motion Picture Production †	6,132,629	1	13,547,037	1
107	Motor Carrier Fuel Use Taxes Paid to Rhode Island †	5,979,435	1	4,407,456	1
109	Musical and Theatrical Productions †	612,298	1	1,002,882	1
111	New Qualified Jobs Incentive Act †	538,774	1	927,218	1
115	Property Tax Relief †	3,390,353	1	3,238,106	1
118	Rebuild Rhode Island †	10,458,351	1	12,768,652	1
122	Research and Development Expense †	3,775,958	1	4,047,726	1
125	Research and Development Property†	156,705	1	23,959	1

Credits (continued)

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
126	Residential Renewable Energy System †	$ 0	1	$ 0	1
127	Rhode Island Small Business Development Fund †	0	1	0	1
129	Stay Invested in RI Wavemaker Fellowship †	1,475,808	1	895,959	1
132	Tax on Net Estate of Decedent †	8,762,508	1	12,201,478	1
133	Taxes Paid to Other States †	236,639,111	1	235,583,468	1
	Total Credits	***$317,570,864***	***1.1***	***$335,988,517***	***1.1***

Deductions

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
137	Accelerated Amortization for Certain Manufacturers †	$ ---	5	$ ---	5
137	Alimony Paid (Federal) †	1,097,801	4	1,030,721	4
139	Amortization of Air or Water Pollution Prevention and Treatment Facilities †	552	1	6	1
140	Certain Business Expenses of Reservists, etc. (Federal) †	259,989	4	220,336	4
142	Connecting Fees, Switching and Carrier Access Charges †	1,443,336	1	1,406,773	1
143	Educator Expenses (Federal) †	92,278	2	---	5
144	Electricity for Resale †	---	5	---	5
145	Health Savings Account (Federal) †	610,520	4	622,932	4
147	Individual Retirement Arrangement Contributions (Federal) †	1,105,194	2	---	5
149	Keogh and SEP Contribution (Federal) †	3,622,833	2	---	5
151	Merchandise Sold †	0	1	0	1
152	Moving Expenses (Federal) †	21,371	4	28,450	4
154	Net Operating Losses †	14,046,351	1	23,819,042	1
156	One-Half of Self-Employment Tax (Federal) †	3,416,786	4	4,082,713	4
157	Penalty of Early Withdrawal of Savings (Federal) †	21,398	4	13,104	4
159	Qualified Charitable Contributions on Non-Itemized Returns (Federal) †	849,263	2	*n/a*	*n/a*
160	Qualifying Investment in a Certified Venture Capital Partnership †	2,695,451	1	9,060	1
162	Return or Unabsorbed Premiums or Premiums for Reinsurance Assumed †	---	5	---	5
164	Self-employed Health Insurance (Federal) †	3,454,982	2	---	5
165	Standard Deduction †	218,741,263	1	221,767,280	1

Deductions (continued)

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
167	Student Loan Interest (Federal) †	$ 626,874	2	$ ---	5
169	Tax Incentives for Employers †	64,855	1	43,086	1
	Total Deductions	***$252,171,097***	***2.6***	***$253,043,503***	***3.4***

Exclusions

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
173	Biodiesel Portion of Blended Gallon of Diesel Fuel	$ 2,596,954	1	$ 2,244,196	1
174	Conveyance of Mobile/Manufactured Homes for Consideration of $100 or less	---	5	---	5
175	Conveyance of Real Estate for Consideration of $100 or less	---	5	---	5
176	Conveyance of Real Estate Relating to the Capitol Center Project	0	1	0	1
177	Corporations Exempt from Taxation by Charter	---	5	---	5
177	Corporations Not Doing Business for Profit	---	5	---	5
178	Corporations that Maintain and Manage Intangible Investments	---	5	---	5
179	Dividends Received from Shares of Stock †	60,935,873	1	53,565,084	1
181	Financial Institutions	---	5	---	5
182	Fraternal Benefit Societies	---	5	---	5
183	Gain or Loss on Sale of Property Other Than Securities	0	1	184,870	1
184	Income from the Sale of International Investment Management Services	---	5	---	5
185	Insurance and Surety Companies	---	5	---	5
186	Interest Received from Debt Instruments Issued by Public Service Corporations	---	5	---	5
186	Long-Term Gain from Capital Investment in Small Business	---	5	---	5
187	Lubricating Oils, Marine Diesel Fuel, Aviation Fuel, and Heating Oil	276,627,413	2	392,508,124	2
188	Maximum Tax of $0.50 per Cigar	3,790,765	2	5,991,694	2
190	Medical Cannabis (*new*)	*n/a*	*n/a*	*n/a*	*n/a*
191	Paycheck Protection Program Loan Forgiveness	*n/a*	*n/a*	38,463,751	1
194	Possession of 10 Packs of Cigarettes with Out-of-State Tax Stamps	---	5	---	5
195	Public Service Corporations	---	5	---	5

Exclusions (continued)

Page Number	Item	2020 Forgone Revenue	Reliability Level	2020 Forgone Revenue	Reliability Level
195	Taxed Gross Earnings and Associated Costs of Non-Public Service Corporations	$ ---	5	$ ---	5
196	Taxes Legally Imposed on Consumer but Separately Stated on Invoice	---	5	---	5
197	Value-Added Non-Voice Services that Use Computer Processing Applications	---	5	---	5
197	Veterinary and Testing Laboratory Services ^	5,902,585	3	6,339,200	3
	Total Exclusions	***$349,853,590***	***4.0***	***$499,296,919***	***3.8***

Exemptions

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
201	Affordable Housing Development	*n/a*	*n/a*	*n/a*	*n/a*
202	Agricultural Products for Human Consumption ^	$ 5,583,084	3	$ 6,191,552	3
203	Air and Water Pollution Control Facilities ^	---	5	---	5
204	Aircraft and Aircraft Parts ^	5,606,033	3	6,180,163	3
206	Banks and Regulated Investment Companies Interstate Toll Free Calls	596,561	4	685,501	4
207	Beverage Containers, Hard-to-Dispose Material, and Litter Control Participation Permittee †	359,838	2	341,851	2
208	Boats or Vessels Brought in Exclusively for Winter Storage, Maintenance, Repair or Sale ^	*	5	*	5
209	Boats or Vessels Generally ^	8,300,416	3	9,755,095	3
210	Boats Sold to Non-Residents ^	*	5	*	5
211	Breast Pumps Collections and Storage Supplies *(new)*	*n/a*	*n/a*	*n/a*	*n/a*
212	Building Materials Used to Rebuild After Disaster	---	5	---	5
212	Buses, Trucks, or Trailers Used in Interstate Commerce ^	3,702,800	3	3,767,300	3
213	Camps ^	1,046,617	3	1,140,498	3
215	Cannabis Sold in Rolling Papers *(new)*	*n/a*	*n/a*	*n/a*	*n/a*
216	Casual Sales	6,464	1	6,735	1
217	Charitable, Education, or Religious Organizations ^	108,038,086	3	117,140,871	3
219	Clothing and Footwear ^	45,297,370	3	48,928,598	3
220	Coffins, Caskets, Urns, Shrouds, and Burial Garments ^	1,513,562	3	1,508,163	3
222	Coins	401,255	4	792,109	4
223	Commercial Fishing Vessels in Excess of Five Net Tons	375,433	4	433,540	4

Exemptions (continued)

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
225	Commercial Vessels of 50 Tons Burden or More	---	5	---	5
225	Compressed Air	---	5	---	5
226	Containers ^	$ 13,731,281	3	$ 14,934,828	3
227	Deed, Instrument or Writing where Grantor is U.S. Government or State of Rhode Island	---	5	---	5
228	Diesel Emission Control Technology	---	5	---	5
229	Dietary Supplements	3,230,148	4	3,463,269	4
230	Educational Institutions Rental Charges^	7,021,563	3	7,512,185	3
232	Electricity and Gas ^	83,257,450	3	90,692,348	3
234	Equipment for Research and Development ^	7,805,300	3	8,111,800	3
235	Estates of Persons Declared Missing in Action by U.S. Armed Forces	0	1	0	1
236	Farm Equipment ^	725,400	3	725,400	3
238	Farm Structure Construction Materials ^	511,186	3	575,042	3
239	Feed for Certain Animals Used in Commercial Farming ^	121,715	3	137,004	3
240	Feminine Hygiene Products	1,114,575	4	1,159,385	4
242	First 50,000 Gallons of Distilled Spirits of a Distiller in Continuous Operation for 12 Months †	129,600	1	32,400	1
243	First 100,000 Barrels of Beer of a Brewer in Continuous Operation for 12 Months	142,158	1	204,329	1
244	Flags	68,652	4	69,454	4
245	Food and Food Ingredients ^	197,406,134	3	208,699,808	3
247	Food Items Paid for by Food Stamps	14,951,921	1	15,569,325	1
248	Gasoline	71,376,998	2	71,058,451	2
250	Hardship *(new)*	8,840	2	18,456	2
251	Heating Fuels	25,024,115	4	23,636,849	4
253	Horse Food Products ^	69,210	3	69,419	3
254	Human Blood	804,040	4	847,677	4
256	Installation Labor Charges, When Separately Stated ^	42,031,200	3	44,944,700	3
257	Jewelry Display Product	---	5	---	5
257	Lottery Prizes	0	1	0	1
258	Manufacturers' Machinery and Equipment ^	38,531,955	3	39,691,599	3
260	Medicaid *(new)*	---	5	---	5
260	Medicines, Drugs, and Durable Medical Equipment ^	158,208,681	3	176,557,862	3
262	Mobile and Manufactured Homes Generally	667,125	1	387,900	1

Exemptions (continued)

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
263	Motor Vehicle and Adaptive Equipment for Amputee Veterans	*	5	*	5
264	Motor Vehicle and Adaptive Equipment for Persons with Disabilities	$ 3,705	1	$ 3,125	1
265	Narragansett Pier Railroad Company	---	5	---	5
266	Newspapers ^	2,632,253	3	3,312,034	3
267	Ocean Marine Insurance	459,467	4	520,862	4
269	Out-of-State Shipments of Rhode Island Alcoholic Beverage Manufacturers	---	5	---	5
269	Personal and Dependent †	123,452,894	1	124,613,086	1
272	Personal Holding Company, Regulated Investment Company or Real Estate Investment Trust	---	5	---	5
273	Precious Metal Bullion	---	5	---	5
274	Promotional and Product Literature of Boat Manufacturers ^	27,200	3	29,600	3
275	Property Otherwise Exempted	---	5	---	5
276	Property Purchased from Federal Government ^	9,517,136	3	10,270,477	3
277	Property Purchased Outside of State by Non-Resident and Brought into State	---	5	---	5
278	Property Returned Within 120 Days from the Date of Delivery	74,641	1	63,578	1
280	Prosthetic Devices and Mobility Enhancing Equipment ^	15,485,604	3	17,095,066	3
281	Purchases Used for Manufacturing Purposes †	384,518,750	2	413,153,020	2
283	Qualified Sales of Manufactured and Mobile Home Parks	---	5	---	5
283	Rebuild Rhode Island Sales and Use Tax	2,411,964	1	3,133,732	1
284	Refillable and Reusable Beverage Containers	---	5	---	5
285	Religious Conscience *(new)*	*	5	*	5
285	Renewable Energy Products †	6,580,287	2	2,160,774	2
287	Rental Charged for Living or Sleeping Quarters in a Hospital or Nursing Home^	42,731,578	3	47,049,655	3
289	Rhode Island Industrial Facilities Corporation Lessees	0	1	33,843	1
290	Sacramental Wines Sold Directly to Member of Clergy	---	5	---	5
290	Sales and Use Taxes Paid to Other Jurisdictions	15,759,268	1	21,376,384	1
292	Sales beyond Constitutional Power of State	---	5	---	5
293	Sales by Writers, Composers, Artists †	970,077	2	1,488,819	2

Exemptions (continued)

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
294	Sales in Municipal Economic Development Zones	0	1	0	1
296	Sales in Public Buildings by Blind People	$ 50,701	1	$ 23,568	1
297	Sales of Motor Vehicles to Non-Residents	1,081,068	2	1,457,127	2
299	Sales of Non-Motorized Recreational Vehicles to Non-Residents	---	5	---	5
299	Sales of Trailers Ordinarily Used for Residential Purposes	---	5	---	5
300	Sales to Common Carriers for Use Outside of the State	---	5	---	5
301	Sales to Federal Government ^	4,791,200	3	4,778,300	3
302	Sales to the State or Its Political Subdivisions ^	44,022,200	3	44,619,000	3
304	Sales to the U.S. Government and Operators of Railroad Transportation Equipment	1,655,501	1	2,856,047	1
305	School Meals ^	2,737,095	3	2,887,235	3
307	Securities from Taxation	---	5	---	5
307	Seeds and Plants used to Grow Food and Food Ingredients	*	5	*	5
308	Special Adaptations for Wheelchair Accessible Taxicabs	---	5	---	5
309	Stay Invested in RI Wavemaker Fellowship Awards †	1,745	1	27,598	1
310	Supplies Used in On-Site Hazardous Waste Recycling, Reuse, or Treatment	---	5	---	5
310	Supplies Used in Preparing Floral Products and/or Arrangements ^	355,555	3	381,029	3
311	Taxpayers with Income Below Filing Threshold *(new)*	1,547,000	2	1,210,406	2
313	Telecommunications Carrier Access Services ^	12,804,900	3	13,536,000	3
314	Textbooks ^	2,103,592	3	2,306,924	3
315	Total Loss or Destruction of Motor Vehicle within 120 Days of Tax Payment	74,641	1	63,578	1
316	Trade-in Value of Boats	---	5	---	5
317	Trade-in Value of Motorcycles *(new)*	*n/a*	*n/a*	*n/a*	*n/a*
319	Trade-In Value of Private Passenger Automobiles	14,034,465	1	18,048,027	1
320	Transfers or Sales Made to Immediate Family Members	---	5	---	5
321	Transfers or Sales Related to Business Dissolution or Partial Liquidation	---	5	---	5
322	Transportation Charges of Motor Carriers to Haul Goods	---	5	---	5

Exemptions (continued)

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
323	Vacation Homes Rented in Entirely	3,796,496	1	3,701,787	1
324	Vehicles Purchased by Non-Resident Military Personnel Subject to Sales Tax Elsewhere	$ ---	5	$ ---	5
324	Video Lottery Terminal, Table Games, and Sports Wagering Prizes	0	1	0	1
325	Water for Residential Use	14,608,737	2	15,364,364	2
327	Wine and Spirits	19,135,601	1	21,302,210	1
328	Youth Activities Equipment Sold for $20 or less by Non-Profit Organizations	---	5	---	5
	Total Exemptions	***$1,575,192,087***	***3.2***	***$1,682,838,721***	***3.2***

Modifications

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
331	Bonus Depreciation Provided by JCWAA of 2002 and JGTRRA of 2003 †	$ 0	1	$ 0	1
335	Companies Engaged in Buying, Selling, Dealing in or Holding Securities on Own Behalf †	---	5	---	5
335	Contribution to Medical Savings Account by Scituate Residents †	503	1	353	1
337	Contributions to an Account under Tuition Savings Program †	169,111	1	187,939	1
339	Enterprise Zone Business Owner with Domiciliary in Enterprise Zone †	32,344	1	84,837	1
340	Federally Taxable Withdrawals from Tuition Savings Program Account †	*	5	*	5
341	Gain from Stock Options in Qualifying Corporations †	*	5	*	5
342	Income Earned on a Rhode Island Family Education Account †	12,320	1	21,485	1
343	Income from the Assignment or Transfer of Historic Preservation Tax Credits †	2,427	2	2,548	2
345	Income from the Assignment or Transfer of Historic Structures Tax Credits †	1,675	2	12,837	2
346	Income from the Assignment or Transfer of Motion Picture Production Company Tax Credits †	13,135	2	69,729	2
348	Income from the Assignment or Transfer of Musical and Theatrical Tax Credits †	1,311	2	5,162	2
349	Income or Gain from a Qualifying Employee's Ownership of a Qualifying Corporation †	171,745	1	12,032	1

Modifications (continued)

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
350	Interest on Obligations of the United States and its Possessions †	2,371,998	1	2,083,053	1
352	Military Pay of Non-Resident Individuals †	$ 799,283	1	$ 992,262	1
354	New Research and Development Facilities †	68,372	1	501,737	1
356	Organ Transplantation †	4,024	1	5,078	1
357	Performance-Based Income of Eligible Employees via the Jobs Growth Act †	1,039	1	5,593	1
358	Profits or Gains from Sales of Work by Artists, Writers, and Composers †	13,652	1	14,981	1
359	Provision of Insurance Benefit to Dependent or Domestic Partner †	49,783	1	50,217	1
360	Qualifying Investment in a Certified Venture Capital Partnership †	4,711	1	9,638	1
361	Railroad Retirement Benefits †	205,642	1	208,471	1
363	Rental Vehicle Surcharge Retained by Rental Car Companies	4,778,672	1	3,510,364	1
364	Rhode Island Fiduciary Adjustment †	0	1	352,236	1
366	Tax Incentives for Employers †	51,716	1	12,264	1
367	Taxable Military Service Pension Income *(new)*	*n/a*	*n/a*	*n/a*	*n/a*
368	Taxable Pension Plan and/or Annuity Income †	13,984,777	1	13,961,295	1
370	Taxable Social Security Income †	23,093,416	1	23,809,356	1
	Total Modifications	***$45,831,656***	***1.6***	***$45,913,467***	***1.6***

Other Items

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
374	Allocation and Apportionment of Airlines	$ ---	5	$ ---	5
375	Allocation and Apportionment of Brokerage Services	---	5	---	5
376	Allocation and Apportionment of Credit Card Banks	---	5	---	5
377	Allocation and Apportionment of Motor Carriers	---	5	---	5
379	Allocation and Apportionment of Regulated Investment Companies	---	5	---	5
381	Allocation and Apportionment of Retirement and Pension Plans	---	5	---	5
	Total Other Items	***$ ---***	***5.0***	***$ ---***	***5.0***

Preferential Tax Rates

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
385	Jobs Development Act	$ 19,503,866	1	$ 14,409,731	1
387	Life Science Rate Reduction	*	5	*	5
	Total Preferential Tax Rate	***$19,503,866***	***3.0***	***$14,409,731***	***3.0***

Tax Abatements

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
390	Child Tax Rebate *(new)*	*n/a*	*n/a*	*n/a*	*n/a*
390	Cigarette Tax Stamping Discount	$ 1,621,163	1	$ 1,869,469	1
392	Political Check-Off †	84,635	1	80,770	1
394	Temporary Relief from Gross Earnings Tax on Electricity and Gas *(new)*	*n/a*	*n/a*	*n/a*	*n/a*
395	Value of Farmland Included in Estate	---	*5*	---	5
	Total Tax Abatements	***$ 1,705,798***	***2.3***	***$ 1,950,239***	***2.3***

Tax Deferrals

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
398	Holding Period for Unstamped Cigarettes †	$ 0	1	$ 0	1
399	Write-Downs or Reserves for Securities Losses †	---	5	---	5
	Total Tax Deferrals	***$ 0***	***3.0***	***$ 0***	***3.0***
	TOTAL TAX EXPENDTURES	***$2,561,828,958***	***2.8***	***$ 2,833,441,097***	***2.9***

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 FY 2020 and 2021. Tax expenditure items marked with a † indicate forgone revenue is on a calendar year basis. Additionally, tax expenditure items marked with a ^ indicate that FY 2021 and FY 2022 are reported. Finally, tax expenditure items marked with a * indicate forgone revenue is included with another tax expenditure item.

Alcoholic Beverage Tax (R.I. Gen. Laws Ch. 3-10)

Exemptions

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
242	First 50,000 Gallons of Distilled Spirits of a Distiller in Continuous Operation for 12 Months †	$ 129,600	1	$ 32,400	1
243	First 100,000 Barrels of Beer of a Brewer in Continuous Operation for 12 Months	142,158	1	204,329	1
269	Out-of-State Shipments of Rhode Island Alcoholic Beverage Manufacturers	---	5	---	5
290	Sacramental Wines Sold Directly to Member of Clergy	---	5	---	5
	Total Exemptions	***$ 271,758***	***3.0***	***$ 236,729***	***3.0***
	Total Alcoholic Beverage Tax	***$ 271,758***	***3.0***	***$ 236,729***	***3.0***

Bank Deposits Tax (R.I. Gen. Laws Ch. 44-15)

Credits

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
70	Adult Education †	$ 0	1	$ 0	1
77	Contributions to Scholarship Organizations †	0	1	0	1
85	Employment – Welfare Bonus Program †	0	1	0	1
	Total Credits	***$ 0***	***1.0***	***$ 0***	***1.0***

Deductions

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
169	Tax Incentives for Employers †	$ ---	5	$ ---	5
	Total Deductions	***$ ---***	***5.0***	***$ ---***	***5.0***
	Total Bank Deposits Tax	***$ 0***	***2.0***	***$ 0***	***2.0***

Bank Tax (R.I. Gen. Laws Ch. 44-14)

Credits

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
67	Adult and Child Daycare †	$ 0	1	$ 0	1
70	Adult Education †	0	1	0	1
77	Contributions to Scholarship Organizations †	0	1	0	1
82	Educational Assistance and Development †	0	1	0	1
85	Employment – Welfare Bonus Program †	0	1	0	1
88	Historic Preservation †	0	1	0	1
92	Historic Structures †	0	1	0	1
96	Investment †	10,032,135	1	5,063,595	1
101	Low-Income Housing *(new)*	*n/a*	*n/a*	*n/a*	*n/a*
104	Motion Picture Production†	0	1	0	1
109	Musical and Theatrical Production †	0	1	0	1
111	New Qualified Jobs Incentive Act †	0	1	0	1
118	Rebuild Rhode Island †	0	1	0	1
	Total Credits	***$ 10,032,135***	***1.0***	***$ 5,063,595***	***1.0***

Deductions

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
160	Qualifying Investment in a Certified Venture Capital Partnership †	$ 0	1	$ 0	1
169	Tax Incentives for Employers †	0	1	0	1
	Total Deductions	***$ 0***	***1.0***	***$ 0***	***1.0***

Exclusions

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
179	Dividends Received from Shares of Stock †	$ 1,697,246	1	$ 1,459,070	1
183	Gain or Loss on Sale of Property Other Than Securities	0	1	184,870	1
186	Long-Term Gain from Capital Investment in Small Business	---	5	---	5
191	Paycheck Protection Program Loan Forgiveness	*n/a*	*n/a*	0	1
	Total Exclusions	***$ 1,697,246***	***2.3***	***$ 1,643,940***	***2.0***

Modifications

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
331	Bonus Depreciation Provided by JCWAA of 2002 and JGTRRA of 2003 †	$ 0	1	$ 0	1
	Total Modifications	***$ 0***	***1.0***	***$ 0***	***1.0***

Bank Tax (R.I. Gen. Laws Ch. 44-14)

Preferential Tax Rates

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
385	Jobs Development Act	$ 17,955,874	1	$ 13,201,760	1
	Total Preferential Tax Rates	***$ 17,955,874***	***1.0***	***$ 13,201,760***	***1.0***

Tax Deferrals

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
399	Write-Downs or Reserves for Securities Losses †	---	5	---	5
	Total Tax Deferrals	***$ ---***	***5.0***	***$ ---***	***5.0***
	Total Bank Tax	***$ 29,685,255***	***1.4***	***$ 19,909,295***	***1.4***

Beverage Containers Tax (R.I. Gen. Laws Ch. 44-44)

Exemptions

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
207	Beverage Containers, Hard-to-Dispose Material, and Litter Control Participation Permit †	$ 359,838	2	$ 341,851	2
284	Refillable and Reusable Beverage Containers	---	5	---	5
	Total Exemptions	***$ 359,838***	***3.5***	***$ 341,851***	***3.5***
	Total Tax on Beverage Containers	***$ 359,838***	***3.5***	***$ 341,851***	***3.5***

Business Corporation Tax (R.I. Gen. Laws Ch. 44-11)

Credits

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 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	Apprenticeship †	0	1	0	1
74	Biotechnology Investment †	*	5	*	5
77	Contributions to Scholarship Organizations †	0	1	0	1
82	Educational Assistance and Development †	0	1	0	1
85	Employment – Welfare Bonus Program †	$ 0	1	$ 0	1
88	Historic Preservation †	0	1	0	1
92	Historic Structures †	0	1	0	1
95	Hydroelectric Power †	0	1	0	1
96	Investment †	724,946	1	1,329,905	1
99	Juvenile Restitution †	0	1	0	1

Business Corporation Tax (R.I. Gen. Laws Ch. 44-11)

Credits (continued)

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
101	Low-Income Housing *(new)*	*n/a*	*n/a*	*n/a*	*n/a*
104	Motion Picture Production †	4,956,521	1	7,616,056	1
109	Musical and Theatrical Production †	0	1	0	1
111	New Qualified Jobs Incentive Act †	0	1	387,749	1
118	Rebuild Rhode Island †	0	1	100,426	1
122	Research and Development Expense †	3,312,247	1	3,352,955	1
125	Research and Development Property †	0	1	23,959	1
126	Residential Renewable Energy System †	0	1	0	1
	Total Credits	***$ 8,993,714***	***1.2***	***$ 12,811,050***	***1.2***

Deductions

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
137	Accelerated Amortization for Certain Manufacturers †	$ ---	5	$ ---	5
139	Amortization of Air or Water Pollution Prevention and Treatment Facilities †	552	1	6	1
154	Net Operating Losses †	14,046,351	1	23,819,042	1
160	Qualifying Investment in a Certified Venture Capital Partnership †	2,695,451	1	9,060	1
169	Tax Incentives for Employers †	64,855	1	43,086	1
	Total Deductions	***$ 16,807,209***	***1.8***	***$ 23,871,194***	***1.8***

Exclusions

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
177	Corporations Exempt from Taxation by Charter	$ ---	5	$ ---	5
177	Corporations Not Doing Business for Profit	---	5	---	5
178	Corporations that Maintain and Manage Intangible Investments	---	5	---	5
179	Dividends Received from Shares of Stock †	59,238,627	1	52,106,014	1
181	Financial Institutions	$ ---	5	$ ---	5
182	Fraternal Benefit Societies	---	5	---	5
184	Income from the Sale of International Investment Management Services	---	5	---	5
185	Insurance and Surety Companies	---	5	---	5
186	Interest Received from Debt Instruments Issued by Public Service Corporations	---	5	---	5
186	Long-Term Gain from Capital Investment in Small Business	---	5	---	5

Business Corporation Tax (R.I. Gen. Laws Ch. 44-11)

Exclusions (continued)

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
191	Paycheck Protection Program Loan Forgiveness	*n/a*	*n/a*	16,185,602	1
195	Public Service Corporations	---	5	---	5
195	Taxed Gross Earnings and Associated Costs of Non-Public Service Corporations	---	5	---	5
	Total Exclusions	***$ 59,238,627***	***4.7***	***$ 68,291,616***	***4.4***

Exemptions

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
272	Personal Holding Company, Regulated Investment Company or Real Estate Investment Trust	$ ---	5	$ ---	5
	Total Exemptions	***$ ---***	***5.0***	***$ ---***	***5.0***

Modifications

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
331	Bonus Depreciation Provided by JCWAA of 2002 and JGTRRA of 2003 †	$ 0	1	$ 0	1
335	Companies Engaged in Buying, Selling, Dealing in or Holding Securities on Own Behalf †	---	5	---	5
354	New Research and Development Facilities †	67,820	1	495,723	1
	Total Modifications	***$ 67,820***	***2.3***	***$ 495,723***	***2.3***

Other Items

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
374	Allocation and Apportionment of Airlines	$ ---	5	$ ---	5
375	Allocation and Apportionment of Brokerage Services	$ ---	5	$ ---	5
376	Allocation and Apportionment of Credit Card Banks	---	5	---	5
377	Allocation and Apportionment of Motor Carriers	$ ---	5	$ ---	5
379	Allocation and Apportionment of Regulated Investment Companies	---	5	---	5
381	Allocation and Apportionment of Retirement and Pension Plans	---	5	---	5
	Total Other Items	***$ ---***	***5.0***	***$ ---***	***5.0***

Business Corporation Tax (R.I. Gen. Laws Ch. 44-11)

Preferential Tax Rates

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
385	Jobs Development Act	$ 1,547,992	1	$ 1,207,971	1
387	Life Science Rate Reduction	*	5	*	5
	Total Preferential Tax Rates	***$ 1,547,992***	***3.0***	***$ 1,207,971***	***3.0***
	Total Business Corporation Tax	***$ 86,655,362***	***2.8***	***$106,677,554***	***2.8***

Cannabis Excise Tax (R.I. Gen. Laws § 21-28.11-13)

Exclusions

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
190	Medical Cannabis *(new)*	*n/a*	*n/a*	*n/a*	*n/a*
	Total Exclusions	***n/a***	***n/a***	***n/a***	***n/a***
	Total Cannabis Excise Tax	***n/a***	***n/a***	***n/a***	***n/a***

Cigarette Tax (R.I. Gen. Laws Chapter 44-20)

Exclusions

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
188	Maximum Tax of $0.50 per Cigar	$ 3,790,765	2	$ 5,991,694	2
194	Possession of 10 Packs of Cigarettes with Out-of-State Tax Stamps	---	5	---	5
	Total Exclusions	***$ 3,790,765***	***3.5***	***$ 5,991,694***	***3.5***

Exemptions

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
215	Cannabis Sold in Rolling Papers *(new)*	*n/a*	*n/a*	*n/a*	*n/a*
	Total Exemptions	***n/a***	***n/a***	***n/a***	***n/a***

Tax Abatements

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
390	Cigarette Tax Stamping Discount	$ 1,621,163	1	$ 1,869,469	1
	Total Tax Abatements	***$ 1,621,163***	***1.0***	***$ 1,869,469***	***1.0***

Tax Deferrals

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
398	Holding Period for Unstamped Cigarettes †	$ 0	1	$ 0	1
	Total Tax Deferrals	***$ 0***	***1.0***	***$ 0***	***1.0***
	Total Cigarette Tax	***$ 5,411,928***	***2.3***	***$ 7,861,163***	***2.3***

Estate and Transfer Tax (R.I. Gen. Laws Ch. 44-22)

Credits

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
132	Tax on Net Estate of Decedent †	$ 8,762,508	1	$ 12,201,478	1
	Total Credits	***$ 8,762,508***	***1.0***	***$ 12,201,478***	***1.0***

Exemptions

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
235	Estates of Persons Declared Missing in Action by U.S. Armed Forces	$ 0	1	$ 0	1
	Total Exemptions	***$ 0***	***1.0***	***$ 0***	***1.0***

Tax Abatements

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
395	Value of Farmland Included in Estate	$ ---	5	$ ---	5
	Total Tax Abatements	***$ ---***	***5***	***$ ---***	***5***
	Total Estate and Transfer Tax	***$ 8,762,508***	***2.3***	***$ 12,201,478***	***2.3***

Hotel Tax (R.I. Gen. Laws § 44-18-36.1)

Exemptions

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
323	Vacation Homes Rented in Entirely	$ 3,796,496	1	$ 3,701,787	1
	Total Exemptions	***$ 3,796,496***	***1.0***	***$ 3,701,787***	***1.0***
	Total Hotel Tax	***$ 3,796,496***	***1.0***	***$ 3,701,787***	***1.0***

Insurance Company Gross Premiums Tax (R.I. Gen. Laws Ch. 44-17)

Credits

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
67	Adult and Child Daycare †	$ 0	1	$ 0	1
70	Adult Education †	0	1	0	1
77	Contributions to Scholarship Organizations †	90,000	1	36,000	1
82	Educational Assistance and Development †	0	1	0	1
85	Employment – Welfare Bonus Program †	$ 0	1	$ 0	1
88	Historic Preservation †	0	1	0	1
92	Historic Structures †	653,690	1	0	1
96	Investment †	176,982	1	175,655	1
101	Low-Income Housing *(new)*	*n/a*	*n/a*	*n/a*	*n/a*
104	Motion Picture Production †	519,885	1	4,241,832	1
109	Musical and Theatrical Production †	0	1	0	1
111	New Qualified Jobs Incentive Act †	0	1	0	1
118	Rebuild Rhode Island †	6,720,643	1	6,783,208	1

Insurance Company Gross Premiums Tax (R.I. Gen. Laws Ch. 44-17)

Credits (continued)

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
122	Research and Development Expense †	463,711	1	694,771	1
125	Research and Development Property †	156,705	1	0	1
127	Rhode Island Small Business Development Fund †	0	1	0	1
	Total Credits	***$ 8,781,616***	***1.0***	***$ 11,931,466***	***1.0***

Deductions

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
160	Qualifying Investment in a Certified Venture Capital Partnership †	$ 0	1	$ 0	1
162	Return or Unabsorbed Premiums or Premiums for Reinsurance Assumed †	---	5	---	5
169	Tax Incentives for Employers †	0	1	0	1
	Total Deductions	***$ 0***	***2.3***	***$ 0***	***2.3***

Exclusions

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
182	Fraternal Benefit Societies	$ ---	5	$ ---	5
	Total Exclusions	***$ ---***	***5.0***	***$ ---***	***5.0***

Exemptions

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
267	Ocean Marine Insurance	$ 459,467	4	$ 520,862	4
	Total Exemptions	***$ 459,467***	***4.0***	***$ 520,862***	***4.0***

Preferential Tax Rates

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
385	Jobs Development Act	$ 0	1	$ 0	1
	Total Preferential Tax Rates	***$ 0***	***1.0***	***$ 0***	***1.0***
	Total Insurance Company Gross Premiums Tax	***$ 9,241,083***	***1.5***	***$ 12,452,328***	***1.5***

Motor Carrier Fuel Use Tax (R.I. Gen. Laws Ch. 31-36.1)

Credits

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
107	Motor Carrier Fuel Use Taxes Paid to Rhode Island †	$ 5,979,435	1	$ 4,407,456	1
	Total Credits	***$ 5,979,435***	***1.0***	***$ 4,407,456***	***1.0***
	Total Motor Carrier Fuel Use Tax	***$ 5,979,435***	***1.0***	***$ 4,407,456***	***1.0***

Motor Fuel Tax (R.I. Gen. Laws Ch. 31-36)

Exclusions

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
173	Biodiesel Portion of Blended Gallon of Diesel Fuel	$ 2,596,954	1	$ 2,244,196	1
187	Lubricating Oils, Marine Diesel Fuel, Aviation Fuel, and Heating Oil	276,627,413	2	392,508,124	2
	Total Exclusions	***$ 279,224,367***	***1.5***	***$ 394,752,320***	***1.5***

Exemptions

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
304	Sales to the U.S. Government and Operators of Railroad Transportation Equipment	$ 1,655,501	1	$ 2,856,047	1
	Total Exemptions	***$ 1,655,501***	***1.0***	***$ 2,856,047***	***1.0***
	Total Motor Fuel Tax	***$ 280,879,868***	***1.3***	***$ 397,608,367***	***1.3***

Non-Profit Refund (R.I. Gen. Laws § 44-33.6-3)

Credits

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
88	Historic Preservation †	$ 0	1	$ 0	1
	Total Credits	***$ 0***	***1.0***	***$ 0***	***1.0***
	Total Non-Profit Refund	***$ 0***	***1.0***	***$ 0***	***1.0***

Personal Income Tax (R.I. Gen. Laws Ch. 44-30)

Credits

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
75	Child and Dependent Care (Federal) †	$ 2,536,226	1	$ 9,970,987	1
77	Contributions to Scholarship Organizations †	1,082,382	1	1,126,475	1
80	Earned Income (Federal) †	22,917,692	1	26,462,253	1
87	Historic Homeownership Assistance†	7,450	1	7,332	1
88	Historic Preservation †	1,133,312	1	495,057	1
92	Historic Structures †	128,346	1	2,494,072	1
100	Lead Paint Abatement †	165,773	1	183,245	1
104	Motion Picture Production †	$ 656,223	1	$ 1,689,149	1
109	Musical and Theatrical Production †	612,298	1	1,002,882	1
111	New Qualified Jobs Incentive Act †	30,637	1	539,469	1
115	Property Tax Relief †	3,390,353	1	3,238,106	1
118	Rebuild Rhode Island †	1,951,574	1	2,542,161	1
129	Stay Invested in RI Wavemaker Fellowship †	59,913	1	42,803	1
133	Taxes Paid to Other States †	236,639,111	1	235,583,468	1
	Total Credits	***$ 271,311,290***	***1.0***	***$ 285,377,459***	***1.0***

Personal Income Tax (R.I. Gen. Laws Ch. 44-30)

Deductions

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
137	Alimony Paid (Federal) †	$ 1,097,801	4	$ 1,030,721	4
140	Certain Business Expenses of Reservists, etc. (Federal) †	259,989	4	220,336	4
143	Educator Expenses (Federal) †	92,278	2	---	5
145	Health Savings Account (Federal) †	610,520	4	622,932	4
147	Individual Retirement Arrangement Contributions (Federal) †	1,105,194	2	---	5
149	Keogh and SEP Contributions (Federal) †	3,622,833	2	---	5
152	Moving Expenses (Federal) †	21,371	4	28,450	4
156	One-Half of Self-employment Tax (Federal) †	3,416,786	4	4,082,713	4
157	Penalty of Early Withdrawal of Savings (Federal) †	21,398	4	13,104	4
159	Qualified Charitable Contributions on Non-Itemized Returns (Federal) †	849,263	2	*n/a*	*n/a*
164	Self-employed Health Insurance (Federal) †	3,454,982	2	---	5
165	Standard Deduction †	218,741,263	1	221,767,280	1
167	Student Loan Interest (Federal) †	626,874	2	---	5
	Total Deductions	***$ 233,920,552***	***2.8***	***$ 227,765,536***	***4.2***

Exclusions

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
186	Long-Term Gain from Capital Investment in Small Business	$ ---	5	$ ---	5
191	Paycheck Protection Program Loan Forgiveness	*n/a*	*n/a*	22,278,149	1
195	Taxed Gross Earnings and Associated Costs of Non-Public Service Corporations	---	55	---	5
	Total Exclusions	***$ ---***	***5.0***	***$ 22,278,149***	***3.7***

Exemptions

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
269	Personal and Dependent †	$ 123,452,894	1	$ 124,613,086	1
309	Stay Invested in RI Wavemaker Fellowship Awards †	1,745	1	27,598	1
	Total Exemptions	***$ 123,454,639***	***1.0***	***$ 124,640,684***	***1.0***

Modifications

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
331	Bonus Depreciation Provided by JCWAA of 2002 and JGTRRA of 2003 †	$ 0	1	$ 0	1
335	Contribution to Medical Savings Accounts by Scituate Residents †	503	1	353	1

Personal Income Tax (R.I. Gen. Laws Ch. 44-30)

Modifications (continued)

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
337	Contributions to an Account under Tuition Savings Program †	169,111	1	187,939	1
339	Enterprise Zone Business Owner with Domiciliary in Enterprise Zone†	32,344	1	84,837	1
340	Federally Taxable Withdrawals from Tuition Savings Program Account †	*	5	*	5
341	Gain from Stock Options in Qualifying Corporations †	*	5	*	5
342	Income Earned on a Rhode Island Family Education Account †	12,320	1	21,485	1
343	Income from the Assignment or Transfer of Historic Preservation Tax Credits †	2,427	2	2,548	2
345	Income from the Assignment or Transfer of Historic Structures Tax Credits †	1,675	2	12,837	2
346	Income from the Assignment or Transfer of Motion Picture Production Tax Credits †	13,135	2	69,729	2
348	Income from the Assignment or Transfer of Musical and Theatrical Production Tax Credits †	1,311	2	5,162	2
349	Income or Gain from a Qualifying Employee's Ownership of a Qualifying Corporation †	171,745	1	12,032	1
350	Interest on Obligations of the United States and its Possessions †	2,371,998	1	2,083,053	1
352	Military Pay of Non-Resident Individuals †	799,283	1	992,262	1
354	New Research and Development Facilities †	552	1	6,014	1
356	Organ Transplantation †	4,024	1	5,078	1
357	Performance-Based Income of Eligible Employees via the Jobs Growth Act †	1,039	1	5,593	1
358	Profits or Gains from Sales of Work by Artists, Writers, and Composers †	13,652	1	14,981	1
359	Provision of Insurance Benefit to Dependent or Domestic Partner †	49,783	1	50,217	1
360	Qualifying Investment in a Certified Venture Capital Partnership †	4,711	1	9,638	1
361	Railroad Retirement Benefits †	205,642	1	208,471	1
364	Rhode Island Fiduciary Adjustment †	0	1	352,236	1
366	Tax Incentives for Employers †	51,716	1	12,264	1
367	Taxable Military Service Pension Income *(new)*	*n/a*	*n/a*	*n/a*	*n/a*

Personal Income Tax (R.I. Gen. Laws Ch. 44-30)

Modifications (continued)

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
368	Taxable Pension Plan and/or Annuity Income †	13,984,777	1	13,961,295	1
370	Taxable Social Security Income †	23,093,416	1	23,809,356	1
	Total Modifications	***$ 40,985,164***	***1.5***	***$ 41,907,380***	***1.5***

Tax Abatements

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
390	Child Tax Rebate *(new)*	*n/a*	*n/a*	*n/a*	*n/a*
392	Political Check-Off †	$ 84,635	1	$ 80,770	1
	Total Tax Abatements	***$ 84,635***	***1.0***	***$ 80,770***	***1.0***
	Total Personal Income Tax	***$ 669,756,280***	***1.8***	***$ 702,049,978***	***2.0***

Public Service Corporation Tax (R.I. Gen. Laws Ch. 44-13)

Credits

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 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
77	Contributions to Scholarship Organizations †	0	1	0	1
82	Educational Assistance and Development †	0	1	0	1
85	Employment – Welfare Bonus Program †	0	1	0	1
88	Historic Preservation †	0	1	0	1
92	Historic Structures †	0	1	0	1
101	Low-Income Housing *(new)*	*n/a*	*n/a*	*n/a*	*n/a*
109	Musical and Theatrical Production †	0	1	0	1
111	New Qualified Jobs Incentive Act †	$ 0	1	$ 0	1
118	Rebuild Rhode Island †	0	1	0	1
	Total Credits	***$ 0***	***1.0***	***$ 0***	***1.0***

Deductions

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
142	Connecting Fees, Switching and Carrier Access Charges †	$ 1,443,336	1	$ 1,406,773	1
144	Electricity for Resale †	---	5	---	5
151	Merchandise Sold †	0	1	0	1
160	Qualifying Investment in a Certified Venture Capital Partnership †	0	1	0	1
169	Tax Incentives for Employers †	---	5	---	5
	Total Deductions	***$ 1,443,336***	***2.6***	***$ 1,406,773***	***2.6***

Public Service Corporation Tax (R.I. Gen. Laws Ch. 44-13)

Exclusions

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
179	Dividends Received from Shares of Stock †	$ ---	5	$ ---	5
186	Long-Term Gain from Capital Investment in Small Business	---	5	---	5
197	Value-Added Non-Voice Services That Use Computer Processing Applications	---	5	---	5
	Total Exclusions	***$ ---***	***5.0***	***$ ---***	***5.0***

Exemptions

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
265	Narragansett Pier Railroad Company	$ ---	5	$ ---	5
307	Securities from Taxation	---	5	---	5
	Total Exemptions	***$ ---***	***5.0***	***$ ---***	***5.0***

Preferential Tax Rates

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
385	Jobs Development Act	$ 0	1	$ 0	1
	Total Preferential Tax Rate	***$ 0***	***1.0***	***$ 0***	***1.0***

Tax Abatements

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
394	Temporary Relief from Gross Earnings Tax on Electricity and Gas *(new)*	*n/a*	*n/a*	*n/a*	*n/a*
	Total Tax Abatements	***n/a***	***n/a***	***n/a***	***n/a***
	Total Public Service Corporation Tax	***$ 1,443,336***	***2.3***	***$ 1,406,773***	***2.3***

Real Estate Conveyance Tax (R.I. Gen. Laws Ch. 44-25)

Exclusions

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
174	Conveyance of Mobile/Manufactured Homes for Consideration of $100 or less	$ ---	5	$ ---	5
175	Conveyance of Real Estate for Consideration of $100 or less	---	5	---	5
176	Conveyance of Real Estate Relating to the Capitol Center Project	0	1	0	1
	Total Exclusions	***$ 0***	***3.7***	***$ 0***	***3.7***

Real Estate Conveyance Tax (R.I. Gen. Laws Ch. 44-25)

Exemptions

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
201	Affordable Housing Development	*n/a*	*n/a*	*n/a*	*n/a*
227	Deed, Instrument or Writing where Grantor is U.S. Government or State of Rhode Island	$ ---	5	$ ---	5
283	Qualified Sales of Manufactured and Mobile Home Parks	---	5	---	5
	Total Exemptions	***$ ---***	***5.0***	***$ ---***	***5.0***
	Total Real Estate Conveyance Tax	***$ 0***	***4.2***	***$ 0***	***4.2***

Rental Vehicle Surcharge (R.I. Gen. Laws Ch. 31-34.1)

Modifications

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
363	Rental Vehicle Surcharge Retained by Rental Car Companies	$ 4,778,672	1	$ 3,510,364	1
	Total Modifications	***$ 4,778,672***	***1.0***	***$ 3,510,364***	***1.0***
	Total Rental Vehicle Surcharge	***$ 4,778,672***	***1.0***	***$ 3,510,364***	***1.0***

Refund Option (Multiple)

Credits

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
111	New Qualified Jobs Incentive Act †	$ 508,137	1	$ 0	1
118	Rebuild Rhode Island †	1,786,134	1	3,342,857	1
129	Stay Invested in RI Wavemaker Fellowship †	1,415,895	1	853,156	1
	Total Credits	***$ 3,710,166***	***1.0***	***$ 4,196,013***	***1.0***
	Total Refund Option	***$ 3,710,166***	***1.0***	***$ 4,196,013***	***1.0***

Sales and Use Tax (R.I. Gen. Laws Ch. 44-18)

Exclusions

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
196	Taxes Legally Imposed on Consumer but Separately Stated on Invoice	$ ---	5	$ ---	5
197	Veterinary and Testing Laboratory Services^	5,902,585	3	6,339,200	3
	Total Exclusions	***$ 5,902,585***	***4.0***	***$ 6,339,200***	***4.0***

Sales and Use Tax (R.I. Gen. Laws Ch. 44-18)

Exemptions

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
202	Agricultural Products for Human Consumption ^	$ 5,583,084	3	$ 6,191,552	3
203	Air and Water Pollution Control Facilities ^	---	5	---	5
204	Aircraft and Aircraft Parts ^	5,606,033	3	6,180,163	3
206	Banks and Regulated Investment Companies Interstate Toll Free Calls	596,561	4	685,501	4
208	Boats or Vessels Brought in Exclusively for Winter Storage, Maintenance, Repair or Sale ^	*	5	*	5
209	Boats or Vessels Generally ^	8,300,416	3	9,755,095	3
210	Boats Sold to Non-Residents ^	*	5	*	5
211	Breast Pumps Collection and Storage Supplies *(new)*	*n/a*	*n/a*	*n/a*	*n/a*
212	Building Materials Used to Rebuild After Disaster	---	5	---	5
212	Buses, Trucks, or Trailers used in Interstate Commerce ^	3,702,800	3	3,767,300	3
213	Camps ^	1,046,617	3	1,140,498	3
216	Casual Sales	6,464	1	6,735	1
217	Charitable, Educational, or Religious Organizations ^	108,038,086	3	117,140,871	3
219	Clothing and Footwear ^	45,297,370	3	48,928,598	3
220	Coffins, Caskets, Urns, Shrouds, and Burial Garments ^	1,513,562	3	1,508,163	3
222	Coins	401,255	4	792,109	4
223	Commercial Fishing Vessels in Excess of Five Net Tons	375,433	4	433,540	4
225	Commercial Vessels of 50 Tons Burden or More	---	5	---	5
225	Compressed Air	---	5	---	5
226	Containers ^	13,731,281	3	14,934,828	3
228	Diesel Emission Control Technology	---	5	---	5
229	Dietary Supplements	3,230,148	4	3,463,269	4
230	Educational Institutions Rental Charges ^	7,021,563	3	7,512,185	3
232	Electricity and Gas ^	$ 83,257,450	3	$ 90,692,348	3
234	Equipment for Research and Development ^	7,805,300	3	8,111,800	3
236	Farm Equipment ^	725,400	3	725,400	3
238	Farm Structure Construction Materials ^	511,186	3	575,042	3
239	Feed for Certain Animals Used in Commercial Farming ^	121,715	3	137,004	3
240	Feminine Hygiene Products	1,114,575	4	1,159,385	4

Sales and Use Tax (R.I. Gen. Laws Ch. 44-18)

Exemptions (continued)

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
244	Flags	68,652	4	69,454	4
245	Food and Food Ingredients ^	197,406,134	3	208,699,808	3
247	Food Items Paid for by Food Stamps	14,951,921	1	15,569,325	1
248	Gasoline	71,376,998	2	71,058,451	2
251	Heating Fuels	25,024,115	4	23,636,849	4
253	Horse Food Products ^	69,210	3	69,419	3
254	Human Blood	804,040	4	847,677	4
256	Installation Labor Charges When Separately Stated ^	42,031,200	3	44,944,700	3
257	Jewelry Display Product	---	5	---	5
257	Lottery Prizes	0	1	0	1
258	Manufacturers' Machinery and Equipment ^	38,531,955	3	39,691,599	3
260	Medicines, Drugs, and Durable Medical Equipment ^	158,208,681	3	176,557,862	3
262	Mobile and Manufactured Homes Generally	667,125	1	387,900	1
263	Motor Vehicle and Adaptive Equipment for Amputee Veterans	*	5	*	5
264	Motor Vehicles and Adaptive Equipment for Persons with Disabilities	3,705	1	3,125	1
266	Newspapers ^	2,632,253	3	3,312,034	3
273	Precious Metal Bullion	---	5	---	5
274	Promotional and Product Literature of Boat Manufacturers ^	27,200	3	29,600	3
275	Property Otherwise Exempted	---	5	---	5
276	Property Purchased from Federal Government ^	9,517,136	3	10,270,477	3
277	Property Purchased Outside of State by Non-Resident and Brought into State	---	5	---	5
278	Property Returned Within 120 Days from the Date of Delivery	74,641	1	63,578	1
280	Prosthetic Devices and Mobility Enhancing Equipment ^	15,485,604	3	17,095,066	3
281	Purchases Used for Manufacturing Purposes †	$ 384,518,750	2	$ 413,153,020	2
283	Rebuild Rhode Island Sales and Use Tax	2,411,964	1	3,133,732	1
285	Renewable Energy Products	6,580,287	2	2,160,774	2
287	Rental Charged for Living or Sleeping Quarters in a Hospital or Nursing Home ^	42,731,578	3	47,049,655	3
289	Rhode Island Industrial Facilities Corporation Lessees	0	1	33,843	1

Sales and Use Tax (R.I. Gen. Laws Ch. 44-18)

Exemptions (continued)

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
290	Sales and Use Taxes Paid to Other Jurisdictions	15,759,268	1	21,376,384	1
292	Sales beyond Constitutional Power of State	---	5	---	5
293	Sales by Writers, Composers, Artists †	970,077	2	1,488,819	2
294	Sales in Municipal Economic Development Zones	0	1	0	1
296	Sales in Public Buildings by Blind People	50,701	1	23,568	1
297	Sales of Motor Vehicles to Non-Residents	1,081,068	2	1,457,127	2
299	Sales of Non-Motorized Recreational Vehicles to Non-Residents	---	5	---	5
299	Sales of Trailers Ordinarily Used for Residential Purposes	---	5	---	5
300	Sales to Common Carriers for Use Outside of the State	---	5	---	5
301	Sales to Federal Government ^	4,791,200	3	4,778,300	3
302	Sales to the State or Its Political Subdivisions ^	44,022,200	3	44,619,000	3
305	School Meals ^	2,737,095	3	2,887,235	3
307	Seeds and Plants used to Grow Food and Food Ingredients	*	5	*	5
308	Special Adaptations for Wheelchair Accessible Taxicabs	---	5	---	5
310	Supplies Used in On-Site Hazardous Waste Recycling, Reuse, or Treatment	---	5	---	5
310	Supplies Used in Preparing Floral Products and/or Arrangements ^	355,555	3	381,029	3
313	Telecommunications Carrier Access Services ^	12,804,900	3	13,536,000	3
314	Textbooks ^	2,103,592	3	2,306,924	3
315	Total Loss or Destruction of Motor Vehicle within 120 Days of Tax Payment	74,641	1	63,578	1
316	Trade-in Value of Boats	---	5	---	5
317	Trade-in Value of Motorcycles *(new)*	*n/a*	*n/a*	*n/a*	*n/a*
319	Trade-In Value of Private Passenger Automobiles	$ 14,034,465	1	$ 18,048,027	1
320	Transfers or Sales Made to Immediate Family Members	---	5	---	5
321	Transfers or Sales Related to Business Dissolution or Partial Liquidation	---	5	---	5
337	Transportation Charges of Motor Carriers to Haul Goods	---	5	---	5

Sales and Use Tax (R.I. Gen. Laws Ch. 44-18)

Exemptions (continued)

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
324	Vehicles Purchased by Non-Resident Military Personnel Subject to Sales Tax Elsewhere	---	5	---	5
324	Video Lottery Terminal, Table Games, and Sports Wagering Prizes	0	1	0	1
325	Water for Residential Use	14,608,737	2	15,364,364	2
327	Wine and Spirits	19,135,601	1	21,302,210	1
328	Youth Activities Equipment Sold for $20 or less by Nonprofit Organizations	---	5	---	5
	Total Exemptions	***$ 1,443,638,548***	***3.3***	***$ 1,549,311,899***	***3.3***
	Total Sales and Use Tax	***$ 1,449,541,133***	***3.3***	***$ 1,555,651,099***	***3.3***

Shared Responsibility Payment Penalty Tax (R.I. Gen. Laws § 44-30-101(c))

Exemptions

Page Number	Item	2020 Forgone Revenue	Reliability Level	2021 Forgone Revenue	Reliability Level
250	Hardship *(new)*	$ 8,840	2	$ 18,456	2
260	Medicaid *(new)*	---	5	---	5
285	Religious Conscience *(new)*	*	5	*	5
311	Taxpayers with Income Below Filing Threshold *(new)*	1,547,000	2	1,210,406	2
	Total Exemptions	**$ 1,555,840**	**3.5**	**$ 1,228,862**	**3.5**
	Total Shared Responsibility Payment Penalty Tax	**$ 1,555,840**	**3.5**	**$ 1,228,862**	**3.5**
	TOTAL TAX EXPENDTURES	***$2,561,828,958***	***2.5***	***$2,833,441,097***	***2.5***

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 against the business corporation tax and the public service corporation tax equal to 10% of the total amount expended. The credit cannot exceed $1,000 each tax year.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Business Corporation Tax	$0	0
2020 Public Service Corporation Tax	$0	0
2020 Total	**$0**	**0**
2021 Business Corporation Tax	$0	0
2021 Public Service Corporation Tax	$0	0
2021 Total	**$0**	**0**

Projection Methodology: Amount of credit and number of taxpayers held constant with TY 2021.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
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**

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Business Corporation Tax	$0	0
2024 Public Service Corporation Tax	$0	0
2024 Projected Total	**$0**	**0**
2025 Business Corporation Tax	$0	0
2025 Public Service Corporation Tax	$0	0
2025 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 Statute: 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 business corporation tax, public service corporation tax (except the taxation of certain tangible property), bank excise tax, and insurance company gross premiums tax 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 forgone 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 be used to reduce the tax due in any given tax year to less than $100 or the minimum tax for each tax type established in law. The credit may be carried forward for the next five consecutive tax years, 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 2022 data is as of October 2023 and may not include any extensions or amended returns that have not yet been processed by the Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
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**
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 Total	**$0**	**0**

Projection Methodology: TY 2022 data is as of October 2023 and may not include any extensions or amended returns that have not yet been processed by the Division of Taxation. Amount of credit and number of taxpayers held constant with TY 2022.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
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**

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
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**
2024 Business Corporation Tax	$0	0
2024 Public Service Corporation Tax	$0	0
2024 Bank Tax	$0	0
2024 Ins Co Gross Premiums Tax	$0	0
2024 Projected Total	**$0**	**0**
2025 Business Corporation Tax	$0	0
2025 Public Service Corporation Tax	$0	0
2025 Bank Tax	$0	0
2025 Ins Co Gross Premiums Tax	$0	0
2025 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. Eligible expenditures include planning, site preparation, construction, renovation, or acquisition of facilities for the purpose of establishing a day care facility in Connecticut to be used primarily by the children of employees who are employed in the state, as well as subsidies to employees who are employed in the state for childcare to be provided in the state. The tax credit is equal to 5% of the amount paid or incurred by the corporation for a human capital investment. Corporation business tax credits cannot, in general, exceed 50% of corporation business tax liability, and unused amounts may be carried forward for up to five succeeding income years.

Beginning in TY 2024, the credit increases to 10% for most eligible investments and 25% for currently eligible childcare-related investments. It also makes additional childcare-related investments eligible for the 25% credit. Taxpayers eligible for the 25% credit may use the credit to reduce their corporate business tax liability up to 70%.

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.

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

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 business corporation tax, public service corporation tax, bank excise tax, bank deposits tax, and the insurance company gross premiums tax for 50% of the costs incurred solely and directly for non-worksite or worksite-based adult education programs. 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 liability to less than $100 or the minimum tax for each tax type established in law. 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

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
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 Total	**$0**	**0**

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
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 Total	**$0**	**0**

Projection Methodology: Amount of credit and number of taxpayers held constant with TY 2021.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
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**
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**
2024 Business Corporation Tax	$0	0
2024 Public Service Corporation Tax	$0	0
2024 Bank Tax	$0	0
2024 Bank Deposits Tax	$0	0
2024 Ins Co Gross Premiums Tax	$0	0
2024 Projected Total	**$0**	**0**

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2025 Business Corporation Tax	$0	0
2025 Public Service Corporation Tax	$0	0
2025 Bank Tax	$0	0
2025 Bank Deposits Tax	$0	0
2025 Ins Co Gross Premiums Tax	$0	0
2025 Projected Total	**$0**	**0**

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Connecticut allows a corporation subject to the corporation business tax to claim a credit for expenditures made as a human capital investment. Eligible expenditures include job training, work education programs in locations such as high schools and work education-diversified occupation programs, and worker training and education provided by institutions of higher education in Connecticut. The tax credit is equal to 5% of the amount paid or incurred by the corporation for a human capital investment. Corporation business tax credits cannot, in general, exceed 50% of corporation business tax liability, and unused amounts may be carried forward for up to five succeeding income years.

Beginning in TY 2024, the credit increases to 10% for most eligible investments and 25% for currently eligible childcare-related investments. It also makes additional childcare-related investments eligible for the 25% credit. Taxpayers eligible for the 25% credit may use the credit to reduce their corporate business tax liability up to 70%.

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

4. 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, metal trade, or plastic process technician apprentice duly enrolled and registered under the terms of a qualified program is eligible for a credit against the business corporation 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 a tax credit is allowed must exceed the average number of apprenticeships begun during the five preceding years.

The credit is not refundable and or able to be carried forward to succeeding tax years.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Business Corporation Tax	$0	0
2021 Business Corporation Tax	$0	0

Projection Methodology: Amount of credit and number of taxpayers held constant with TY 2021.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Business Corporation Tax	$0	0
2023 Business Corporation Tax	$0	0
2024 Business Corporation Tax	$0	0
2025 Business Corporation Tax	$0	0

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 is the lesser of $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 or the first three-quarters of a four-year term of apprenticeship. The amount of credit allowed is $7,500 or 50% of actual wages paid 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. The credit is transferable but is not refundable or able to be carried forward.

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

Massachusetts: Massachusetts allows a refundable credit awarded to employers who are 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 amount of credits authorized annually is $2.5

million. The credit is refundable, nontransferable, and can be taken against personal income tax and corporate excise tax.

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

5. 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. This credit can be used against the business corporation tax, and unused credit amounts can be carried forward for up to 15 succeeding tax years.

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. The company must also provide benefits typical to the biotechnology industry.

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

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

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.

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 invest in a Connecticut bioscience business.

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% of the salary paid to the persons who perform the newly created eligible jobs multiplied by the applicable Massachusetts income tax rate.

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

6. 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 who is unable to care for themselves, then the taxpayer can claim a credit for the same expenses against the personal income tax. The child and/or dependent care expenses must be paid in order for 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 2020 and TY 2021 personal income tax data.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Personal Income Tax	$2,536,226	19,128
2021 Personal Income Tax	$9,970,987	21,261

Projection Methodology: The number of taxpayers is held constant with TY 2021. The average credit amount per taxpayer for TY 2018 – TY 2020 was applied to the projected number of taxpayers to project revenue forgone for TY 2022 – TY 2025. (TY 2021 was excluded from the projection average due to the temporary federal policy changes.)

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Personal Income Tax	$2,955,055	21,261
2023 Personal Income Tax	$2,955,055	21,261
2024 Personal Income Tax	$2,955,055	21,261
2025 Personal Income Tax	$2,955,055	21,261

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

Maine: Taxpayers are 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.

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

Massachusetts: Massachusetts' provisions provide for a deduction in taxes due by any federal credit allowable on the resident's federal income tax return through TY 2020. If a taxpayer claims this deduction on their form, they are ineligible to claim the dependent member of household deduction.

Effective beginning on or after January 1, 2021, Massachusetts repealed the child and dependent care expenses deduction and replaced it with a refundable child and dependent care credit for employment-related expenses. The maximum credit is $240 for one qualifying individual and $480 for two or more qualifying individuals. Through legislation adopted at the end of 2023, the state eliminated the two-dependent cap and increased the credit to $310 for TY 2023 and to $440 on a permanent basis.

Massachusetts Statute: Mass. Gen. Laws ch. 62, §§ 3(B)(a)(7) and 6(x)

Vermont: Prior to TY 2022, a taxpayer was entitled to a nonrefundable credit against the personal income tax of 24% of the federal childcare and dependent care credit for a given taxable year. Vermont also previously had a low-income child and dependent credit for taxpayers with federal AGI under $30,000, if filing individually, or $40,000, if married filing jointly. The credit was equal to 50% of the federal child and dependent care credit for child and dependent care services procured in Vermont at a certified facility. Taxpayers could not take both credits.

The separate low-income child and dependent care credit was repealed in 2022. The Vermont child and dependent care credit was increased to 72% of the federal credit and made refundable.

Beginning in TY 2023, Vermont switched to a simple apportionment ratio for part-year residents claiming the credit.

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

7. Contributions to Scholarship Organizations:

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

Stated Purpose: The credit is offered to enhance the educational opportunities available to all students in the state.

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 business corporation tax, public service corporation tax, bank excise tax, bank deposits tax, insurance company gross premiums tax, and personal income tax. The maximum credit allowed a business entity is no greater than $100,000 in any tax year. The total aggregate amount of all tax credits for contributions to scholarship organizations approved by the Division of Taxation in a fiscal year cannot exceed $1.5 million. This cap was increased to $1.6 million, effective January 1, 2024.

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, transferable, or able to be carried forward.

Data Source: *Business Corporation Tax, Bank Tax, Insurance Company Gross Premiums Taxes, and Personal Income Tax:* Rhode Island Division of Taxation Testimony, November 2023 Revenue Estimating Conference.

Public Service Corporation Tax and Bank Deposits Tax: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
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	$1,082,382	68
2020 Total	**$1,172,382**	**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	$36,000	< 10
2021 Personal Income Tax	$1,126,475	58
2021 Total	**$1,162,475**	**Not Available***

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

Projection Methodology: TY 2022 amount of credit and number of taxpayers is what was reported at the November 2023 Revenue Estimating Conference by the Division of Taxation. Forgone revenue amounts and the number of taxpayers for TY 2021 – TY 2023 are equal to the 3-year average using the TY 2018 - TY 2020 amount of revenue forgone and number of taxpayers. No adjustment was made for the 2024 increase in the program cap because prior usage was already under the cap.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
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	$175,050	< 10
2022 Personal Income Tax	$1,047,750	51
2022 Projected Total	**$1,222,800**	**Not Available***

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
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**
2024 Business Corporation Tax	$0	0
2024 Public Service Corporation Tax	$0	0
2024 Bank Tax	$0	0
2024 Bank Deposits Tax	$0	0
2024 Ins Co Gross Premiums Tax	$60,000	3
2024 Personal Income Tax	$1,011,996	58
2024 Projected Total	**$1,071,996**	**61**
2025 Business Corporation Tax	$0	0
2025 Public Service Corporation Tax	$0	0
2025 Bank Tax	$0	0
2025 Bank Deposits Tax	$0	0
2025 Ins Co Gross Premiums Tax	$60,000	3
2025 Personal Income Tax	$1,011,996	58
2025 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 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 may claim a credit equal to 85% of the contribution against the business profits tax, the business enterprise tax, or the tax on interest and dividends. Credits cannot exceed the maximum education tax credit allowed, and 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 but cannot exceed $1 million in any given year. The aggregate of tax credits issued is capped at $5,100,000.

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

8. Earned Income (Federal):

Statutory Reference: R.I. Gen. Laws § 44-30-2.6(c)(2)(N) and (3)(F)(I)(a) / R.I. Pub. Laws 2023, Ch. 79, Art. 4, § 2

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2023

Description: A taxpayer entitled to a federal earned income credit is allowed a Rhode Island earned income credit equal to 15% of the federal earned income credit through TY 2023. For tax years beginning on or after January 1, 2024, the allowable percentage increases to 16%. The Rhode Island credit amount is fully refundable.

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 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: Division of Taxation, November 2023 Revenue Estimating Conference (REC) testimony.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Personal Income Tax	$22,917,692	76,926
2021 Personal Income Tax	$26,462,253	101,468

Projection Methodology: TY 2022 revenue forgone amount and the number of taxpayers figures are as provided at the November 2023 REC. The Office of Revenue Analysis (ORA) applied the growth rates in Rhode Island personal income provided by S&P Global at the November 2023 Revenue Estimating Conference to project the TY 2023-TY 2025 revenue forgone. Additionally, the estimated revenue impact from increasing the EITC rate to 16% as calculated by ORA were added to the base revenue forgone projections. The number of taxpayers is held constant for TY 2023-TY 2025.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Personal Income Tax	$26,339,816	72,289
2023 Personal Income Tax	$31,682,097	80,282
2024 Personal Income Tax	$31,012,210	80,282
2025 Personal Income Tax	$32,395,044	80,282

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. Beginning in TY 2021, the percentage increased from 23% to 30.5%. In the FY 2024 budget, the percentage was further increased to 40%, effective January 1, 2024.

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

Maine: Prior to TY 2021, the Maine earned income tax credit amount was 12% of the federal earned income tax credit amount for eligible taxpayers with qualifying children and 25% of the federal earned income tax credit amount for eligible taxpayers without qualifying children. Effective for tax years beginning on January 1, 2021, the amount of Maine credit is equal to 20% of the federal earned income tax credit for all eligible resident, non-resident, and part-year resident individuals. Effective for tax years beginning on or after January 1, 2022, the amount of Maine earned income credit increases to 25% of the federal earned income tax credit amount for eligible taxpayers with qualifying children and to 50% 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 calculated as if they were eligible for the federal earned income tax credit. The credit is fully refundable (prorated for part-year residents).

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. The refundable credit is 30% of the federal credit through TY 2023 and increases to 40% beginning with TY 2024. If the taxpayer claims and receives other state income tax credits, this credit must be applied last. 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 refundable 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 resident to the individual's total earned income prior to TY 2022 and 38% thereafter. If the taxpayer's earnings come from periods of part-year residency, then the credit is prorated. Beginning in TY 2023, Vermont switched to a simple apportionment ratio for part-year residents claiming the credit.

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

9. 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 business corporation tax, public service corporation tax (except the taxation of certain tangible personal property), bank excise tax, and insurance company gross premiums tax 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 the purchase of equipment.

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

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
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**
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 Total	**$0**	**0**

Projection Methodology: Amount of credit and number of taxpayers held constant with TY 2021.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
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**
2024 Business Corporation Tax	$0	0
2024 Public Service Corporation Tax	$0	0
2024 Bank Tax	$0	0
2024 Ins Co Gross Premiums Tax	$0	0
2024 Projected Total	**$0**	**0**

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2025 Business Corporation Tax	$0	0
2025 Public Service Corporation Tax	$0	0
2025 Bank Tax	$0	0
2025 Ins Co Gross Premiums Tax	$0	0
2025 Projected Total	**$0**	**0**

Law Comparison: Connecticut, Massachusetts, 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. Eligible expenditures include donations or capital contributions to institutions of higher education in Connecticut for improvements or advancements of technology, including physical plant improvements. 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. Beginning in TY 2024, the credit increases to 10% for most eligible investments and 25% for currently eligible childcare-related investments. It also makes additional childcare-related investments eligible for the 25% credit. Taxpayers eligible for the 25% credit may use the credit to reduce their corporate business tax liability up to 70%.

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

Massachusetts: Corporations can deduct charitable donations as defined by § 170 of the Internal Revenue Code up to 10% of taxable income. Included under the federal definition of charitable contributions are contributions to an educational organization which normally maintains a regular faculty and curriculum. Excess contributions can be carried forward up to five succeeding tax years.

Massachusetts Statute: 26 U.S.C. § 170

New Hampshire: New Hampshire allows for a tax credit against the business profits tax for qualifying charitable donations to career and technical education centers. Credits may only be used in the tax year the donation was made, up to 25% of the taxpayer’s tax liability before credits. Total credits in a given fiscal year are capped at $500,000.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 188-E:9-a

Vermont: Gifts 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. Included under the federal definition of 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)

10. Employment − Welfare Bonus Program:

Statutory Reference: R.I. Gen. Laws §§ 44-39.1-1, 44-39.1-2, 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 Ch. 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 business corporation tax, public service corporation tax, bank excise tax, bank deposits tax, and insurance company gross premiums tax.

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 or the minimum tax for each tax type established in law. 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

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
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 Total	**$0**	**0**

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
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 Total	**$0**	**< 10**

Projection Methodology: Amount of credit and number of taxpayers held constant with TY 2021.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
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**
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**
2024 Business Corporation Tax	$0	0
2024 Public Service Corporation Tax	$0	0
2024 Bank Tax	$0	0
2024 Bank Deposits Tax	$0	0
2024 Ins Co Gross Premiums Tax	$0	0
2024 Projected Total	**$0**	**0**

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2025 Business Corporation Tax	$0	0
2025 Public Service Corporation Tax	$0	0
2025 Bank Tax	$0	0
2025 Bank Deposits Tax	$0	0
2025 Ins Co Gross Premiums Tax	$0	0
2025 Projected Total	**$0**	**0**

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

11. 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 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 2023 Revenue Estimating Conference.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Personal Income Tax	$7,450	< 10
2021 Personal Income Tax	$7,332	< 10

Projection Methodology: The revenue forgone amount and the number of taxpayers for TY 2022 are as reported by the Division of Taxation at the November 2023 Revenue Estimating Conference testimony. TY 2023 – TY 2025 credit amounts are an average of TY 2020 – TY 2022 and the number of taxpayers is held constant with TY 2023.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Personal Income Tax	$7,232	< 10
2023 Personal Income Tax	$7,338	< 10
2024 Personal Income Tax	$7,338	< 10
2025 Personal Income Tax	$7,338	< 10

Law Comparison: Connecticut and Vermont have similar provisions.

Connecticut: An owner of an historic home who 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 for at least five years after completion of the rehabilitation work. Unused credit may be carried forward for four years. Of the $3 million of total credits reserved for this credit, 70% 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 nonrefundable historic rehabilitation tax credit of 10% of the qualified rehabilitation expenditures. To qualify for this tax credit, expenditures for the qualified project must exceed $5,000. The total credit program (along with three other credits under this program umbrella) is capped at $3,000,000 annually. Unused credits can be carried forward for nine years.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5930bb(b), 5930cc(a), and 5930ee(1)

12. Historic Preservation:

Statutory Reference: R.I. Gen. Laws Chapter 44-33.6 / R.I. Pub. Laws 2022, Ch. 272 / R.I. Pub. Laws 2023, Ch. 339

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 / 2023

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 business corporation tax, public service corporation tax, bank excise tax, insurance company gross premiums tax, and personal income tax. 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 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 under this tax credit program on or after June 30, 2024 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 § 501(c)(4) or § 501(c)(6) and are listed as non-profit refund under tax type.

Additionally, constructions projects over $10 million are subject to prevailing wage requirements and must receive certification of compliance with these requirements in order to receive tax credits under this program.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
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	$1,133,312	60
2020 Non-Profit Refund	$0	0
2020 Total	**$1,133,312**	**60**

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
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 Personal Income Tax	$495,057	27
2021 Non-Profit Refund	$0	0
2021 Total	**$495,057**	**27**

Projection Methodology: TY 2022 figures are as provided by the Division of Taxation. Data is as of December 2023 and is subject to amendments. TY 2023 – TY 2025 revenue forgone amounts and number of taxpayers are the three-year average of TY 2020 – TY 2022.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
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 Personal Income Tax	$476,788	11
2022 Non-Profit Refund	$0	0
2022 Projected Total	**$476,788**	**11**
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 Personal Income Tax	$701,719	19
2023 Non-Profit Refund	$0	0
2023 Projected Total	**$701,719**	**19**

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Business Corporation Tax	$0	0
2024 Public Service Corporation Tax	$0	0
2024 Bank Tax	$0	0
2024 Ins Co Gross Premiums Tax	$0	0
2024 Personal Income Tax	$701,719	19
2024 Non-Profit Refund	$0	0
2024 Projected Total	**$701,719**	**19**
2025 Business Corporation Tax	$0	0
2025 Public Service Corporation Tax	$0	0
2025 Bank Tax	$0	0
2025 Ins Co Gross Premiums Tax	$0	0
2025 Personal Income Tax	$701,719	19
2025 Non-Profit Refund	$0	0
2025 Projected Total	**$701,719**	**19**

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. The per-project cap is $4.5 million, and the annual limit for all taxpayers is $31.7 million. Unused credits may be carried forward for 5 years. Beginning on or after January 1, 2024, nonprofit corporations will be able to claim the credits against the unrelated business income tax and all other taxpayers may claim it against the personal income tax. Nonprofits may also carry forward unused credits for four years.

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

Maine: Taxpayers are allowed historic rehabilitation credits for the certified qualified rehabilitation expenditures incurred. A refundable 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 § 47 for a certified historic structure located in Maine. There is an enhanced credit for a certified affordable housing project (34% in 2020). In the 2022 session, Maine elected to extend the credit sunset date from December 31, 2025 to December 31, 2030.

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 allowed for five tax years. Credits may be authorized annually until December 31, 2027 in an aggregate amount up to $55 million per year.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 6J and ch. 63, § 38R

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 nonrefundable historic rehabilitation tax credit of 10% of the qualified rehabilitation expenditures. To qualify for this tax credit, expenditures for the qualified project must exceed $5,000. The total credit program (along with three other credits under this program umbrella) is capped at $3,000,000 annually. Unused credits can be carried forward for nine years.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5930bb(b), 5930cc(a), and 5930ee(1)

13. 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

Description: A credit equal to 30% of the qualified rehabilitation expenditures (QREs) incurred to rehabilitate the historic structure is allowed against the business corporation tax, public service corporation tax, bank excise tax, insurance company gross premiums tax, and personal income tax 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%, 26% of the QREs incurred with a credit processing fee of 4%, or 25% of the QREs incurred with a credit processing fee of 3%.

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.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
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	$128,346	19
2020 Total	**$782,036**	**Not Available***
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 Personal Income Tax	$2,494,072	29
2021 Total	**$2,494,072**	**29**

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

Projection Methodology: TY 2022 figures are as provided by the Division of Taxation. Data is as of December 2023 and is subject to amendments. TY 2023 – TY 2025 revenue forgone amounts and number of taxpayers are the three-year average of TY 2020 – TY 2022.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Business Corporation Tax	$0	0
2022 Public Service Corporation Tax	$0	0
2022 Bank Tax	$0	0
2022 Ins Co Gross Premiums Tax	$2,500,000	< 10
2022 Personal Income Tax	$0	0
2022 Projected Total	$2,500,000	< 10
2023 Business Corporation Tax	$0	0
2023 Public Service Corporation Tax	$0	0
2023 Bank Tax	$0	0
2023 Ins Co Gross Premiums Tax	$1,051,230	< 10
2023 Personal Income Tax	$874,139	16
2023 Projected Total	**$1,925,369**	**Not Available***
2024 Business Corporation Tax	$0	0
2024 Public Service Corporation Tax	$0	0
2024 Bank Tax	$0	0
2024 Ins Co Gross Premiums Tax	$1,051,230	< 10
2024 Personal Income Tax	$874,139	16
2024 Projected Total	**$1,925,369**	**Not Available***
2025 Business Corporation Tax	$0	0
2025 Public Service Corporation Tax	$0	0
2025 Bank Tax	$0	0
2025 Ins Co Gross Premiums Tax	$1,051,230	< 10
2025 Personal Income Tax	$874,139	16
2025 Projected Total	**$1,925,369**	**Not Available***

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

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. The per-project cap is $4.5 million, and the annual limit for all taxpayers is $31.7 million. Unused credits may be carried forward for 5 years. Beginning on or after January 1, 2024, nonprofit corporations will be able to claim the credits against the unrelated business income tax and all other taxpayers may claim it against the personal income tax. Nonprofits may also carry forward unused credits for four years.

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

Maine: Taxpayers are allowed historic rehabilitation credits for the certified qualified rehabilitation expenditures incurred. A refundable 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 § 47 for a certified historic structure located in Maine. There is an enhanced credit for a certified affordable housing project (34% in 2020). In the 2022 session, Maine elected to extend the credit sunset date from December 31, 2025 to December 31, 2030.

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 allowed for five tax years. Credits may be authorized annually until December 31, 2027 in an aggregate amount up to $55 million per year.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 6J and ch. 63, § 38R

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 nonrefundable historic rehabilitation tax credit of 10% of the qualified rehabilitation expenditures. To qualify for this tax credit, expenditures for the qualified project must exceed $5,000. The total credit program (along with three other credits under this program umbrella) is capped at $3,000,000 annually. Unused credits can be carried forward for nine years.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5930bb(b), 5930cc(a), and 5930ee(1)

14. 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 business corporation tax. This credit is limited to $500,000 in costs to develop a small hydroelectric power production facility for a maximum credit of $50,000. Unused portions of the credit may be carried forward up to five succeeding tax years.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Business Corporation Tax	$0	0
2021 Business Corporation Tax	$0	0

Projection Methodology: Amount of credit and number of taxpayers held constant with TY 2021.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Business Corporation Tax	$0	0
2023 Business Corporation Tax	$0	0
2024 Business Corporation Tax	$0	0
2025 Business Corporation Tax	$0	0

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

15. 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 business corporation tax, bank excise tax, and insurance company gross premiums tax 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, 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 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 can be carried forward up to seven succeeding tax years.

Data Source: Rhode Island Division of Taxation testimony from the November 2023 Revenue Estimating Conference.

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

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Business Corporation Tax	$724,946	31
2020 Bank Tax	$10,032,135	<10
2020 Ins Co Gross Premiums Tax	$176,982	<10
2020 Total	**$10,934,063**	**Not Available***
2021 Business Corporation Tax	$1,329,905	36
2021 Bank Tax	$5,063,595	<10
2021 Ins Co Gross Premiums Tax	$175,655	<10
2021 Total	**$6,569,155**	**Not Available***

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

Projection Methodology: TY 2022 amount of credit and number of taxpayers is what was reported at the November 2023 Revenue Estimating Conference by the Division of Taxation. Forgone revenue amounts and the number of taxpayers for TY 2023 - TY 2025 are equal to the 3-year average using the TY 2020 - TY 2022 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.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Business Corporation Tax	$2,434,302	27
2022 Bank Tax	$2,912,689	<10
2022 Ins Co Gross Premiums Tax	$210,177	<10
2022 Total	**$5,557,168**	**Not Available***
2023 Business Corporation Tax	$1,496,384	31
2023 Bank Tax	$6,002,806	5
2023 Ins Co Gross Premiums Tax	$204,357	5
2023 Projected Total	**$7,703,547**	**41**
2024 Business Corporation Tax	$1,496,384	31
2024 Bank Tax	$6,002,806	5
2024 Ins Co Gross Premiums Tax	$204,357	5
2024 Projected Total	**$7,703,547**	**41**
2025 Business Corporation Tax	$1,496,384	31
2025 Bank Tax	$6,002,806	5
2025 Ins Co Gross Premiums Tax	$204,357	5
2025 Projected Total	**$7,703,547**	**41**

**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's seed capital investment credit is eligible to an investment in a new business that: a) is located in Maine; b) has gross sales of $3 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, value-added natural resource enterprise, or a product or service provider with 60% of sales derived from outside the state or to out-of-state residents, engaged in developing or applying advanced technologies or is a certified visual media production company. The credit rate is 50% for investors prior to April 1, 2020 and 40% after that date. Beginning with the tax year the investment was made, 25% of the authorized credit may be used for each tax year, limited to 50%

of tax liability. Only investments made by venture capital funds are fully refundable. Otherwise, unused credits can be carried forward for 15 years. Effective March 2021, improvement property placed in service after December 31, 2017 and before January 1, 2020 may not be included for purposes of calculating the credit. For tax years 2021 and 2022, the annual aggregate credits issued under this program was reduced from $15 million to $13.5 million.

Maine also had two similar credits that have been repealed – the jobs and investment tax credit and the high-technology investment tax credit, both of which can still be taken via carry forwards through TY 2022 and TY 2026, respectively.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 5215, 5216-B, and 5219-M and tit. 10, § 1100-T

Massachusetts: Massachusetts provisions include manufacturers, corporations engaged primarily in research and development, and corporations engaged primarily 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. The credit may not exceed 50% of the corporate excise tax liability.

Massachusetts Statute: Mass. Gen. Laws ch. 63, § 31A(i), (j)

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 for the taxable year attributable to the Vermont-property portion of the investment in the following activities: rehabilitation, energy, advanced coal products, and gasification products. Only solar energy investment may be carried forward for up to five years.

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

16. 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 business corporation tax imposed by R.I. Gen. Laws Chapter 44-11.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Business Corporation Tax	$0	0
2021 Business Corporation Tax	$0	0

Projection Methodology: Amount of credit and number of taxpayers held constant with TY 2021.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Business Corporation Tax	$0	0
2023 Business Corporation Tax	$0	0
2024 Business Corporation Tax	$0	0
2025 Business Corporation Tax	$0	0

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

17. 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 they obtain a Housing Resources Commission regulated certification or obtain a Department of Health regulated lead safe certification, and fulfill all requirements, including certain income requirements as provided by this law. The tax relief can be used against the personal income tax.

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 credit amount that can be claimed in a given fiscal year is $250,000. For tax year 2020, claimants with household incomes of $47,500 or less shall receive priority in receiving tax credit certificates. For tax years 2021 and 2022, this amount is $48,150 and $51,000, respectively.

Data Source: Office of Revenue Analysis (ORA) calculations based on TY 2020 and TY 2021 personal income tax data.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Personal Income Tax	$165,773	31
2021 Personal Income Tax	$183,245	37

Projection Methodology: Revenue forgone amounts and the number of taxpayers are the average of TY 2020 and TY 2021.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Personal Income Tax	$174,509	34
2023 Personal Income Tax	$174,509	34
2024 Personal Income Tax	$174,509	34
2025 Personal Income Tax	$174,509	34

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. Laws ch. 111, § 197 (concerning materials containing dangerous levels of lead). The taxpayer may claim a credit for the lesser of the cost of the removal, containment, or replacement or $1,500 per dwelling. The credit is not transferable or refundable but may be carried forward for seven years. This credit was increased to $3,000 for full abatement and $1,000 for a partial abatement, retroactive to January 1, 2023.

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

18. Low-Income Housing:

Statutory Reference: R.I. Gen. Laws Ch. 44-71 / R.I. Pub. Laws 2023, Ch. 79, Art. 6, § 5

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2023 / N/A

Description: The low-income housing tax credit program is for taxpayers who own an interest in an eligible Rhode Island low-income housing project. Eligibility is based on the federal definition of a qualified low-income housing project as defined in the Internal Revenue Code and is certified by the Department of Housing. Total credits authorized in a given fiscal year cannot exceed $30 million. The tax credit will be issued as five annual increments after the completion of the qualified housing project. If any portion of the tax credit for a given year exceeds the total tax liability for the taxpayer, the excess credit can be carried forward for the four succeeding years. Unused tax credits can be transferred, sold, or assigned to other taxpayers eligible under this chapter to receive credits. Finally, the credit recipient may also request a refund of their credits in whole or in part for 90% of the credit amount.

If any portion of the federal low-income housing tax credits taken on a low-income project is required to be recaptured, the state low-income house tax credit will also be recaptured equal to the tax credits previously claimed multiplied by a fraction, the numerator of which is the amount of federal credits recaptured and the denominator of which is the amount of federal credits previously claimed.

The tax credit may be taken against the business corporation tax, public service corporation tax, bank excise tax, insurance company gross premiums tax, and the personal income tax and sunsets on June 30, 2028.

Projection Methodology: Estimated revenue forgone amounts for FY 2023 – FY 2025 are as included in the FY 2024 enacted budget. It is estimated the first year of revenue forgone from this credit will not be until FY 2026 as credits will not be given until the qualified housing project is completed.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
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 Personal Income Tax	$0	0
2023 Projected Total	**$0**	**0**

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Business Corporation Tax	$0	0
2024 Public Service Corporation Tax	$0	0
2024 Bank Tax	$0	0
2024 Ins Co Gross Premiums Tax	$0	0
2024 Personal Income Tax	$0	0
2024 Projected Total	**$0**	**0**
2025 Business Corporation Tax	$0	0
2024 Public Service Corporation Tax	$0	0
2025 Bank Tax	$0	0
2025 Ins Co Gross Premiums Tax	$0	0
2025 Personal Income Tax	$0	0
2025 Projected Total	**$0**	**0**

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

Massachusetts: Massachusetts' provisions allow a nonrefundable credit to personal income tax and corporate excise tax for the construction or development of low-income housing. There is an annual cap of $100 million through 2020 and $50 million for every year thereafter. The credits are transferable and may be carried forward five years.

Massachusetts also allows a nonrefundable low-income housing tax credit for corporate excise and personal income taxpayers that donate real or personal property to certain nonprofit organizations for use in purchasing, constructing, or rehabilitating a qualified low-income housing project in the state. This credit is generally limited to 50% of the amount of donation but may be taken up to 65% if authorized. Credits under for low-income housing donations are not able to be carried forward. For tax years 2021 – 2022, the annual cap is $40 million. Effective for TY 2023 and thereafter, the annual cap is increased to $60 million.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 6I(a) and ch. 63 § 31H

Maine: Maine has a refundable tax credit for taxpayers who receive a certificate for an affordable housing project for calendar years 2021-2028. The total cap per calendar year is, in general, $10,000,000. The credit is equal to either (1) the total federal low-income housing tax credit using the entire federal credit period for all buildings in a qualified Maine project or (2) an amount equal to the lesser of $500,000 or 50% of the qualified basis of an affordable housing project that incurs at least $100,000 includible in eligible basis in the construction or rehabilitation of an affordable housing project for which a federal low-income housing tax credit is not claimed for those expenditures. This credit is subject to recapture if the property does not remain credit-qualified for a certain period.

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

Vermont: A nonrefundable credit is provided for approved affordable rental housing projects or owner-occupied affordable housing units. The amount of credit is based on the taxpayer's eligible cash contribution and the issuing agency's allocation plan. Total tax credits available to the taxpayer are the amount of the first-year allocation plus the succeeding four years' deemed allocation and can only be taken against the bank franchise and insurance premiums taxes.

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

19. Motion Picture Production:

Statutory Reference: R.I. Gen. Laws § 44-31.2-5 / R.I. Pub. Laws 2022, Ch. 231, Art. 9, § 16

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."

Year Enacted / Last Year Amended: 2005 / 2022

Description: 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 business corporation tax, bank excise tax, insurance company gross premiums tax, and personal income tax. 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 up to three succeeding tax years.

No more than $20 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. For TY 2022, 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. For TY 2023 and TY 2024, the aggregate annual cap was increased from $20 million to $40 million for total motion picture production tax credits and/or musical and theatrical production tax credits. No credits shall be issued on or after July 1, 2027, unless the production has received initial certification prior to July 1, 2027.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Business Corporation Tax	$4,956,521	< 10
2020 Bank Tax	$0	0
2020 Ins Co Gross Premiums Tax	$519,885	< 10
2020 Personal Income Tax	$656,223	17
2020 Total	**$6,132,629**	**Not Available***
2021 Business Corporation Tax	$7,616,056	< 10
2021 Bank Tax	$0	0
2021 Ins Co Gross Premiums Tax	$4,241,832	16
2021 Personal Income Tax	$1,689,149	40
2021 Total	**$13,547,037**	**Not Available***

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

Projection Methodology: The projection for CY 2023-CY 2025 motion picture production tax credits is based on estimates prepared by the Office of Revenue Analysis for the November 2023 Revenue Estimating Conference for FY 2021-FY 2024 for motion picture production projects that qualify under R.I. Gen. Laws Ch. 44-31.2. This analysis assumes that the full $40 million of motion picture production and/or musical and theatrical production tax credits will be utilized in CY 2024, while CY 2025 and CY 2026 assume a $20 million maximum allowance and CY 2027 a $10,000,000 maximum allowance. The allocation of the total amount of motion picture production tax credits to CY 2023-CY 2025 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 2023-FY 2026 for the included motion picture productions. Each fiscal year estimate was assumed be equally split into each calendar year within that fiscal year (e.g. FY 2024 includes CY 2023 and CY 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 24.8%; for business corporation tax the percentage is 60.1%; for bank (financial institutions) tax the percentage is 0.0%; and for insurance company gross premiums tax the percentage is 15.1%. No company has ever used a motion picture production tax credit against the tax owed under the public service corporation tax.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Business Corporation Tax	$3,498,410	< 10
2022 Bank Tax	$0	0
2022 Ins Co Gross Premiums Tax	$0	0
2022 Personal Income Tax	$1,475,067	29
2022 Total	**$4,973,477**	**Not Available***
2023 Business Corporation Tax	$4,252,304	*No estimate possible*
2023 Bank Tax	$0	*No estimate possible*
2023 Ins Co Gross Premiums Tax	$10,563,495	*No estimate possible*
2023 Personal Income Tax	$3,336,834	*No estimate possible*
2023 Projected Total	**$18,152,633**	***No estimate possible***
2024 Business Corporation Tax	$ 6,052,778	*No estimate possible*
2024 Bank Tax	$0	*No estimate possible*
2024 Ins Co Gross Premiums Tax	$14,655,386	*No estimate possible*
2024 Personal Income Tax	$3,693,712	*No estimate possible*
2024 Projected Total	**$24,401,876**	***No estimate possible***
2025 Business Corporation Tax	$6,981,600	*No estimate possible*
2025 Bank Tax	$0	*No estimate possible*
2025 Ins Co Gross Premiums Tax	$16,904,310	*No estimate possible*
2025 Personal Income Tax	$4,260,526	*No estimate possible*
2025 Projected Total	**$28,146,435**	***No estimate possible***

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, 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 are eligible for the credit. No credit may be sold, assigned, or otherwise transferred, in whole or in part, more than three times. Issued credits can be carried forward for 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 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. The limitation on the amount of credit that can be claimed against sales and use tax increases from 78% to 92% for TY 2024 and TY 2025.

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

Maine: 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 certified visual media production company 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: 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 shoots 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. Effective January 1, 2022, a taxpayer must have 75% of production expenses attributable to Massachusetts to be eligible for the additional credit. These tax credits are refundable, may be carried forward up to five subsequent taxable years, and have been made permanent.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 6(l) and ch. 63, §38(X)

20. 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 motor carrier fuel use tax imposed on 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 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 $0.34 in CY 2020 – the first half of CY 2023. The rate increased to $0.37 per gallon as of July 1, 2023.

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

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Motor Carrier Fuel Use Tax	$5,979,435	938
2021 Motor Carrier Fuel Use Tax	$4,407,456	1,099
2022 Motor Carrier Fuel Use Tax	$3,250,114	1,114

Projection Methodology: The number of taxpayers for CY 2023 is the number of IFTA carriers as provided by Taxation as of December 2023. The projected revenue forgone for CY 2023 is the average amount of revenue forgone for each taxpayer in CY 2022 multiplied by the number of IFTA carriers for CY 2023. CY 2024 and CY 2025 revenue forgone amounts and number of taxpayers are held constant with CY 2023.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2023 Motor Carrier Fuel Use Tax	$2,859,166	980
2024 Motor Carrier Fuel Use Tax	$2,859,166	980
2025 Motor Carrier Fuel Use Tax	$2,859,166	980

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

21. Musical and Theatrical Production:

Statutory Reference: R.I. Gen. Laws § 44-31.3-2 / R.I. Pub. Laws 2022, Ch. 231, Art. 9, § 16

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 / 2022

Description: This credit is equal to 30% 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. The credit is allowed against the business corporation tax, public service corporation tax, bank excise tax, insurance company gross premiums tax, and the personal income tax. To qualify, the minimum production budget must be $100,000, and the maximum credit allowed is $5 million per production.

No more than $20 million may be issued for any tax year for the total combined motion picture production tax credits and musical and theatrical production tax credits with a maximum of $15 million available for musical and theatrical productions. For TY 2022, 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. For TY 2023 and TY 2024, the aggregate annual cap was increased from $20 million to $40 million for total motion picture production tax credits and/or musical and theatrical production tax credits. In the 2023 session, the type of productions eligible for the musical and theatrical tax production credits was expanded to include national touring productions. No credits shall be issued on or after July 1, 2027, unless the production has received initial certification prior to July 1, 2027.

Data Source: Rhode Island Division of Taxation. Data is current as of November 2023.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
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	$612,298	33
2020 Total	**$612,298**	**33**

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
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 Personal Income Tax	$1,002,882	29
2021 Total	**$1,002,882**	**29**

Projection Methodology: The projection for CY 2022-2025 musical and theatrical production tax credits is based on estimates prepared by the Office of Revenue Analysis. For CY 2022 ORA took estimated unused credit amounts as well as credit assigned for CY 2022 reported at the 2023 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 2012-2021. ORA estimates that 34% of the credit issued is used in the year of issuance; 30% of the credit issued is used in the year immediately following issuance; 33% of the credit issued is used in the second year immediately following issuance; and 2% of the credit issued is used in the third year immediately following issuance. A similar method was used for CY 2023, CY 2024 and CY 2025 however, ORA estimated the amount of credit assigned by taking the average amount of credit assigned from CY 2019-2023. Finally, the amount of projected credit was allocated to tax type by utilizing the average credit usage per tax type from CY 2016-2021.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Business Corporation Tax	$0	*No estimate possible*
2022 Public Service Corporation Tax	$0	*No estimate possible*
2022 Bank Tax	$0	*No estimate possible*
2022 Ins Co Gross Premiums Tax	$0	*No estimate possible*
2022 Personal Income Tax	$294,928	*No estimate possible*
2023 Projected Total	**$294,928**	***No estimate possible***
2023 Business Corporation Tax	$0	*No estimate possible*
2023 Public Service Corporation Tax	$0	*No estimate possible*
2023 Bank Tax	$0	*No estimate possible*
2023 Ins Co Gross Premiums Tax	$0	*No estimate possible*
2023 Personal Income Tax	$410,818	*No estimate possible*
2023 Projected Total	**$410,818**	***No estimate possible***

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Business Corporation Tax	$0	*No estimate possible*
2024 Public Service Corporation Tax	$0	*No estimate possible*
2024 Bank Tax	$0	*No estimate possible*
2024 Ins Co Gross Premiums Tax	$0	*No estimate possible*
2024 Personal Income Tax	$590,086	*No estimate possible*
2024 Projected Total	**$590,086**	***No estimate possible***
2025 Business Corporation Tax	$0	*No estimate possible*
2025 Public Service Corporation Tax	$0	*No estimate possible*
2025 Bank Tax	$0	*No estimate possible*
2025 Ins Co Gross Premiums Tax	$0	*No estimate possible*
2025 Personal Income Tax	$352,383	*No estimate possible*
2025 Projected Total	**$352,383**	***No estimate possible***

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Beginning on or after January 1, 2024, Connecticut will issue tax credits for production companies of eligible pre- and post-Broadway productions and live theatrical tours performed at qualified facilities in the state. The credit equals 30% of the production's eligible expenditures. The annual fiscal year cap is $2.5 million.

Connecticut Statutes: Conn. P.A. 23-204 § 372

22. 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 / 2022

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 amount can increase if the business meets certain criteria. For each application approved after July 1, 2019, the tax credit is capped at 75% of the reasonable withholding received by the state for each new full-time job created or $7,500, whichever is greater.

Administered by 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 business corporation tax, public service corporation tax, bank excise tax, insurance company gross premiums tax, and personal income tax. The tax can be carried forward 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). The new qualified jobs incentive tax credit sunset is December 31, 2024.

Data Source: Rhode Island Division of Taxation.

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Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
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	$30,637	< 10
2020 Refund Option	$508,137	< 10
2020 Total	**$538,774**	**Not Available***
2021 Business Corporation Tax	$387,749	< 10
2021 Public Service Corporation Tax	$0	0
2021 Bank Tax	$0	0
2021 Ins Co Gross Premiums Tax	$0	0
2021 Personal Income Tax	$539,469	< 10
2021 Refund Option	$0	0
2021 Total	**$927,218**	**Not Available***

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

Projection Methodology: TY 2022 is as provided by the Division of Taxation, with data as of December 2023. The projection for CY 2023-CY 2025 is based on information provided by CommerceRI in their testimony at the November 2023 Revenue Estimating Conferences. CommerceRI reported future credit activity in fiscal years. ORA calculated a CY amount by taking half of each fiscal year the calendar year spanned. The distribution between tax types of projected revenue forgone was calculated based on data from TY 2018-TY 2022 (TY 2018 and TY 2019 figures were reported in the *2022 Tax Expenditures Report*). ORA assumed no tax type would have more than 10 taxpayers in any given calendar year.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
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 Personal Income Tax	$0	0
2022 Refund Option	$2,542,340	< 10
2022 Total	**$**2,542,340	**< 10**
2023 Business Corporation Tax	$276,259	< 10
2023 Public Service Corporation Tax	$0	0
2023 Bank Tax	$0	0
2023 Ins Co Gross Premiums Tax	$0	0
2023 Personal Income Tax	$1,743,146	< 10
2023 Refund Option	$1,283,661	< 10
2023 Total	**$3,303,066**	**Not Available***
2023 Business Corporation Tax	$285,773	< 10
2023 Public Service Corporation Tax	$0	0
2023 Bank Tax	$0	0
2023 Ins Co Gross Premiums Tax	$0	0
2024 Personal Income Tax	$1,803,182	< 10
2024 Refund Option	$1,327,872	< 10
2024 Total	**$3,416,827**	**Not Available***

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2023 Business Corporation Tax	$443,493	< 10
2023 Public Service Corporation Tax	$0	0
2023 Bank Tax	$0	0
2023 Ins Co Gross Premiums Tax	$0	0
2025 Personal Income Tax	$2,798,367	< 10
2025 Refund Option	$2,060,731	< 10
2025 Total	**$5,302,591**	**Not Available***

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

Connecticut: Under the Jobs CT tax rebate program, effective January 1, 2023, qualified businesses that create jobs in the state may be allowed a tax rebate, which may be treated as a credit against the corporation business tax or pass-through entity tax or an offset of the insurance companies tax on premiums, for reaching certain job creation targets. The rebate is based on the number of new FTEs created and maintained, the FTE's average wage, and the state income tax that would be paid on this average wage for a single filer. A maximum of $40 million in credits may be issued in a given fiscal year.

Connecticut Statutes: Conn. Gen. Stat. §§ 32-7t

Maine: Qualified businesses are eligible for a reimbursement for qualified employees equal to a percentage of withholding taxes during the first five calendar years. The percentage of reimbursement is equal to a percentage dependent upon the labor market unemployment rate compared to the State's unemployment rate. Percentages can be 30%, 50%, or 75%. The percentage for reimbursement for the 6th to 10th years of the employment tax increment financing development program is established upon the labor market unemployment rate at the beginning of the 6th year. The program is capped at a total annual amount of $20 million in 1996 dollars adjusted by CPI.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 6754

Massachusetts: The Economic Development Incentive Program credit provisions include certified job creation projects, with a credit up to $5,000 per job created. 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. Credits are subject to a yearly cap of $30 million per year, with a max maximum of $5 million per year in refundable credits.

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. The tax credit is renewable for four consecutive additional tax years and can be carried forward for up to five years. No credits may be granted after December 31, 2027.

New Hampshire Statute: N.H. Rev. Stat. §§77-E:3-c and 162-Q

Vermont: Vermont does not include a credit but does provide a cash incentive to authorized companies, paid in installments and based on new, qualified job and payroll creation in Vermont. 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.

Vermont also provides a performance-based employment growth incentive to be taken against a business' withholding tax due upon approval. 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 a cost-benefit model in order to determine the maximum award for each application it approves. An incentive percentage for each approved application is calculated by dividing the authorized award amount by the five-year sum of all payroll targets. 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 is revoked and such business will be subject to recapture of all incentives previously claimed, together with interest and penalty.

Vermont Statute: Vt. Stat. Ann. tit. 32 § 3325-3342

23. 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 refundable credit against the personal income tax 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. The 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:

Income Range	1 Person	2 or More Persons
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%

Prior to TY 2022, the maximum credit was increased by increments of five dollars from the maximum of $300 in 2006 based on income derived from video lottery games. The credit maximum in TY 2020 equaled $400, while in TY 2021 the credit maximum was $415.

For TY 2022, the maximum qualifying income amount was increased from $30,000 to $35,000, and the maximum credit amount was set at $600. The qualifying income ranges and maximum credit amount were tied to inflation beginning on or after January 1, 2023.

Data Source: Division of Taxation, November 2023 Revenue Estimate Conference (REC) testimony.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Personal Income Tax	$3,390,353	12,023
2021 Personal Income Tax	$3,238,106	10,712

Projection Methodology: TY 2022 is as reported at the November 2023 REC. Revenue forgone for TY 2023-TY 2025 is grown by S&P Global's CPI-U forecast as adopted at the November 2023 REC. The number of taxpayers is held constant.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Personal Income Tax	$5,273,323	10,495
2023 Personal Income Tax	$5,397,820	10,495
2024 Personal Income Tax	$5,510,085	10,495
2025 Personal Income Tax	$5,642,714	10,495

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 through TY 2021. Beginning in TY 2022, the credit maximum is $300 for TY 2022. For the tax years 2017-2021, 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 property taxes paid on a resident's homestead above 5% of income for TY 2020 and TY 2021 and above 4% for TY 2022 and thereafter. The credit is limited to $750 for resident individuals under 65 years of age or $1,200 for resident taxpayers 65 years and older for TY 2020 and increased to $1,000 and $1,500, respectively, starting in TY 2021. Rent constituting property tax equals 15% of rent. There is a benefit base limit (i.e., maximum amount of property taxes paid) to qualify a taxpayer for this credit. In TY 2022, this cap is $2,200 for single filers, $2,800 for joint filers without dependents, and $3,450 for joint filers with dependents or head of household filers.

For tax years beginning on or after January 1, 2023, resident individuals who are veterans and 100% permanently and totally disabled are allowed an additional income tax credit equal to the amount of the property tax fairness credit the individual qualifies for, effectively doubling the property tax fairness credit. The total credit may not exceed the property taxes paid and rent constituting property taxes paid by the individual during the tax year.

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 a certain threshold ($1,170 for TY 2021). There are income limits based on filing status, as well as a property value limitation. All threshold figures are subject to inflation. For TY 2021, income limits are: $62,000 for single filers, $78,000 for head of household filers, and $93,000 for joint filers. The assessed valuation of the residence cannot exceed $884,000. This credit was increased to $2,400 and indexed to inflation, retroactive to January 1, 2023.

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

Vermont: Vermont's provisions include a credit on property taxes for residents below a certain income threshold and that meet certain other requirements. Taxpayers must be domiciled in Vermont for a full year, the property must qualify as a homestead as of April 1 (taxpayers must file a homestead declaration), and not be claimed as a dependent of another taxpayer.

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

24. 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 / 2023

Description: In general, this program offers tax credits against the business corporation tax, public service corporation tax, bank excise tax, insurance company gross premiums tax, and personal income tax 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. The credit is capped at $15 million for any qualified development project, including projects completed in phases or in multiple projects and the amounts awarded for any sales and use tax exemptions. 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. The maximum aggregate tax credit amount is set at $210 million, excluding credits issued for projects on the I-195 land, but was increased to $225 million in the 2023 session. The project cap for a project on I-195 land is set at $25 million, also inclusive of any sales and use tax exemptions.

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 corporate 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 up to four years, and credits may also be assigned or sold. The program is administered by 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. Finally, the credit recipient may also request a refund of their credits in whole or in part for 90% of the credit amount.

Effective July 1, 2022, construction projects over $10 million are subject to prevailing wage requirements and must receive certification of compliance with these requirements to receive tax credits under this program. The sunset date was extended to December 31, 2024.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
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	$1,951,574	40
2020 Refund Option	$1,786,134	< 10
2020 Total	**$10,458,351**	**Not Available***
2021 Business Corporation Tax	$100,426	< 10
2021 Public Service Corporation Tax	$0	0
2021 Bank Tax	$0	0
2021 Ins Co Gross Premiums Tax	$6,783,208	22
2021 Personal Income Tax	$2,542,161	42
2021 Refund Option	$3,342,857	< 10
2021 Total	**$12,768,652**	**Not Available***

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

Projection Methodology: TY 2022 projected revenue forgone amounts and the number of taxpayers were reported by the Division of Taxation and are accurate as of December 2023. For TY 2023-TY 2025 projections of revenue forgone, ORA applied the three-year average of growth of anticipated Rebuild tax credits as reported by CommerceRI to TY 2022 amounts. For the projected number of taxpayers for all tax types except the refund option, ORA applied the three-year average of growth of the number of certified Rebuild projects as reported by CommerceRI to TY 2022 number of taxpayers. As the actual figure for the refund option is unavailable, ORA held the number of taxpayers constant with TY 2022.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Business Corporation Tax	$0	0
2022 Public Service Corporation Tax	$0	0
2022 Bank Tax	$0	0
2022 Ins Co Gross Premiums Tax	$7,036,709	23
2022 Personal Income Tax	$497,879	15
2022 Refund Option	$4,861,627	< 10
2022 Projected Total	**$12,396,215**	**Not Available***
2023 Business Corporation Tax	$0	0
2023 Public Service Corporation Tax	$0	0
2023 Bank Tax	$0	0
2023 Ins Co Gross Premiums Tax	$9,667,655	35
2023 Personal Income Tax	$684,030	23
2023 Refund Option	$6,679,334	< 10
2023 Projected Total	**$17,031,020**	**Not Available***
2024 Business Corporation Tax	$0	0
2024 Public Service Corporation Tax	$0	0
2024 Bank Tax	$0	0
2024 Ins Co Gross Premiums Tax	$10,984,697	47
2024 Personal Income Tax	$777,217	30
2024 Refund Option	$7,589,272	< 10
2024 Projected Total	**$19,351,186**	**Not Available***

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2025 Business Corporation Tax	$0	0
2025 Public Service Corporation Tax	$0	0
2025 Bank Tax	$0	0
2025 Ins Co Gross Premiums Tax	$11,323,466	56
2025 Personal Income Tax	$801,186	37
2025 Refund Option	$7,823,326	< 10
2025 Projected Total	**$19,947,978**	**Not Available***

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

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

Connecticut: A tax credit is available for investments in eligible industrial site investment projects or eligible urban reinvestment projects. The tax credit is redeemable at an amount equal to a percentage of the approved investments in accordance with a set schedule over ten years. The per project cap is $100,000,00, and the total program cap is $950,000,000. A carryforward is allowed for up to five years, and credits are transferable.

Connecticut Statute: Conn. Gen. Stat. § 32-9t

Maine: A taxpayer making a qualified equity investment in a low-income community business is allowed a refundable credit equal to 39% of the investment. The credit is taken over seven years, with 0% allowed in the first two years, 7% allowed in year three, and 8% allowed in remaining years. The credit may be carried forward for up to 20 years. Certain recapture provisions apply.

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

Massachusetts: Massachusetts has a refundable credit that provides a tax credit equal to 50% of the total qualified investments against state tax liability for those who invest in a community development corporation's community investment plan, which invest in economic opportunities for low- and moderate-income households. Qualified investment must be at least $1,000. The total value of the tax credits authorized are limited to $8,000,000 in TY 2022, $10 million in TY 2021 and TY 2022, and $12 million in TY 2023-TY 2025. The credit can be carried forward up to 5 years.

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

25. 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 business corporation tax and insurance company gross premiums tax 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.

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 corporate 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 up to seven succeeding tax years.

Data Source: Rhode Island Division of Taxation's testimony at the November 2023 Revenue Estimating Conference

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Business Corporation Tax	$3,312,247	64
2020 Ins Co Gross Premiums Tax	$463,711	<10
2020 Total	**$3,775,958**	**Not Available***
2021 Business Corporation Tax	$3,352,955	67
2021 Ins Co Gross Premiums Tax	$694,771	<10
2021 Total	**$4,047,726**	**Not Available***

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

Projection Methodology: TY 2022 credit amount and number of taxpayers are what was reported at the November 2023 Revenue Estimating Conference by the Division of Taxation. TY 2023 - TY 2025 forgone revenue amounts and number of taxpayers are equal to the TY 2020 – TY 2022 average amount of revenue forgone and count of taxpayers. 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.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Business Corporation Tax	$4,297,107	79
2022 Ins Co Gross Premiums Tax	$850,461	< 10
2022 Projected Total	**$5,147,568**	**Not Available***
2023 Business Corporation Tax	$3,654,103	70
2023 Ins Co Gross Premiums Tax	$669,648	5
2023 Projected Total	**$4,323,751**	**75**
2024 Business Corporation Tax	$3,654,103	70
2024 Ins Co Gross Premiums Tax	$669,648	5
2024 Projected Total	**$4,323,751**	**75**
2025 Business Corporation Tax	$3,654,103	70
2025 Ins Co Gross Premiums Tax	$669,648	5
2025 Projected Total	**$4,323,751**	**75**

**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 20% of the amount by which research and experimental expenditures, as defined in § 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 is 1% of expenditures up to $50 million, $500,000 plus 2% of the excess of expenses over $50 million and up to $100 million, $1.5 million plus 4% of the excess of expenses over $100 million and up to $200 million, and 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, 12-217ee, 12-217zz(a)(4)

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 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 over $25,000. There is a 15-year carry forward.

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

Massachusetts: A credit is allowed for domestic or foreign corporations against its excise tax. There are two calculation methods allowed. The first credit calculation is equal to 10% of the excess, if any, of the qualified research expenses for the taxable year over a base amount plus 15% of the basic research payments determined under § 41(e)(1)(A) of the Internal Revenue Code. The second method is based on the federal simplified method. The credit amount is equal to a percentage of the difference between the taxpayer's qualified research expenses for the current tax year and 50% of the taxpayer's average qualified research expenses for the preceding three tax years. The percentage used to calculate the credit under the second method was phased in. The rate was 7.5% for CY 2020 and 10% for CY 2021 and thereafter.

The amount of research credit that can be used in a taxable year is limited to 100% of a corporation's first $25,000 of excise tax, plus 75% of the corporation's excise tax in excess of $25,000. A single $25,000 amount applies to affiliated groups of corporations. Credits can be carried forward for 15 years, in general, but in certain instances the credit can be carried forward indefinitely. The research credit is not transferable and generally is not refundable. However, a certified Life Science Company may apply to the Massachusetts Life Science Center for a refund of a portion of its available excess research credits in lieu of carrying such credits forward for use in later years.

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

New Hampshire: There is a research and development tax credit for qualified manufacturing research and development expenditures made or incurred during the fiscal year. The aggregate of tax credits is capped at $7,000,000 for any fiscal year. Credit can be carried forward for the subsequent five tax years. The amount of the credit is 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; and (C) $50,000.

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

Vermont: A taxpayer is eligible for a credit against the income 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 in Vermont. Any unused credit may be carried forward for up to 10 years.

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

26. 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 business corporation tax and insurance company gross premiums tax for tangible personal property and other tangible property, including buildings and structural components of buildings. 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 be 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 corporate 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 up to seven succeeding tax years.

Data Source: Rhode Island Division of Taxation's testimony at the November 2023 Revenue Estimating Conference

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Business Corporation Tax	$0	0
2020 Ins Co Gross Premiums Tax	$156,705	< 10
2020 Total	**$156,705**	**< 10**
2021 Business Corporation Tax	$23,959	< 10
2021 Ins Co Gross Premiums Tax	$0	0
2021 Total	**$23,959**	**< 10**

Projection Methodology: TY 2022 amount of credit and number of taxpayers are what was reported at the November 2023 Revenue Estimating Conference by the Division of Taxation. TY 2023 – TY 2025 forgone revenue amounts and number of taxpayers are equal to the TY 2020 – TY 2022 average amount of revenue forgone and count of taxpayers. 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.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Business Corporation Tax	$268,386	< 10
2022 Ins Co Gross Premiums Tax	$0	0
2022 Projected Total	**$268,386**	**< 10**
2023 Business Corporation Tax	$97,448	3
2023 Ins Co Gross Premiums Tax	$52,235	2
2023 Projected Total	**$149,683**	**5**
2024 Business Corporation Tax	$97,448	3
2024 Ins Co Gross Premiums Tax	$52,235	2
2024 Projected Total	**$149,683**	**5**
2025 Business Corporation Tax	$97,448	3
2025 Ins Co Gross Premiums Tax	$52,235	2
2025 Projected Total	**$149,683**	**5**

Law Comparison: Only Maine has a similar provision.

Maine: Maine has a capital investment credit based on the amount of federal bonus depreciation for eligible property. For individual taxpayers, the credit percentage is 7% for tax years beginning after 2014 and before 2020 and 1.2% for tax years beginning in 2020 and later. For corporate taxpayers, the credit percentage is 9% for tax years beginning after 2014 and before 2020 and 1.2% for tax years beginning in 2020 and later. For credits for investments in TY 2020 and thereafter, taxpayers can recapture the disallowed federal depreciation that represents the credit base in future tax years. The credit is not refundable, but any unused portions may be carried forward for a period not to exceed 20 years. The credit is not limited to research and development property.

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

27. 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 business corporation tax. The eligible renewable energy systems and their respective maximum costs are: $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 corporate minimum, and unused amounts of the credit cannot be carried forward.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Business Corporation Tax	$0	0
2021 Business Corporation Tax	$0	0

Projection Methodology: Amount of credit and number of taxpayers is held constant with TY 2021.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Business Corporation Tax	$0	0
2023 Business Corporation Tax	$0	0
2024 Business Corporation Tax	$0	0
2025 Business Corporation Tax	$0	0

Law Comparison: Only Massachusetts has a similar provision.

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

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

28. 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 insurance company gross premiums tax. An eligible business is defined as a business that at the time of initial qualified investment had less than 250 employees, had its principal business operations in the state, had $15 million or less in net income from the preceding tax year, and was 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.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Ins Co Gross Premiums Tax	$0	0
2021 Ins Co Gross Premiums Tax	$0	0

Projection Methodology: Investments totaling $20 million for the fund were announced at the end of CY 2021. The law allows a credit equal to 21.5% of the investment in the fourth through sixth year after the initial investment.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Ins Co Gross Premiums Tax	$0	0
2023 Ins Co Gross Premiums Tax	$0	0
2024 Ins Co Gross Premiums Tax	$4,300,000	*No estimate possible*
2025 Ins Co Gross Premiums Tax	$4,300,000	*No estimate possible*

Law Comparison: Maine has a similar provision.

Maine: Maine's seed capital investment credit is eligible to an investment in a new business that: a) is located in Maine; b) has gross sales of $3 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, value-added natural resource enterprise, or a product or service provider with 60% of sales derived from outside the state or to out-of-state residents, engaged in developing or applying advanced technologies or is a certified visual media production company. The credit rate is 50% for investors prior to April 1, 2020 and 40% after that date. Beginning with the tax year the investment was made, 25% of the authorized credit may be used for each tax year, limited to 50% of tax liability. Only investments made by venture capital funds are fully refundable. Otherwise, unused credits can be carried forward for 15 years. Effective March 2021, improvement property placed in service after December 31, 2017 and before January 1, 2020 may not be included for purposes of calculating the credit. For tax years 2021 and 2022, the annual aggregate credits issued under this program was reduced from $15 million to $13.5 million.

Maine also had two similar credits that have been repealed – the jobs and investment tax credit and the high-technology investment tax credit, both of which can still be taken via carry forwards through TY 2022 and TY 2026, respectively.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 5215, 5216-B, and 5219-M and tit. 10, § 1100-T

29. 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."

Year Enacted / Last Year Amended: 2015 / 2021

Description: The Stay Invested in RI Wavemaker Fellowship (Wavemaker) program provides a tax credit that can be claimed by an applicant who graduated from an accredited 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. The taxpayer must be a full-time employee with a Rhode Island-based employer located in the State for a term of up to four consecutive 12-month periods and 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. Effective July 2022, the program was expanded to include health care professionals including healthcare practitioners or mental health professionals, clinical social workers, and mental health counselors licensed by the Department of Health. Effective June 2023, the program was expanded to include teachers in elementary and secondary education.

The maximum amount of credit that can be granted by CommerceRI to an applicant is $1,000 for an associate degree holder, $4,000 for a bachelor's degree holder, and $6,000 for a graduate or post-graduate degree holder. Credit amounts may not exceed the education loan repayment expenses incurred by such applicant during each 12-month period.

The credit is allowed against the personal income tax. The fellowship recipient may also request a refund of their credits, in whole or in part, for 100% of the credit amount. The Stay Invested in RI Wavemaker Fellowship tax credit sunset was extended to December 31, 2024.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Personal Income Tax	$59,913	24
2020 Refund Option	$1,415,895	388
2020 Total	**$1,475,808**	**412**
2021 Personal Income Tax	$42,803	16
2021 Refund Option	$853,156	254
2021 Total	**$895,959**	**270**

Projection Methodology: TY 2022 revenue forgone amounts and number of taxpayers are as provided by the Division of Taxation. For TY 2023-TY 2025, revenue forgone and number of taxpayers use the TY 2020 – TY 2023 average amount of revenue forgone and count of taxpayers. In addition, ORA added revenue forgone amounts according to additional appropriations made to the Stay Invested in RI Wavemaker Fellowship Fund, compared to FY 2022, of $1,600,000 for FY 2023 and $2,400,000 for FY 2024. FY 2025 and FY 2026 are assumed to also be $2,400,000. These additional appropriations are assumed to be entirely due to the expansion of the program to new taxpayers. For the FY 2023 additional amount, half was assumed to be taken in TY 2023 and was added to the base projection. For FY 2024, half was assumed to be taken in TY 2023 and the other half in TY 2024. ORA followed the same methodology to calculate the additional revenue forgone amounts based on the FY 2025 and FY 2026 figures. These figures were then allocated to personal income tax and the refund option by applying the average three-year revenue forgone figures for each tax type. To estimate the additional number of taxpayers impacted by this expansion, ORA calculated the three-year revenue forgone amount for each taxpayer who had a tax benefit from the Wavemaker program and divided the additional revenue forgone totals by this figure.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Personal Income Tax	$50,111	< 10
2022 Refund Option	$1,396,808	158
2022 Total	**$1,446,919**	**Not Available***
2023 Personal Income Tax	$133,484	33
2023 Refund Option	$2,835,140	812
2023 Projected Total	**$2,968,624**	**844**
2024 Personal Income Tax	$151,633	57
2024 Refund Option	$5,508,097	921
2024 Projected Total	**$3,368,624**	**978**

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2025 Personal Income Tax	$151,633	57
2025 Refund Option	$5,508,097	921
2025 Projected Total	**$3,368,624**	**978**

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

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

Connecticut: Connecticut offers a tax credit for employers making certain student loan payments, effective January 1, 2022. Connecticut employers who employ residents on a full-time basis may claim a credit of up to 50% of student loan payments made directly by the business on behalf of their employees. The tax credit is refundable only for small businesses (who are defined as having gross receipts of less than $5 million).

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

Maine: A credit was previously available for certain educational loan payments for Maine resident individuals who earned 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 lived in Maine, worked for an employer located in Maine, and paid taxes in Maine. The credit was available to eligible graduates and employers making loan payments on behalf of qualifying employees. For tax years beginning in 2020, Maine residents who were employed in Maine prior to, or during, the COVID-19 pandemic and who became unemployed as a result of COVID-19 may have been eligible for the educational opportunity tax credit to the extent otherwise qualified.

For tax years beginning on or after January 1, 2022, qualified individuals may claim the refundable student loan repayment tax credit (SLRTC), which replaces the repealed educational opportunity tax credit (EOTC). The new SLRTC is equal to the amount of eligible student loan payments made directly by the taxpayer to a relevant lender during the tax year, plus the amount of unused EOTC amounts carried forward from prior tax years, up to $2,500. However, up to $3,500 may be claimed for either tax year 2022 or tax year 2023, whichever year is elected, by qualified individuals who received an EOTC during any tax year beginning in 2019-2021 that was based on loans acquired to obtain a bachelor's degree or associate degree in science, technology, engineering, or mathematics. A $25,000 lifetime cap applies to the SLRTC for each qualified individual.

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

Vermont: Vermont does not have a credit but does allow for a personal income tax deduction for the interest paid on qualified education loans. There is an income limit of $120,000 for single taxpayers and $200,000 for married taxpayers.

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

30. 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 estate and transfer taxes owed under R.I. Gen. Laws Chapter 44-22 for decedents whose net estate is over a specific threshold. The Rhode Island credit amount and threshold amounts are adjusted for inflation. See below for the inflation figures for the credit amount and new estate threshold:

Year of Death of Decedent	*Credit Amount*	*Threshold Amount*
2020	$69,515	$1,579,922
2021	$70,490	$1,595,156
2022	$74,300	$1,648,611
2023	$80,395	$1,733,264

Data Source: Rhode Island Division of Taxation

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Estate and Transfer Tax	$8,762,508	132
2021 Estate and Transfer Tax	$12,201,478	177

Projection Methodology: Projected revenue forgone amounts and number are taxpayers were grown by the S&P Global forecast of the consumer price index – for all urban consumers (CPI-U) and Rhode Island population 65+, respectively, provided for the November 2023 Revenue Estimating Conference.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Estate and Transfer Tax	$13,076,069	182
2023 Estate and Transfer Tax	$13,895,381	187
2024 Estate and Transfer Tax	$14,293,284	191
2025 Estate and Transfer Tax	$14,632,260	195

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

Connecticut: For decedents dying on or after January 1, 2020, if the taxable estate is not over $5.1 million than there is no estate tax owed. For anything over $5.1 million, Connecticut taxes the amount in a graduated rate schedule from 10% to 12% on the excess over $10.1 million. Through tax year 2022, the estate tax threshold will increase annually until it matches the federal threshold ($12.92 million for TY 2023 and is indexed to inflation). The Connecticut threshold will be $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: 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 an exclusion amount of $1.0 million. ORA calculates the Rhode Island credit equivalent of such an exemption would be $33,200. For estates in which the death occurred after January 1, 2023, the exclusion amount is increased to $2.0 million. This exclusion is effectuated through a new tax credit, capped at $99,600, that is available to all estate tax filers.

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

Vermont: Vermont has an independent estate tax rate schedule and exemption amount. 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

31. Taxes Paid to Other States:

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

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 personal income tax for the aggregate of net income taxes imposed for the taxable year by other states and the District of Columbia, 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 derived from Rhode Island income and taxed by the other state in the same taxable year.

Data Source: Office of Revenue Analysis (ORA) calculations based on TY 2020 and TY 2021 personal income tax data.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Personal Income Tax	$236,639,111	96,160
2021 Personal Income Tax	$235,583,468	99,739

Projection Methodology: The average 3-year growth rate for revenue forgone and the number of taxpayers was applied to TY 2021 amounts to project TY 2022 – TY 2025.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Personal Income Tax	$246,504,686	102,784
2023 Personal Income Tax	$257,932,191	105,923
2024 Personal Income Tax	$269,889,454	109,157
2025 Personal Income Tax	$282,401,034	112,490

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

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 that is analogous to a state of the United States. However, the other taxing jurisdiction must allow a reciprocal reduction of its tax. For tax years beginning in 2020 and 2021, a Maine resident who began teleworking in Maine due to the COVID-19 pandemic and who was performing the same services from a location outside of Maine immediately prior to the COVID-19 state of emergency declared by the Governor, is allowed to claim the tax credit for income tax paid to another jurisdiction to the extent that the other jurisdiction is asserting the income is sourced to that jurisdiction and the employee does not qualify for an income tax credit in that jurisdiction for Maine income taxes paid as a result of the compensation.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5217-A; L.D. 220; P.L. 2021, c. 1, Pt. I, § 1; L.D. 1216; P.L. 2021, c. 181, Pt. D, § 4.

Massachusetts: Massachusetts' provisions also include a credit for the income taxes due in all states, territories, possessions of the United States, as well as in 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, 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

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 business corporation taxpayer engaged in manufacturing activities in Rhode Island that has on average over the five previous years annually produced goods at facilities located in Rhode Island that generated net sales of at least $10 million and where 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. After said election, the company must maintain an average of 1,000 employees or lose 20% of the tax benefit derived from the election for each decrease of 100 full-time employees below 1,000.

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

Reliability Index: 5

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

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)(1) / U.S. Public Law 115–97

Stated Purpose: No stated purpose given in law.

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 the net amount of income and deductions included in federal adjusted gross income that are 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 that were entered into prior to January 1, 2019. 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 eliminated the deduction of alimony paid for Rhode Island personal income tax purposes for these same divorce and separation agreements.

Data Source: TY 2020 and TY 2021 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 TY 2020 and the three-year (TY 2018-TY 2020) average ratio of total Rhode Island AGI to total federal AGI for TY 2021. Forgone revenue is determined by multiplying the calculated Rhode Island value of the deduction by an effective tax rate of 3.132% for TY 2020 and 3.243% for TY 2021. 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 TY 2020 and the three-year (TY 2018-TY 2020) average ratio of total Rhode Island tax filers to total federal tax filers for TY 2021. As the publication of this report, the IRS has not published the TY 2021 Statistics of Income with state-level data.

Reliability Index: 4

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Personal Income Tax	$1,097,801	1,473
2021 Personal Income Tax	$1,030,721	1,325

Projection Methodology: For projected forgone revenue and projected number of taxpayers for TY 2022-2025, ORA took the average of TY 2020 and 2021.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Personal Income Tax	$1,064,261	1,399
2023 Personal Income Tax	$1,064,261	1,399
2024 Personal Income Tax	$1,064,261	1,399
2025 Personal Income Tax	$1,064,261	1,399

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 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.

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 business corporation taxpayer may elect to take a deduction for the amortization of the adjusted basis for determining gain of any certified air or water pollution treatment or prevention facility over a period of 60 months. The amortization deduction requires that the federal depreciation or amortization, if any, must be added back before the Rhode Island calculation is made. 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

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Business Corporation Tax	$552	< 10
2021 Business Corporation Tax	$6	< 10

Projection Methodology: TY 2022-TY 2025 forgone revenue amounts and number of taxpayers is the average forgone revenue and number of taxpayers from TY 2020-TY 2021.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Business Corporation Tax	$279	< 10
2023 Business Corporation Tax	$279	< 10
2024 Business Corporation Tax	$279	< 10
2025 Business Corporation Tax	$279	< 10

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)(1) / 26 U.S.C. §§ 62(a)(2)(B-C) and (E) and § 162

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 the net amount of income and deductions included in federal adjusted gross income that are derived from or connected with Rhode Island sources.

Federal AGI includes a deduction for certain business expenses of Armed Forces reservists, qualified performing artists, 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 2020 and TY 2021 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 TY 2020 and the three-year (TY 2018-TY 2020) average ratio of total Rhode Island AGI to total federal AGI for TY 2021. Forgone revenue is determined by multiplying the calculated Rhode Island value of the deduction by an effective tax rate of 3.132% for TY 2020 and 3.243% for TY 2021. 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 TY 2020 and the three-year (TY 2018-TY 2020) average ratio of total Rhode Island tax filers to total federal tax filers for TY 2021. As the publication of this report, the IRS has not published the TY 2021 Statistics of Income with state-level data.

Reliability Index: 4

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Personal Income Tax	$259,989	1,108
2021 Personal Income Tax	$220,336	958

Projection Methodology: For TY 2022 - 2025, the forgone revenue amounts and the number of taxpayers are the average of TY 2020 and TY 2021.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Personal Income Tax	$240,163	1,033
2023 Personal Income Tax	$240,163	1,033
2024 Personal Income Tax	$240,163	1,033
2025 Personal Income Tax	$240,163	1,033

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 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 telecommunications corporation subject to the public services corporation tax to another corporation for connecting fees, switching charges, and carrier access charges can 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

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Public Service Corporation Tax	$1,443,336	33
2021 Public Service Corporation Tax	$1,406,773	37

Projection Methodology: TY 2022 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2017- TY 2021 to TY 2021. TY 2023 – TY 2025 are set equal to TY 2022.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Public Service Corporation Tax	$1,196,178	34
2023 Public Service Corporation Tax	$1,196,178	34
2024 Public Service Corporation Tax	$1,196,178	34
2025 Public Service Corporation Tax	$1,196,178	34

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 the taxpayer 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)(1) / 26 U.S.C. § 62(a)(2)(D) and § 162 / 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 the net amount of income and deductions included in federal adjusted gross income that are 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. Supplies used for the prevention of COVID-19 in a classroom and purchased after March 12, 2020 are also eligible for this deduction. The maximum allowable deduction was $250 per eligible educator through TY 2021 and was increased to $300 for TY 2022.

Data Source: TY 2020, Internal Revenue Service, Statistics of Income (SOI), Table 2: Individual Income and Tax Data, by State and Size of Adjusted Gross Income. TY 2020 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 2020, these Rhode Island resident effective tax rates range from 0.0644% for the federal AGI category of under $25,000 to 4.8242% 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. As the publication of this report, the IRS has not published the TY 2021 Statistics of Income with state-level data.

Reliability Index: *TY 2020*: 2; *TY 2021*: 5

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Personal Income Tax	$92,278	14,230
2021 Personal Income Tax	*No estimate possible*	*No estimate possible*

Projection Methodology: For projected forgone revenue and projected number of taxpayers for TY 2022-2025, ORA held constant with TY 2020.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Personal Income Tax	$92,278	14,230
2023 Personal Income Tax	$92,278	14,230
2024 Personal Income Tax	$92,278	14,230
2025 Personal Income Tax	$92,278	14,230

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.

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, can be deducted from gross earnings prior to the calculation of the public service corporation tax.

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

Reliability Index: 5

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

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 any public service corporation or municipal utilities.

Connecticut Statute: Conn. Gen. Stat. § 12-265(b)(1)(A)

8. Health Savings Account (Federal):

Statutory Reference: R.I. Gen. Laws §§ 44-30-2.6(c)(3) and 44-30-32(a)(1) / 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 the net amount of income and deductions included in federal adjusted gross income that are 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 2020 through 2024 are listed below:

Tax Year	*Single Coverage*	*Family Coverage*
2020	$3,550	$7,100
2021	$3,600	$7,200
2022	$3,650	$7,300
2023	$3,850	$7,750
2024	$4,150	$8,300

Data Source: TY 2020 and TY 2021 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 TY 2020 and the three-year (TY 2018-TY 2020) average ratio of total Rhode Island AGI to total federal AGI for TY 2021. Forgone revenue is determined by multiplying the calculated Rhode Island value of the deduction by an effective tax rate of 3.132% for TY 2020 and 3.243% for TY 2021. 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 TY 2020 and the three-year (TY 2018-TY 2020) average ratio of total Rhode Island tax filers to total federal tax filers for TY 2021. As the publication of this report, the IRS has not published the TY 2021 Statistics of Income with state-level data.

Reliability Index: 4

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Personal Income Tax	$610,520	7,040
2021 Personal Income Tax	$622,932	6,781

Projection Methodology: For projected forgone revenue and projected number of taxpayers for TY 2022-2025, ORA took the average of TY 2020 and 2021.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Personal Income Tax	$616,726	6,911
2023 Personal Income Tax	$616,726	6,911
2024 Personal Income Tax	$616,726	6,911
2025 Personal Income Tax	$616,726	6,911

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)

9. Individual Retirement Arrangement (IRA) Contributions (Federal):

Statutory Reference: R.I. Gen. Laws §§ 44-30-2.6(c)(3) and 44-30-32(a)(1) / 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). The Rhode Island income of a non-resident individual includes the net amount of income and deductions included in federal adjusted gross income that are derived from or connected with Rhode Island sources.

Federal AGI includes a deduction for contributions to traditional individual retirement arrangements. For TY 2020-2022, contributions were subject to a maximum amount of $6,000 for taxpayers less than 50 years old and $7,000 for taxpayers 50 years old or more. For tax year 2023, the comparable figures are $6,500 and $7,500, 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 2020 through 2024. 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 2020 - 2024 includes any modified AGI below $10,000.

Tax Year	***Single / Heads of Household / Married Filing Separately and Living Apart***	***Married Filing Jointly Contributor Covered by Workplace Plan***	***Married Filing Jointly Contributor Not Covered by Workplace Plan but Spouse is Covered***
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
2023	$73,000 - $83,000	$116,000 - $136,000	$218,000 - $228,000
2024	$77,000 - $87,000	$123,000 - $143,000	$230,000 - $240,000

Data Source: TY 2020, Internal Revenue Service, Statistics of Income (SOI), Table 2: Individual Income and Tax Data, by State and Size of Adjusted Gross Income. TY 2020 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 2020, these Rhode Island resident effective tax rates range from 0.0644% for the federal AGI category of under $25,000 to 4.8242% 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. As the publication of this report, the IRS has not published the TY 2021 SOI with state-level data.

Reliability Index: *TY 2020*: 2; *TY 2021*: 5

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Personal Income Tax	$1,105,194	8,900
2021 Personal Income Tax	*No estimate possible*	*No estimate possible*

Projection Methodology: For projected forgone revenue and projected number of taxpayers for TY 2022-2025, ORA held constant with TY 2020.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Personal Income Tax	$1,013,240	8,770
2023 Personal Income Tax	$1,013,240	8,770
2024 Personal Income Tax	$1,013,240	8,770
2025 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)

10. 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)(1) / 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). The Rhode Island income of a non-resident individual includes the net amount of income and deductions included in federal adjusted gross income that are 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.

Tax Year	***Maximum Allowable Compensation***	***Maximum Contribution to an Eligible Employee's Plan***
2018	$275,000	$55,000
2019	$280,000	$56,000
2020	$285,000	$57,000
2021	$290,000	$58,000
2022	$305,000	$61,000
2023	$330,000	$66,000

Data Source: TY 2020, Internal Revenue Service, Statistics of Income (SOI), Table 2: Individual Income and Tax Data, by State and Size of Adjusted Gross Income. TY 2020 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 2020, these Rhode Island resident effective tax rates range from 0.0644% for the federal AGI category of under $25,000 to 4.8242% 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. As the publication of this report, the IRS has not published the TY 2021 SOI with state-level data.

Reliability Index: *TY 2020*: 2; *TY 2021*: 5

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Personal Income Tax	$3,622,833	4,080
2021 Personal Income Tax	*No estimate possible*	*No estimate possible*

Projection Methodology: For projected forgone revenue and projected number of taxpayers for TY 2022-2025, ORA held constant with TY 2020.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Personal Income Tax	$3,622,833	4,080
2023 Personal Income Tax	$3,622,833	4,080
2024 Personal Income Tax	$3,622,833	4,080
2025 Personal Income Tax	$3,622,833	4,080

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)

11. 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

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Public Service Corporation Tax	$0	0
2021 Public Service Corporation Tax	$0	0

Projection Methodology: The forgone revenue amounts and the number of taxpayers for tax years 2022 - 2025 are held constant with TY 2021.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Public Service Corporation Tax	$0	0
2023 Public Service Corporation Tax	$0	0
2024 Public Service Corporation Tax	$0	0
2025 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)

12. Moving Expenses (Federal):

Statutory Reference: R.I. Gen. Laws §§ 44-30-2.6(c)(3) and 44-30-32(a)(1) / 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 the net amount of income and deductions included in federal adjusted gross income that are 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 2020 and TY 2021 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 TY 2020 and the three-year (TY 2018-TY 2020) average ratio of total Rhode Island AGI to total federal AGI for TY 2021. Forgone revenue is determined by multiplying the calculated Rhode Island value of the deduction by an effective tax rate of 3.132% for TY 2020 and 3.243% for TY 2021. 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 TY 2020 and the three-year (TY 2018-TY 2020) average ratio of total Rhode Island tax filers to total federal tax filers for TY 2021. As the publication of this report, the IRS has not published the TY 2021 Statistics of Income with state-level data.

Reliability Index: 4

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Personal Income Tax	$21,371	284
2021 Personal Income Tax	$28,450	330

Projection Methodology: For projected forgone revenue and projected number of taxpayers for TY 2022-2025, ORA took the average of TY 2020 and 2021.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Personal Income Tax	$24,911	307
2023 Personal Income Tax	$24,911	307
2024 Personal Income Tax	$24,911	307
2025 Personal Income Tax	$24,911	307

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)

13. 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 business corporation tax 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 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

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Business Corporation Tax	$14,046,351	1,909
2021 Business Corporation Tax	$23,819,042	2,190

Projection Methodology: TY 2022 forgone revenue amounts and number of taxpayers is the 4-year average of the revenue forgone amounts and number of taxpayers from TY 2018 - TY 2021. TYs 2023 - TY 2025 are set equal to TY 2022.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Business Corporation Tax	$18,881,237	2,054
2023 Business Corporation Tax	$18,881,237	2,054
2024 Business Corporation Tax	$18,881,237	2,054
2025 Business Corporation Tax	$18,881,237	2,054

Law Comparison: All New England states have net operating loss deduction provisions.

Connecticut: Connecticut allows a net operating loss carryover deduction that is deductible for 20 years following the loss year, subject to apportionment. For losses occurring in 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.

Connecticut Statute: Conn. Gen. Stat. § 12-217(a)(4)(A)

Maine: Passed in the 2021 session, and retroactively applicable to tax years beginning on or after January 1, 2018, Maine law is changed to conform to the federal tax treatment of net operating loss (NOL) carryforward deductions allowed under Internal Revenue Code, § 172(a)(2). Under that provision, the NOL carryforward deduction for tax years beginning on or after January 1, 2021, with respect to NOLs arising in tax years beginning after December 31, 2017, is limited to 80% of federal taxable income. The 80% limitation does not apply to NOL deductions claimed for tax years beginning in 2018-2020 nor does it apply to NOL deductions that are claimed for tax years beginning after 2020 if the deduction is associated with an NOL arising in tax years beginning prior to January 1, 2018.

Maine Statute: Me. Rev. Stat. Ann. Tit. 36, §§ 5122(1)(MM) and (2)(UU), 5200-A(1)(N) and (2)(M)

Massachusetts: Corporations are allowed a deduction for net operating losses computed under Massachusetts' law, which can be carried forward for 20 taxable years. 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 net operating loss carryover determined under 26 U.S.C. § 172 in effect as of a given date 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

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 deduction 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)

14. 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 the net amount of income and deductions included in federal adjusted gross income that are 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 2020 and TY 2021 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 TY 2020 and the three-year (TY 2018-TY 2020) average ratio of total Rhode Island AGI to total federal AGI for TY 2021. Forgone revenue is determined by multiplying the calculated Rhode Island value of the deduction by an effective tax rate of 3.132% for TY 2020 and 3.243% for TY 2021. 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 TY 2020 and the three-year (TY 2018-TY 2020) average ratio of total Rhode Island tax filers to total federal tax filers for TY 2021. As the publication of this report, the IRS has not published the TY 2021 Statistics of Income with state-level data.

Reliability Index: 4

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Personal Income Tax	$3,416,786	71,332
2021 Personal Income Tax	$4,082,713	75,830

Projection Methodology: For projected forgone revenue and projected number of taxpayers for TY 2022-2025, ORA took the average of TY 2020 and 2021.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Personal Income Tax	$3,749,750	73,581
2023 Personal Income Tax	$3,749,750	73,581
2024 Personal Income Tax	$3,749,750	73,581
2025 Personal Income Tax	$3,749,750	73,581

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' deduction is based on the full amount of self-employment tax paid but limited to $2,000.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 3B(a)(3)

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)

15. Penalty for Early Withdrawal of Savings (Federal):

Statutory Reference: R.I. Gen. Laws §§ 44-30-2.6(c)(3) and 44-30-32(a)(1) / 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 the net amount of income and deductions included in federal adjusted gross income that are derived from or connected with Rhode Island sources.

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 2020 and TY 2021 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 TY 2020 and the three-year (TY 2018-TY 2020) average ratio of total Rhode Island AGI to total federal AGI for TY 2021. Forgone revenue is determined by multiplying the calculated Rhode Island value of the deduction by an effective tax rate of 3.132% for TY 2020 and 3.243% for TY 2021. 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 TY 2020 and the three-year (TY 2018-TY 2020) average ratio of total Rhode Island tax filers to total federal tax filers for TY 2021. As the publication of this report, the IRS has not published the TY 2021 Statistics of Income with state-level data.

Reliability Index: 4

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Personal Income Tax	$21,398	1,330
2021 Personal Income Tax	$13,104	1,075

Projection Methodology: For projected forgone revenue and projected number of taxpayers for TY 2022-2025, ORA took the average of TY 2020 and 2021.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Personal Income Tax	$17,251	1,203
2023 Personal Income Tax	$17,251	1,203
2024 Personal Income Tax	$17,251	1,203
2025 Personal Income Tax	$17,251	1,203

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

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)

16. 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)(1) / 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 the net amount of income and deductions included in federal adjusted gross income that are 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 reduced the taxpayer's federal adjusted gross income (AGI) and, as a result, reduced 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 was 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.

Data Source: TY 2020, Internal Revenue Service, Statistics of Income (SOI), Table 2: Individual Income and Tax Data, by State and Size of Adjusted Gross Income. TY 2020 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 2020, these Rhode Island resident effective tax rates range from 0.0644% for the federal AGI category of under $25,000 to 4.8242% 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.

Reliability Index: 2

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Personal Income Tax	$849,263	161,330

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, 2023, Massachusetts separately allows a deduction for charitable contributions with no itemization requirement, limited to 10% of the taxpayer's federal taxable income.

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)

17. 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 is 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 the business corporation tax, public service corporation tax, bank excise tax, and insurance gross premiums tax. A modification reducing federal adjusted gross income (AGI) shall be allowed prior to computing the tax owed under the personal income tax and is included in the modifications section of this report.

Data Source: *Business Corporation Tax:* 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 Tax: 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 4.03% for TY 2020 and TY 2021.

Bank Tax: 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

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Business Corporation Tax	$2,695,451	< 10
2020 Public Service Corporation Tax	$0	0
2020 Bank Tax	$0	0
2020 Ins Co Gross Premiums Tax	$0	0
2020 Total	**$2,695,451**	**< 10**
2021 Business Corporation Tax	$9,060	27
2021 Public Service Corporation Tax	$0	0
2021 Bank Tax	$0	0
2021 Ins Co Gross Premiums Tax	$0	0
2021 Total	**$9,060**	**27**

Projection Methodology: TY 2022-TY 2025 forgone revenue amounts and number of taxpayers is the average forgone revenue and number of taxpayers from TY 2018-TY 2021.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Business Corporation Tax	$684,979	< 10
2022 Public Service Corporation Tax	$0	0
2022 Bank Tax	$0	0
2022 Ins Co Gross Premiums Tax	$0	0
2022 Projected Total	**$684,979**	**< 10**
2023 Business Corporation Tax	$684,979	< 10
2023 Public Service Corporation Tax	$0	0
2023 Bank Tax	$0	0
2023 Ins Co Gross Premiums Tax	$0	0
2023 Projected Total	**$684,979**	**< 10**
2024 Business Corporation Tax	$684,979	< 10
2024 Public Service Corporation Tax	$0	0
2024 Bank Tax	$0	0
2024 Ins Co Gross Premiums Tax	$0	0
2024 Projected Total	**$684,979**	**< 10**
2025 Business Corporation Tax	$684,979	< 10
2025 Public Service Corporation Tax	$0	0
2025 Bank Tax	$0	0
2025 Ins Co Gross Premiums Tax	$0	0
2025 Projected Total	**$684,979**	**< 10**

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

18. 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 insurance company gross premiums tax 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 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

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 specifically exclude premiums received for reinsurances assumed from other insurance companies and 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 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: Vermont has a deduction for all sums paid for return premiums on canceled policies located in the state and dividends actually paid or allowed to policyholders residing in the state.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 8554

19. Self-Employed Health Insurance (Federal):

Statutory Reference: R.I. Gen. Laws §§ 44-30-2.6(c)(3) and 44-30-32(a)(1) / 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 the net amount of income and deductions included in federal adjusted gross income that are 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, the taxpayer's dependents, and the taxpayer's child who is not a dependent but less than 27 years of age 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 2020, Internal Revenue Service, Statistics of Income (SOI), Table 2: Individual Income and Tax Data, by State and Size of Adjusted Gross Income. TY 2020 data is for Rhode Island resident returns only. Revenue forgone 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 2020, these Rhode Island resident effective tax rates range from 0.0644% for the federal AGI category of under $25,000 to 4.8242% 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. As the publication of this report, the IRS has not published the TY 2021 SOI with state-level data.

Reliability Index: *TY 2020*: 2; *TY 2021*: 5

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Personal Income Tax	$3,454,982	12,870
2021 Personal Income Tax	*No estimate possible*	*No estimate possible*

Projection Methodology: For projected forgone revenue and projected number of taxpayers for TY 2022-2025, ORA held constant with TY 2020.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Personal Income Tax	$3,454,982	12,870
2023 Personal Income Tax	$3,454,982	12,870
2024 Personal Income Tax	$3,454,982	12,870
2025 Personal Income Tax	$3,454,982	12,870

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)

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)

20. 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 amounts for which are adjusted for inflation.

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 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 2020. Once a taxpayer's modified AGI exceeds the phase-out limit, the allowable standard deduction amount is zero.

Tax Year	***Single / Married Filing Separately***	***Head of Household***	***Married Filing Jointly / Widow(er)***	***Phase-Out Range***
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
2022	$9,300	$13,950	$18,600	$217,050 - $241,850
2023	$10,000/$10,025	$15,050	$20,050	$233,750 - $260,550

Data Source: Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2020 and TY 2021 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. Forgone revenue is determined by taking the difference 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

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Personal Income Tax	$218,741,263	550,385
2021 Personal Income Tax	$221,767,280	556,027

Projection Methodology: The projected forgone revenue was calculated for TY 2022 – TY 2025 by applying the growth in the United States consumer price index for all urban consumers from the November 2023 S&P Global forecast. The projected number of taxpayers for TY 2022 – TY 2022 is calculated using the three-year average growth rate in the number of filers for Rhode Island resident and non-resident returns of 0.34%.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Personal Income Tax	$239,478,684	557,940
2023 Personal Income Tax	$249,267,953	559,859
2024 Personal Income Tax	$255,255,898	561,785
2025 Personal Income Tax	$260,974,354	563,718

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, and is subject to a phase-out.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5124-C

Vermont: Vermont has a state-defined standard deduction of $6,250 for single filers or married filing separately, $9,400 for head of household filers, and $12,500 for married filing jointly or qualifying widow(er) for TY 2020. There is an additional deduction of $1,050 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 2021 figures for the standard deduction are $6,350 for single filers or married filing separately, $9,500 for head of household filers, and $12,700 for married filing jointly or qualifying widow(er), with an additional $1,050 for individuals 65 and older and/or blind. For TY 2022, the comparable standard deduction figures are $6,500, $9,800, and $13,050, with an additional $1,050 for individuals 65 and older and/or blind.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5811(21)(C)(ii) and (iii)

21. Student Loan Interest (Federal):

Statutory Reference: R.I. Gen. Laws §§ 44-30-2.6(c)(3) and 44-30-32(a)(1) / 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 the net amount of income and deductions included in federal adjusted gross income that are 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 TY 2020-TY 2024, 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.

	Single / Head of Household/ Widow(er)		***Married Filing Jointly***	
Tax Year	***Deduction Maximum***	***Phase-Out Range***	***Deduction Maximum***	***Phase-Out Range***
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
2023	$2,500	$75,000 - $90,000	$2,500	$155,000 - $185,000
2024	$2,500	$80,000 - $95,000	$2,500	$165,000 - $195,000

Data Source: TY 2020, Internal Revenue Service, Statistics of Income (SOI), Table 2: Individual Income and Tax Data, by State and Size of Adjusted Gross Income. TY 2020 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 2020, these Rhode Island resident effective tax rates range from -0.0933% for the federal AGI category of under $25,000 to 2.8598% 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. As the publication of this report, the IRS has not published the TY 2021 SOI with state-level data.

Reliability Index: *TY 2020*: 2; *TY 2021*: 5

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Personal Income Tax	$626,874	42,750
2021 Personal Income Tax	*No estimate possible*	*No estimate possible*

Projection Methodology: For projected forgone revenue and projected number of taxpayers for TY 2022-2025, ORA held constant with TY 2020.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Personal Income Tax	$626,874	42,750
2023 Personal Income Tax	$626,874	42,750
2024 Personal Income Tax	$626,874	42,750
2025 Personal Income Tax	$626,874	42,750

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 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 also allows for a separate student loan deduction for interest from undergraduate loans. Taxpayers are not allowed to take both federal and state level deductions.

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)

22. 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 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 receive a deduction from the business corporation tax, public service corporation tax, bank excise tax, bank deposits tax, and insurance company gross premiums tax. 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 personal income tax is provided 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 Tax, 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

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Business Corporation Tax	$64,855	78
2020 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2020 Bank Tax	$0	0
2020 Bank Deposits Tax	*No estimate possible*	*No estimate possible*
2020 Ins Co Gross Premiums Tax	$0	0
2020 Total	**$64,855**	**78**
2021 Business Corporation Tax	$43,086	74
2021 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2021 Bank Tax	$0	0
2021 Bank Deposits Tax	*No estimate possible*	*No estimate possible*
2021 Ins Co Gross Premiums Tax	$0	0
2021 Total	**$43,086**	**74**

Projection Methodology: *Business Corporation, Bank Tax, And Insurance Company Gross Premiums Taxes:* TY 2022 forgone revenue amounts and number of taxpayers is the 4-year average revenue forgone and number of taxpayers from TY 2018-TY 2021. TYs 2023- TY 2025 are set equal to TY 2022.

Public Service Corporation and Bank Deposits Taxes: No projection is made due to lack of reliable data.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Business Corporation Tax	$70,494	69
2022 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2022 Bank Tax	$0	0
2022 Bank Deposits Tax	*No estimate possible*	*No estimate possible*
2022 Ins Co Gross Premiums Tax	$0	0
2022 Projected Total	**$70,494**	**69**
2023 Business Corporation Tax	$70,494	69
2023 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2023 Bank Tax	$0	0
2023 Bank Deposits Tax	*No estimate possible*	*No estimate possible*
2023 Ins Co Gross Premiums Tax	$0	0
2023 Projected Total	**$70,494**	**69**
2024 Business Corporation Tax	$70,494	69
2024 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2024 Bank Tax	$0	0
2024 Bank Deposits Tax	*No estimate possible*	*No estimate possible*
2024 Ins Co Gross Premiums Tax	$0	0
2024 Projected Total	**$70,494**	**69**
2025 Business Corporation Tax	$70,494	69
2025 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2025 Bank Tax	$0	0
2025 Bank Deposits Tax	*No estimate possible*	*No estimate possible*
2025 Ins Co Gross Premiums Tax	$0	0
2025 Projected Total	**$70,494**	**69**

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 $0.34 per gallon for FY 2020 - 2022. The number of taxpayers is as reported by Biodiesel Magazine.

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Motor Fuel Tax	$2,596,954	1
2021 Motor Fuel Tax	$2,244,196	1
2022 Motor Fuel Tax	$1,546,350	1
2023 Motor Fuel Tax	$0	0

Projection Methodology: The FY 2024 and FY 2025 forgone revenue amounts and the number of taxpayers are held constant with FY 2023.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Motor Fuel Tax	$0	0
2025 Motor Fuel Tax	$0	0

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 is 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 mobile home conveyance tax, as included under the real estate conveyance tax, 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

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

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

Connecticut: Connecticut taxes resales of mobile manufactured, modular, or prefabricated homes are taxed under the real estate conveyance tax. Connecticut's provisions include exclusion for conveyance of property when the consideration is less than $2,000.

Connecticut Statute: Conn. Gen. Stat. §§ 12-412c and 12-498(a)(10)

Massachusetts: Mobile homes that acquire characteristics of a conventional home are deemed to be real estate and are taxed as such. Massachusetts' provisions include an 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. In such cases, there is a minimum fee of $20. Manufactured housing is deemed real estate for the purposes of the tax on the transfer of real property when it is placed on a site and connected to required utilities.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 78-B:1, I(b) and IV

Vermont: If a mobile home is affixed to the land or is financed as real estate, the transfer of ownership of a mobile home is treated as real property and is subject to the property transfer tax. 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. All other property transferred has a lower tax rate (0.5% vs 1.25%) for the first $100,000 of value.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9602(1)

3. Conveyance of Real Estate for Consideration of $100 or Less:

Statutory Reference: R.I. Gen. Laws §§ 44-25-1(a) and (c)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1968 / 2004

Description: The real estate conveyance tax applies only to lands, tenements, or other realty that are conveyed for a consideration of more than $100. When 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

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

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

Connecticut: Connecticut's provisions include an 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 an 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. In such cases, there is a minimum fee of $20.

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. All other property transferred has a lower tax rate (0.5% vs 1.25%) for the first $100,000 of value.

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: 1984 / N/A

Description: The real estate conveyance tax does not apply to any deed, instrument, or writing that relates to the Capitol Center Project in the City of Providence.

Data Source: Rhode Island Department of Revenue.

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Real Estate Conveyance Tax	$0	0
2021 Real Estate Conveyance Tax	$0	0
2022 Real Estate Conveyance Tax	$0	0
2023 Real Estate Conveyance Tax	$0	0

Projection Methodology: Amount of exclusion and number of taxpayers held constant with FY 2023.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Real Estate Conveyance Tax	$0	0
2025 Real Estate Conveyance Tax	$0	0

Law Comparison: Connecticut has a similar provision.

Connecticut: Connecticut's provisions include an exclusion for conveyance of property for the Adriaen's Landing site or the Rentschler Field facility site.

Connecticut Statute: Conn. Gen. Stat. §§ 12-498(a)(15) and 32-650

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: Any corporation expressly exempt from taxation by charter is excluded from the base of taxpayers subject to the business corporation tax.

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

Reliability Index: 5

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

Law Comparison: No similar provisions were 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: Corporations specified in the Rhode Island Nonprofit Corporation Act, incorporated hospitals, schools, colleges, and other institutions of learning not organized for business purposes, not doing business for profit, and for which no part of the net earnings benefits any private stockholder or individual are excluded from the base of taxpayers subject to the business corporation tax.

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

Reliability Index: 5

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

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 from the Maine corporate income tax for a corporation exempt from federal income tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5102(6)

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(3)

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: Vermont's corporate income tax starts with federal taxable income, which excludes organizations exempt under § 501(c)(3) of the Internal Revenue Code.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5811(18)

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: Corporations, including all corporations under direct or indirect common ownership, that employ not less than five full-time equivalent employees in the state, that maintain an office in the state, and whose activities within the state are confined to the maintenance and management of their intangible investments, 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 business corporation tax.

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

Reliability Index: 5

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

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 tax.

Massachusetts Statute: Mass. Gen. Laws ch. 63, §§ 30(4) and 38B(b-c)

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 and XXI

8. Dividends Received From Shares of Stock:

Statutory Reference: R.I. Gen. Laws §§ 44-11-12 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 business corporation tax, public service corporation tax, or bank excise tax are excluded from a taxpayer's net income.

Data Source: *Business Corporation Tax*: Rhode Island Division of Taxation. The 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 2020 and TY 2021.

Bank Tax: Rhode Island Division of Taxation. The 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 2020 and TY 2021.

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

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Business Corporation Tax	$59,238,627	2,000
2020 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2020 Bank Tax	$1,697,246	30
2020 Total	**$60,935,873**	**2,030**
2021 Business Corporation Tax	$52,106,014	1,810
2021 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2021 Bank Tax	$1,459,070	22
2021 Total	**$53,565,084**	**1,832**

Projection Methodology: *Business Corporation Tax and Bank Tax*: TY 2022-TY 2025 is the average number of taxpayers and revenue forgone from TY 2018-TY 2021.

Public Service Corporation Tax: No projection is made due to lack of reliable data.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Business Corporation Tax	$34,542,538	1,833
2022 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2022 Bank Tax	$1,571,256	28
2022 Projected Total	**$36,113,794**	**1,861**
2023 Business Corporation Tax	$34,542,538	1,833
2023 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2023 Bank Tax	$1,571,256	28
2023 Projected Total	**$36,113,794**	**1,861**
2024 Business Corporation Tax	$34,542,538	1,833
2024 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2024 Bank Tax	$1,571,256	28
2024 Projected Total	**$36,113,794**	**1,861**
2025 Business Corporation Tax	$34,542,538	1,833
2025 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2025 Bank Tax	$1,571,256	28
2025 Projected Total	**$36,113,794**	**1,861**

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

Connecticut: Connecticut allows a deduction for all dividends not otherwise deducted from gross income other than 30% of dividends received from a domestic corporation in which the taxpayer owns less than 20% 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 federal taxable income of the taxpayer is decreased by 50% of the apportionable dividend income 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: In determining taxable net income, 95% of dividends, exclusive of distributions in liquidation, are deducted from net income except for dividends from or on account of the ownership of any class of stock, if the corporation owns less than 15% 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: State 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 business corporation tax. These financial institutions are taxable under the bank excise tax and/or the bank deposits tax.

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

Reliability Index: 5

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

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

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)(B)

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 Benefit Societies:

Statutory Reference: R.I. Gen. Laws § 44-11-1(4)(v) / R.I. Gen. Laws § 44-17-1(a)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1896 / 2010

Description: Fraternal benefit societies, as defined in R.I. Gen. Laws § 27-25-1, are excluded from the base of taxpayers subject to the business corporation tax and the insurance company gross premiums tax.

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

Reliability Index: 5

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

Law Comparison: All the other New England states 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. §§ 12-201(4), 12-214(a)(2)(B) and 12-543(b)(3)

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 a charitable and benevolent institution under Massachusetts law, and all its funds are exempt from state, county, district, municipal, and school taxes other than taxes on real estate and office equipment.

Massachusetts Statute: Mass. Gen. Laws ch. 63, § 30(3) and 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

11. 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

Description: Taxpayers subject to the bank excise tax exclude gains from the sale or other disposition of any property other than securities from gross income. Losses from the sale or other disposition of any property other than securities are not to be deducted 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 2021. For TY 2020, 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

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Bank Tax	$0	< 10
2021 Bank Tax	$184,870	10

Projection Methodology: TY 2022-TY 2025 is the average number of taxpayers and revenue forgone from TY 2018-TY 2021.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Bank Tax	$54,526	< 10
2023 Bank Tax	$54,526	< 10
2024 Bank Tax	$54,526	< 10
2025 Bank Tax	$54,526	< 10

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

12. 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(G)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1997 / N/A

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 excludes from its net income subject to the business corporation tax 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

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

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)

13. 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: Insurance and surety companies are excluded from the base of taxpayers that are subject to the business corporation tax. These companies are subject to the insurance company gross premiums tax.

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

Reliability Index: 5

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

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 an 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, and 23

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)

14. 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 public service corporation tax are excluded from a taxpayer's net income that is subject to the business corporation tax.

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

Reliability Index: 5

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

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

15. 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

Description: A long-term capital gain realized from the sale or exchange of an interest in any qualifying business entity is excluded from the determination of income that is subject to the business corporation tax, public service corporation tax, bank excise tax, and personal income tax.

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 money 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

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

Law Comparison: Only Vermont has a similar provision.

Vermont: An exclusion from taxable income for the first $5,000 of adjusted net capital gains or 40% of the income from adjusted net capital gains held for more than three years.

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

16. 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 motor fuel tax.

Data Source: Annual Energy Outlook, Independent Statistics and Analysis, U.S. Energy Information Administration; U.S. Department of Energy, FY 2020 - 2023. Other non-taxable distribution (gallons), jet fuel, and marine diesel fuel, Excise Tax Section, Rhode Island Division of Taxation. New England quadrillion btu of residential fuel oil was converted to gallons and apportioned to RI and other non-taxable fuel are summed and multiplied by the motor fuel tax rate of $0.34 per gallon in FY 2020 – FY 2022 and $0.37 per gallon for FY 2023 to arrive at the revenue forgone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 2

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Motor Fuel Tax	$276,627,413	*No estimate possible*
2021 Motor Fuel Tax	$392,508,124	*No estimate possible*
2022 Motor Fuel Tax	$471,659,310	*No estimate possible*
2023 Motor Fuel Tax	$569,565,382	*No estimate possible*

Projection Methodology: Amount of revenue forgone for FY 2024 is the average of revenue forgone for FY 2022 and FY 2023. The exclusion amount for FY 2025 is held constant with FY 2024. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Motor Fuel Tax	$520,612,346	*No estimate possible*
2025 Motor Fuel Tax	$520,612,346	*No estimate possible*

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 motor fuel tax paid less 4 cents per gallon.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 2902 and 2910

Massachusetts: Massachusetts' provisions exclude lubricating oils from the definition of fuel for purposes of the taxation of gasoline.

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. Motor fuel used for the propulsion of aircraft is subject to a lower tax rate.

New Hampshire Statute: N.H. Rev. Stat. Ann. §§ 259:58 and 422:34

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 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

17. Maximum Tax of $0.50 per Cigar:

Statutory Reference: R.I. Gen. Laws §§ 44-20-13.2(a)(1) and (a)(2)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1992 / 2009

Description: The other tobacco products tax, as included in the cigarettes tax, 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. The tax on cigars is a maximum of $0.50 for each cigar.

Data Source: Excise Tax Section, Rhode Island Division of Taxation. *Patterns of Premium and Nonpremium Cigar Use in the United States: Findings from Wave 6 (2021) of the Population Assessment of Tobacco and Health Study,* Edwards et al., Nicotine & Tobacco Research, 2023. The total number of individual cigars with a wholesale cost greater than $0.63 was 2,400,197 in FY 2020, 3,793,758 in FY 2021, 4,212,513 in FY 2022, and 3,717,544 in FY 2023. Based on cigar consumption and price data reported by Edwards et al. in 2023, 17.4% of cigars reported smoked by study participants in the most recent 30 days were premiums cigars, 23.6% of cigars smoked in the most recent 30 days were nonpremium cigars, and 59.0% of cigars smoked in the most recent 30 days were cigarillos. This same study reported the median retail price of premium cigars was $8.67, the median retail price of nonpremium cigars was $3.09, and the median retail price of cigarillos was $1.34. Premium cigars, nonpremium cigars, and cigarillos 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, nonpremium, and cigarillos. 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 $7.44, $2.65, and $1.15 for premium cigars, nonpremium cigars, and cigarillos, respectively. Using this 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

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Cigarette Tax	$3,790,765	*No estimate possible*
2021 Cigarette Tax	$5,991,694	*No estimate possible*
2022 Cigarette Tax	$6,653,058	*No estimate possible*
2023 Cigarette Tax	$5,871,326	*No estimate possible*

Projection Methodology: Amount of exclusion is the average of revenue forgone from FY 2021 through FY 2023. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Cigarette Tax	$6,172,026	*No estimate possible*
2025 Cigarette Tax	$6,172,026	*No estimate possible*

Law Comparison: Connecticut and Vermont have similar provisions.

Connecticut: The tax on all tobacco products of 50% of the wholesale price may not exceed $0.50 per cigar.

Connecticut Statute: Conn. Gen. Stat. §§ 12-330c(a)(1-2)

Vermont: The tax on cigars is 92% of the wholesale price for cigars with a wholesale price less than or equal to $2.17, $2.00 per cigar with a wholesale price of greater than $2.17 and less than $10.00, and $4.00 per cigar with a wholesale price of $10.00 or more per cigar.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 7811(a)

18. Medical Cannabis:

Statutory Reference: R.I. Gen. Laws § 21-28.11-3(2) / R.I. Pub. Laws 2022, Ch. 32

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2022 / N/A

Description: The 10% state cannabis excise tax is imposed on adult use cannabis as of December 1, 2023, which is defined as cannabis which may be legally possessed and consumed for non-medical purposes by a person who is at least 21 years of age. Medical cannabis is exempt from this excise tax but is subject to a 4% compassion center surcharge. Both adult use and medical cannabis are subject to the 7% sales and use tax. Adult use cannabis is also subject to a 3% local tax, which is outside the scope of this report.

Data Source: Rhode Island Office of Accounts and Controls, monthly *Comparative Revenue Report,* January 2023 – June 2023. Rhode Island Department of Business Regulation, *Industry Overview '23 Thru Sept.* Revenue forgone is the difference between what was collected under the 4% compassion center surcharge for January 2023 through June 2023 and what would have been collected under the 10% state cannabis excise tax for that same period. The number of taxpayers is the average of the active patient count as reported by the Department of Business Regulation for December 2022 through June 2023.

Reliability Index: 1

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2023 Cannabis Excise Tax	$1,182,993	13,631

Projection Methodology: Revenue forgone is projected taking the difference of the 4% compassion center surcharge estimate for FY 2024 as calculated by the Rhode Island Office of Management and Budget and those same figures scaled to the 10% state cannabis tax. The number of taxpayers for FY 2024 is the average active patient count for the first quarter of FY 2024 as reported by the Department of Business Regulation. FY 2025 is held constant with FY 2024.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 State Cannabis Excise Tax	$2,063,561	11,234
2025 State Cannabis Excise Tax	$2,063,561	11,234

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

Connecticut: The cannabis tax does not apply to the sale of cannabis for palliative use.

Connecticut Statute: Conn. Gen. Stat. §§ 12-330ll(b)(2)(B)

Massachusetts: Massachusetts provides an exemption from the state marijuana excise tax and local tax option for the sale of marijuana and marijuana products by a medical marijuana treatment center, registered personal caregiver to a qualifying patient, or personal caregiver.

Massachusetts Statute: Mass. Gen. Laws ch. 64N, § 4

Maine: Maine charges a 10% sales and use tax on adult use cannabis products if sold to a person who is not a qualifying patient. Cannabis purchases by medical cannabis patients are charged the standard 5.5% sales and use tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1811(1)(D)(5)

Vermont: Cannabis sales made by medical cannabis dispensaries to registered qualifying patients or through their registered caregivers are exempt from the cannabis excise tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 7902(d)(2)

19. Paycheck Protection Program Loan Forgiveness:

Statutory Reference: R.I. Gen. Laws §§ 44-11-11(a)(1)(iv), 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, gross income for the calculation of the bank excise tax, or Rhode Island adjusted gross income for the calculation of the personal income tax only to the extent that the amount of the loan forgiven exceeds $250,000. This enacted change was retroactive to January 1, 2020. Based on data from the United States Small Business Administration (SBA) on PPP loan forgiveness dates and amount, only FY 2021 and FY 2022 are expected to be impacted by this tax expenditure item.

Data Source: Rhode Island Division of Taxation. Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. ORA calculated the Rhode Island tax liability for each personal income taxpayer who had an increasing modification for PPP loans greater than $250,000 under TY 2021 laws and the Rhode Island tax liability for each taxpayer as if they paid personal income tax on the first $250,000 of forgiven PPP loans for the same tax year and then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference the two tax liability calculations. Number of taxpayers for personal income tax includes all taxpayers that had a non-zero tax difference between the two calculations above.

Business corporation tax revenue forgone was calculated by applying to $250,000 the apportionment percentage for each return with PPP loans greater than $250,000 as reported on the business corporation tax form and then summing across all such returns. To calculate forgone revenue, the 7% business corporations tax rate was applied to this sum. The number of taxpayers only includes the number of business corporation taxpayers who paid tax on PPP loans greater than $250,000.

No taxpayers reported loans greater than $250,000 on the bank excise tax in any tax year.

It was not possible to determine the revenue forgone based on PPP loan data from the SBA for taxpayers whose PPP loan amounts were less than $250,000 because each loan would not necessarily be connected to one tax return (e.g., a forgiven PPP loan taken out by a pass-through entity could be reflected on multiple tax returns based on an individual's distribute share of that loan, each return having different effective tax rates).

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2021 Business Corporation Tax	$16,185,602	2,078
2021 Bank Tax	$0	0
2021 Personal Income Tax	$22,278,149	1,987
2021 Total	**$38,463,751**	**4,065**

Projection Methodology: Projected revenue forgone for personal income tax is estimated by ORA using loan forgiveness data provided by the SBA for CY 2021 and CY 2022. ORA applied the percentage decrease in the number of loans forgiven and the amount of the loans forgiven to the CY 2021 revenue forgone amount and number of taxpayers to calculate the comparable figures for CY 2022. Projected revenue forgone and number of taxpayers for CY 2022 business corporation tax are as provided by Taxation, which include only returns processed as of December 2023. As of October 3, 2023, the SBA reported no loans by Rhode Island borrowers greater than $250,000 with a loan forgiveness date in TY 2023, and thus ORA projects no revenue forgone beyond TY 2022.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Business Corporation Tax	$2,283,060	238
2022 Bank Tax	$0	0
2022 Personal Income Tax	$3,195,125	328
2022 Projected Total	**$5,478,185**	**566**

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. §§ 12-213(a)(9) and 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 also allows personal income taxpayers to deduct from their Massachusetts gross income the amount of cancelation of debt income related to Paycheck Protection Program beginning on or after January 1, 2021.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(a); "An Act Financing a Program for Improvements to the Unemployment Insurance Trust Fund and Providing Relief to Employers and Workers in the Commonwealth," § 12; "An Act relative to immediate COVID-19 recovery needs," § 77; 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(18) and (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: Neither the tax imposed on unstamped cigarettes nor the use tax on cigarettes apply to the use or storage of cigarettes up to a maximum of 10 packs that have been brought into the state on a person.

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

Reliability Index: 5

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

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.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 4366-B(2)

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 taxes.

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: Public service corporations, except for those public service corporations provided for in R.I. Gen. Laws § 44-13-2.2, are excluded from the base of taxpayers subject to the business corporation tax. These companies are instead subject to the public service corporation tax imposed under R.I. Gen. Laws Ch. 44-13.

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

Reliability Index: 5

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

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 is 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) and 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 specified in R.I. Gen. Laws § 44-13-4 is subject to the business corporation tax or the personal income tax. The gross earnings subject to the public service corporation tax and the direct and indirect costs associated with these gross earnings are excluded from the calculation of net income upon which the business corporation and personal income taxes are assessed.

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

Reliability Index: 5

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

Law Comparison: No similar provisions were 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)

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 sales tax is assessed.

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

Reliability Index: 5

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

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)(B)

Massachusetts: In computing the tax due, the vendor excludes the tax reimbursement paid by the purchaser to the vendor and the federal manufacturers' excise tax levied on motor vehicles (trucks) under the Internal Revenue Code.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, §§ 1 and 3(a)

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 public service corporation tax.

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

Reliability Index: 5

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

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:2, III(a)

Vermont: Value-added non-voice data service is excluded from the imposition of sales and use tax on telecommunication services.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9771(5)

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 for veterinary and testing laboratories services.

Data Source: FY 2021 and FY 2022 Rhode Island Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
FY 2021 Sales and Use Tax	$5,902,585	*No estimate possible*
FY 2022 Sales and Use Tax	$6,339,200	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2023 growth rate in Rhode Island personal consumption expenditures, recreation services from the November 2023 S&P Global forecast to FY 2022 revenue forgone to project FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2023 Sales and Use Tax	$6,651,220	*No estimate possible*
2024 Sales and Use Tax	$6,982,134	*No estimate possible*
2025 Sales and Use Tax	$7,484,707	*No estimate possible*

Law Comparison: Connecticut, Maine, Massachusetts, 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.

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: Me. Rev. Stat. Ann. tit. 36, § 1752 (17-B)

Massachusetts: The only services subject to the Massachusetts sales and use tax are telecommunications services.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 1

Vermont: Sales of services are exempt 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, effective July 6, 2021, are 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.

Projection Methodology: Revenue forgone is the estimate included in the FY 2022 enacted budget. ORA assumes no growth for FY 2023 – FY 2025.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Real Estate Conveyance Tax	$30,194	*No estimate possible*
2023 Real Estate Conveyance Tax	$30,194	*No estimate possible*
2024 Real Estate Conveyance Tax	$30,194	*No estimate possible*
2025 Real Estate Conveyance Tax	$30,194	*No estimate possible*

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. Provided the tax was paid by the buyer or seller when the real property title was acquired, New Hampshire also exempts the direct or indirect transfer of an interest in real property in connection with: (1) "a federal low-income housing tax credit project as defined in Section 42 of the Internal Revenue Code of 1986…", (2) "a project funded with federal grants made to states for low-income housing projects in lieu of low-income housing tax credits under Section 1602 of the American Recovery and Reinvestment Act of 2009…", (3) "a Rental Assistance Demonstration (RAD) public housing conversion under the federal Consolidated and Further Continuing Appropriations Act of 2012…", or (4) or other federal, state, or local financing program requiring that the real estate remains subject to land use restriction and rental housing affordability covenants which limit allowable rents charged to individuals and families…"

New Hampshire Statute: N.H. Rev. Stat. Ann. § 78-B:2, XV and XXIII

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 also exempts transfers "made to a corporation qualifying as a limited equity cooperative under the Cooperative Housing Ownership Act, provided the property in the hands of the transferee will be used to provide housing for persons or households of low or moderate income." Finally, Vermont exempts "transfers of leasehold or fee interests made to individuals with low income by organizations qualifying under 26 U.S.C. § 501(c)(3) and having as its primary purpose the provision of housing to individuals with low income, or from a wholly owned subsidiary of the organization, when the transfer is made concurrently with the transfer of an improvement located on the leasehold or fee property, or is a renewal of a lease where the purpose of the lease is to provide affordable housing or to ensure the continued affordability of the housing, or both."

Vermont Statute: 32 V.S.A. § 9603(20)(A), (21), and (23)

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

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 sales and use tax.

Data Source: FY 2021 and FY 2022 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2021 Sales and Use Tax	$5,583,084	*No estimate possible*
2022 Sales and Use Tax	$6,191,552	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2023 growth rate in Rhode Island personal consumption expenditures for food and beverages purchased for off-premises consumption from the November 2023 S&P Global forecast to FY 2022 revenue forgone to project FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2023 Sales and Use Tax	$6,442,600	*No estimate possible*
2024 Sales and Use Tax	$6,535,427	*No estimate possible*
2025 Sales and Use Tax	$6,620,878	*No estimate possible*

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 poults, 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.

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 sales and use tax.

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

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2021 Sales and Use Tax	*No estimate possible*	2
2022 Sales and Use Tax	*No estimate possible*	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.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2023 Sales and Use Tax	*No estimate possible*	1
2024 Sales and Use Tax	*No estimate possible*	1
2025 Sales and Use Tax	*No estimate possible*	1

Law Comparison: Connecticut and Maine have similar provisions.

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 sales and use tax.

Data Source: FY 2021 and FY 2022 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2021 Sales and Use Tax	$5,606,033	*No estimate possible*
2022 Sales and Use Tax	$6,180,163	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2023 growth rate in Rhode Island personal consumption expenditures for recreational goods and vehicles from the November 2023 S&P Global forecast to FY 2022 revenue forgone to project FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2023 Sales and Use Tax	$6,371,844	*No estimate possible*
2024 Sales and Use Tax	$6,583,262	*No estimate possible*
2025 Sales and Use Tax	$6,711,492	*No estimate possible*

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. An exemption applies for "sales, use, or leases of aircraft and sales of repair and replacement parts exclusively for use in aircraft or in the significant overhauling or rebuilding of aircraft or aircraft parts or components from July 1, 2011 to June 20, 2033." This time-limited exemption is not subject to the same aircraft size, type, and use restrictions that apply to the permanent exemption in §§ 1760(88).

Maine Statute: Me. Rev. Stat. Ann. Tit. 36, §§ 1760(76), 1760(88), and 1760(88-A)

Massachusetts: The sale 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 sales and use tax 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: Number of toll-free numbers reported managed by Somos. Revenue forgone is calculated by applying the 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.

Reliability Index: 4

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Sales and Use Tax	$596,561	*No estimate possible*
2021 Sales and Use Tax	$685,501	*No estimate possible*

Projection Methodology: For FY 2022, ORA applied the FY 2022 growth rate in Rhode Island sales and use tax revenues to FY 2021 forgone revenue. FY 2023-FY 2025 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Sales and Use Tax	$685,501	*No estimate possible*
2023 Sales and Use Tax	$685,501	*No estimate possible*
2024 Sales and Use Tax	$685,501	*No estimate possible*
2025 Sales and Use Tax	$685,501	*No estimate possible*

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.

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 subjects these beverages to the tax on beverage containers. Milk sales are exempt from the beverage container tax per case. The case fee $0.08.

Data Source: Annual Estimates of Population for the United States (2020 - 2022), 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 $0.08 per case. 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

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Tax on Beverage Containers	$359,838	33
2021 Tax on Beverage Containers	$341,851	30
2022 Tax on Beverage Containers	$330,664	31

Projection Methodology: CY 2023 - CY 2025 assume no additional growth in revenue forgone or the number of taxpayers.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2023 Tax on Beverage Containers	$330,664	31
2024 Tax on Beverage Containers	$330,664	31
2025 Tax on Beverage Containers	$330,664	31

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

7. 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.

Year Enacted / Last Year Amended: 1991 / N/A

Description: There is an exemption against the use tax 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

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.)

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 between October 1 – May 31.

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)

8. 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 sales and use tax.

Data Source: FY 2021 and FY 2022 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2021 Sales and Use Tax	$8,300,416	*No estimate possible*
2022 Sales and Use Tax	$9,755,095	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2023 growth rate in Rhode Island personal consumption expenditures, recreational goods and vehicles from the November 2023 S&P Global forecast to FY 2022 revenue forgone to project FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2023 Sales and Use Tax	$10,057,654	*No estimate possible*
2024 Sales and Use Tax	$10,391,367	*No estimate possible*
2025 Sales and Use Tax	$10,593,772	*No estimate possible*

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. 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)

9. 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 sales and use tax. 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

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.)

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)

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)

10. Breast Pumps Collection and Storage Supplies:

Statutory Reference: R.I. Gen. Laws § 44-18-30(67)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2022 / N/A

Description: Exempt from the sales and use tax, effective October 1, 2022, are breast pump collection and storage supplies defined as tangible personal property used in conjunction with a breast pump to collect milk expressed from a human breast and to store collected milk until it is ready for consumption. Breast pump collection and storage supplies include, but are not limited to, breast shields and breast shield connectors; breast pump tubes and tubing adapters; breast pump valves and membranes; backflow protectors and backflow protector adaptors; bottles and bottle caps specific to the operation of the breast pump; breast milk storage bags; and related items sold as part of a breast pump kit pre-packaged by the breast pump manufacturer.

Projection Methodology: Revenue forgone is the estimate included in the FY 2023 enacted budget. FY 2024 is a full year impact of the FY 2023 estimate. FY 2025 is set to FY 2024. ORA assumes no growth for FY 2023 – FY 2025.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2023 Sales and Use Tax	$58,328	*No estimate possible*
2024 Sales and Use Tax	$79,359	*No estimate possible*
2025 Sales and Use Tax	$79,359	*No estimate possible*

Law Comparison: Connecticut and Massachusetts have similar provisions.

Connecticut: The sale, storage, use, or consumption of breast pumps, breast pump collection and storage supplies, and breast pump kits are exempt from the sales and use tax when sold to an individual for home use. Also exempt are repair or replacement parts and repair services rendered to breast pumps. If a breast pump kit includes other taxable items, the kit is subject to the tax.

Connecticut Statute: Conn. Gen. Stat. § 12-412(125)

Massachusetts: The rental, sale, and repair of "physician-prescribed, medically necessary breast pumps" are exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(l)

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 sales and use tax. 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

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

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 sales and use tax 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 2021 and FY 2022 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2021 Sales and Use Tax	$3,702,800	*No estimate possible*
2022 Sales and Use Tax	$3,767,300	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2023 growth rate in Rhode Island personal consumption expenditures, motor vehicles and parts from the November 2023 S&P Global forecast to FY 2022 revenue forgone to project FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2023 Sales and Use Tax	$4,253,970	*No estimate possible*
2024 Sales and Use Tax	$4,162,009	*No estimate possible*
2025 Sales and Use Tax	$3,977,661	*No estimate possible*

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 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 sales and use tax.

Data Source: FY 2021 and FY 2022 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2021 Sales and Use Tax	$1,046,617	*No estimate possible*
2022 Sales and Use Tax	$1,140,498	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2023 growth rate in Rhode Island personal consumption expenditures for recreation services from the November 2023 S&P Global forecast to FY 2022 revenue forgone to project FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2023 Sales and Use Tax	$1,196,634	*No estimate possible*
2024 Sales and Use Tax	$1,256,169	*No estimate possible*
2025 Sales and Use Tax	$1,346,588	*No estimate possible*

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. Cannabis Sold in Rolling Papers:

Statutory Reference: R.I. Gen. Laws § 44-20-59 / R.I. Pub. Laws 2023, Chs. 136 and 137

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2023 / N/A

Description: Cannabis sold in rolling papers is exempt from cigarette and other tobacco products taxes.

Projection Methodology: FY 2024 revenue forgone is as included in the FY 2024 Enacted Budget. FY 2025 revenue forgone is from the fiscal note for 2023-S-0707. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Cigarette Tax	$445,701	*No estimate possible*
2025 Cigarette Tax	$560,964	*No estimate possible*

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

Connecticut: Cigarettes and tobacco products must include tobacco, at least in part, in order to be taxed under the cigarette and tobacco products taxes.

Connecticut Statute: Conn. Gen. Stat. §§ 12-285(b)(1) and 12-330a(2)

Maine: Maine's provisions include an exemption for other tobacco products containing cannabis or for cannabis products sold as medical marijuana.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 4403-A(2)

Massachusetts: The definitions of cigarettes, little cigars, and smokeless tobacco include only products made of tobacco, excluding cannabis products from the cigarettes tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64C, § 1

Vermont: Vermont specifically excludes cannabis products from the tobacco products tax. Additionally, the definition of a cigarette specifies that the product must be made of tobacco.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 7702 and 7811(b)

15. 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 sales and use tax. Casual sales include sales of tangible personal property not held or 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

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Sales and Use Tax	$6,464	162
2021 Sales and Use Tax	$6,735	155
2022 Sales and Use Tax	$7,023	138
2023 Sales and Use Tax	$5,942	94

Projection Methodology: Revenue forgone and number of taxpayers for FY 2024 and FY 2025 use a 3-year average based on data from 2021 - 2023.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Sales and Use Tax	$6,567	129
2025 Sales and Use Tax	$6,567	129

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

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 property as a casual sale is exempt.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(4)

16. 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 sales and use tax.

Data Source: FY 2021 and FY 2022 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2021 Sales and Use Tax	$108,038,086	*No estimate possible*
2022 Sales and Use Tax	$117,140,871	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2023 growth rate in Rhode Island final consumption expenditures of nonprofit institutions serving households from the November 2023 S&P Global forecast to FY 2022 revenue forgone to project FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2023 Sales and Use Tax	$126,200,177	*No estimate possible*
2024 Sales and Use Tax	$131,873,513	*No estimate possible*
2025 Sales and Use Tax	$139,848,956	*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, religious, and tribal organizations.

Maine Statute: Me. Rev. Stat. Ann. Tit. 36, §§ 1760(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(100-106), 1760(108-110), 1760(112-114)

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)

17. Clothing and Footwear:

Statutory Reference: R.I. Gen. Laws § 44-18-30(27)

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 sales and use tax. 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 2021 and FY 2022 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2021 Sales and Use Tax	$45,297,370	*No estimate possible*
2022 Sales and Use Tax	$48,928,598	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2023 growth rate in Rhode Island personal consumption expenditures, clothing and footwear from the November 2023 S&P Global forecast to FY 2022 revenue forgone to project FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2023 Sales and Use Tax	$50,650,133	*No estimate possible*
2024 Sales and Use Tax	$51,601,303	*No estimate possible*
2025 Sales and Use Tax	$53,809,501	*No estimate possible*

Law Comparison: Connecticut previously had similar provisions that have since been repealed. 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. 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)

18. Coffins, Caskets, Urns, Shrouds, and Burial Garments:

Statutory Reference: R.I. Gen. Laws § 44-18-30(12) / R.I. Pub. Laws 2022, Ch. 231, Article 6, § 8

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1952 / 2022

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 sales and use tax.

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. Effective October 1, 2022, this exemption was further expanded to include burial containers, urn liners, urn vaults, grave liners, grave vaults, burial tent setups, and prayer cards.

Data Source: FY 2021 and FY 2022 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2021 Sales and Use Tax	$1,513,562	*No estimate possible*
2022 Sales and Use Tax	$1,508,163	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis added the adopted FY 2023 budget estimate for the exemption expansion to FY 2022 estimated revenue forgone and then applied the FY 2023 growth rate in Rhode Island personal consumption expenditures, other services from the November 2023 S&P Global forecast to FY 2022 revenue forgone to project FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2023 Sales and Use Tax	$1,735,855	*No estimate possible*
2024 Sales and Use Tax	$1,801,348	*No estimate possible*
2025 Sales and Use Tax	$1,903,872	*No estimate possible*

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)

19. 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 sales and use tax.

Data Source: 2019 - 2022 Annual Reports, United States Mint. Annual Estimates of Population for the United States (2019 - 2022), 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

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Sales and Use Tax	$401,255	*No estimate possible*
2021 Sales and Use Tax	$792,109	*No estimate possible*
2022 Sales and Use Tax	$1,001,923	*No estimate possible*

Projection Methodology: Revenue forgone amounts for 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.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2023 Sales and Use Tax	$1,001,923	*No estimate possible*
2024 Sales and Use Tax	$1,001,923	*No estimate possible*
2025 Sales and Use Tax	$1,001,923	*No estimate possible*

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(ll)

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: 10-066 Code Vt. R. 10-060-033-X § 1.9701(7)-1(B)(3)

20. 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 sales and use tax. 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 32', 31.99'-41', 39.99'-56', 54.99'-66', 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

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Sales and Use Tax	$375,433	14
2021 Sales and Use Tax	$433,540	7
2022 Sales and Use Tax	$1,159,274	24
2023 Sales and Use Tax	$642,219	12

Projection Methodology: The projected revenue forgone and the number of taxpayers for FY 2024 were calculated based on a four-year average using FY 2020 – FY 2023. FY 2025 revenue forgone amounts and number of taxpayers were held constant with FY 2024.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Sales and Use Tax	$652,617	14
2025 Sales and Use Tax	$652,617	14

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 exist 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. 18-125 Ch. 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)

21. 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 sales and use tax. Provisions, supplies, and material purchased for maintenance and repairs of such commercial vessels are also exempt.

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

Reliability Index: 5

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

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)

22. 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

Description: The sale, storage, consumption, or other use of compressed air is exempt from the sales and use tax.

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

Reliability Index: 5

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

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

23. 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 sales and use tax. 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.

Data Source: FY 2020 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

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2021 Sales and Use Tax	$13,731,281	*No estimate possible*
2022 Sales and Use Tax	$14,934,828	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2023 growth rate in the United States producer price index for finished goods from the November 2023 S&P Global forecast to FY 2022 revenue forgone to project FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2023 Sales and Use Tax	$15,985,031	*No estimate possible*
2024 Sales and Use Tax	$16,184,794	*No estimate possible*
2025 Sales and Use Tax	$16,430,745	*No estimate possible*

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)

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)

24. 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 real estate conveyance tax.

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

Reliability Index: 5

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

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 taxing under the United States Constitution or related laws, as well as deeds to which the state or any of its political subdivisions is a party.

Connecticut Statute: Conn. Gen. Stat. § 12-498(a)(1) and (3)

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 state, a state agency, a county, a city, a town, a school district, or a village district are exempt from the tax on the transfer of real property. Also exempt are transfers to the United States or any agency or instrumentality thereof.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 78-B:2, I and 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)

25. 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 the Diesel Emissions Reduction Act (R.I. Gen. Laws § 31-47.3-4) is exempt from the sales and use tax.

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

Reliability Index: 5

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

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

26. 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(l)(v), sold on prescription are exempt from the sale and use tax. 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: 2020 and 2021 Supplemental Business Report, Nutrition Business Journal. Annual Estimates of Population for the United States and Rhode Island (2020 and 2021), 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

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Sales and Use Tax	$3,230,148	*No estimate possible*
2021 Sales and Use Tax	$3,463,269	*No estimate possible*
2022 Sales and Use Tax	$3,505,352	*No estimate possible*

Projection Methodology: Revenue forgone for FY 2023 – FY 2025 was held constant. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2023 Sales and Use Tax	$3,505,352	*No estimate possible*
2024 Sales and Use Tax	$3,505,352	*No estimate possible*
2025 Sales and Use Tax	$3,505,352	*No estimate possible*

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

Connecticut: Connecticut's exemption for nonprescription drugs or medicines includes vitamin or mineral concentrates, dietary supplements, and natural or herbal drugs or medicines.

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)

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 sales and use tax.

Data Source: FY 2021 and FY 2022 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2021 Sales and Use Tax	$7,021,563	*No estimate possible*
2022 Sales and Use Tax	$7,512,185	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2023 growth rate in Rhode Island personal consumption expenditures, food services and accommodations from the November 2023 S&P Global forecast to FY 2022 revenue forgone to project FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2023 Sales and Use Tax	$8,136,053	*No estimate possible*
2024 Sales and Use Tax	$8,550,418	*No estimate possible*
2025 Sales and Use Tax	$8,994,256	*No estimate possible*

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(ii)

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 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 sales and use tax.

Data Source: FY 2021 and FY 2022 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

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2021 Sales and Use Tax	$83,257,450	*No estimate possible*
2022 Sales and Use Tax	$90,692,348	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2023 growth rate in Rhode Island personal consumption expenditures, housing and utilities services from the November 2023 S&P Global forecast to FY 2022 revenue forgone to project FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2023 Sales and Use Tax	$99,149,536	*No estimate possible*
2024 Sales and Use Tax	$103,472,779	*No estimate possible*
2025 Sales and Use Tax	$107,190,155	*No estimate possible*

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. Effective January 1, 2023 this exemption was amended to include all residential electricity consumed by eligible customers enrolled in either a low-income assistance program or an arrearage management program administered by the Public Utilities Commission.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(9), 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 sales and use tax. 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 2021 and FY 2022 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2021 Sales and Use Tax	$7,805,300	*No estimate possible*
2022 Sales and Use Tax	$8,111,800	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2023 growth rate in the United States producer price index for machinery and equipment from the November 2023 S&P Global forecast to FY 2022 revenue forgone to project FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2023 Sales and Use Tax	$8,804,017	*No estimate possible*
2024 Sales and Use Tax	$8,975,372	*No estimate possible*
2025 Sales and Use Tax	$8,949,865	*No estimate possible*

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.

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 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 estate and transfer tax.

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

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Estate and Transfer Tax	$0	0
2021 Estate and Transfer Tax	$0	0
2022 Estate and Transfer Tax	$0	0

Projection Methodology: Projected revenue forgone and number of taxpayers for FY 2023 through FY 2025 is held constant with FY 2022.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2023 Estate and Transfer Tax	$0	0
2024 Estate and Transfer Tax	$0	0
2025 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 sales and use tax. 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 2021 and FY 2022 Rhode Island Interactive Sales and Use Tax Simulation Model. Number of taxpayers are from 2021 update of county business patterns 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

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2021 Sales and Use Tax	$725,400	38
2022 Sales and Use Tax	$725,400	38

Projection Methodology: The Office of Revenue Analysis applied the FY 2023 growth rate in the United States producer price index for machinery and equipment from the November 2023 S&P Global forecast to FY 2022 revenue forgone to project FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025. The number of taxpayers for FY 2023-2025 was held constant with FY 2022.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2023 Sales and Use Tax	$787,302	38
2024 Sales and Use Tax	$802,625	38
2025 Sales and Use Tax	$800,344	38

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. 18-125 Ch. 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

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 sales and use tax.

Data Source: FY 2021 and FY 2022 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2021 Sales and Use Tax	$511,186	*No estimate possible*
2022 Sales and Use Tax	$575,042	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2023 growth rate in the United States chained price index for farm and miscellaneous nonresidential construction from the November 2023 S&P Global forecast to FY 2022 revenue forgone to project FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2023 Sales and Use Tax	$595,339	*No estimate possible*
2024 Sales and Use Tax	$589,241	*No estimate possible*
2025 Sales and Use Tax	$663,787	*No estimate possible*

Law Comparison: Maine and Massachusetts have similar provisions.

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)

Massachusetts: "Sales of building materials and supplies to be used in the construction, reconstruction, alteration, remodeling or repair of… (4) any building or structure located in a Marine Industrial Park… provided, however, that said building or structure is exclusively used for agricultural production or seafood processing or as a seafood storage facility…"

Massachusetts Statute: Mass. Gen. Laws Ch. 64H §§ 6(f)

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

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 2021 and FY 2022 Rhode Island Interactive Sales and Use Tax Simulation Model and Office of Revenue Analysis calculations. Number of taxpayers are from 2021 update of county business patterns 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

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2021 Sales and Use Tax	$121,715	38
2022 Sales and Use Tax	$137,004	38

Projection Methodology: The Office of Revenue Analysis applied the FY 2023 growth rate in the Unites States producer price index for processed foods and feeds from the November 2023 S&P Global forecast to FY 2022 revenue forgone to project FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025. The number of taxpayers for FY 2023-2025 was held constant with FY 2022.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2023 Sales and Use Tax	$146,107	38
2024 Sales and Use Tax	$144,232	38
2025 Sales and Use Tax	$144,581	38

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)

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 poults, 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: Statista Market Insights, Tissue Hygiene Paper, 2023 Report. 2020 Annual estimates of the resident population by single year of age and sex for the United States for 2020 and population estimates by age and sex for Rhode Island for 2018 - 2019, United States Census Bureau. Rhode Island Population Estimates Aged 10-54 and United States Population Estimates Aged 16+ for 2021-2026, S&P Global. ORA utilized total sales of sanitary napkins/tampons in the United States and assumed sanitary napkins and tampons were 81.2% of the total feminine hygiene products category for all years based on data from a 2018 Statista report. 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 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

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Sales and Use Tax	$1,114,575	284,587
2021 Sales and Use Tax	$1,159,385	283,354
2022 Sales and Use Tax	$1,176,006	281,564

Projection Methodology: Revenue forgone for FY 2023 – FY 2025 is grown using forecast data for sales of feminine hygiene products provided by Statista's Market Insight, and the number of taxpayers is grown using forecast data for the population of Rhode Island for ages 10 - 54 years as provided by S&P Global for the November 2023 Revenue Estimating Conference.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2023 Sales and Use Tax	$1,200,369	279,204
2024 Sales and Use Tax	$1,249,887	277,156
2025 Sales and Use Tax	$1,292,997	276,045

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

Connecticut: Sales of menstrual 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 are exempt from the sales and use tax, and the state classifies sanitary napkins and belts and tampons as health care items.

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)

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 alcoholic beverage excise tax, 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 2020 – CY 2022 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

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Alcoholic Beverage Tax	$129,600	6
2021 Alcoholic Beverage Tax	$32,400	6
2022 Alcoholic Beverage Tax	$37,800	7

Projection Methodology: The revenue forgone amounts for CY 2023 – CY 2025 are the average revenue forgone amounts per distillery from CY 2020 – CY 2023 multiplied by the projected number of taxpayers. The number of taxpayers for CY 2023 are as reported in public data by the

Department of Business Regulation as of November 2023. The number of taxpayers for CY 2024 – CY 2025 were held constant with CY 2023.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2023 Alcoholic Beverage Tax	$97,200	9
2024 Alcoholic Beverage Tax	$97,200	9
2025 Alcoholic Beverage Tax	$97,200	9

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 alcoholic beverage excise tax, 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 2020 - FY 2022 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

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Alcoholic Beverage Tax	$142,158	34
2021 Alcoholic Beverage Tax	$204,329	34
2022 Alcoholic Beverage Tax	$180,836	40

Projection Methodology: Revenue forgone for FY 2023 and FY 2024 is calculated taking the amount of revenue forgone divided by the number of breweries and brewpubs for FY 2020 – FY

2022 and then calculating the average of the results. The average was then applied to the number of breweries and brewpubs for FY 2023 – FY 2025 to estimate revenue forgone for those fiscal years. Number of taxpayers for FY 2023 – FY 2025 is from DBR's website as of October 2023.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2023 Alcoholic Beverage Tax	$207,737	42
2024 Alcoholic Beverage Tax	$207,737	42
2025 Alcoholic Beverage Tax	$207,737	42

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Connecticut exempts from the alcoholic beverages tax the first 15 barrels of beer each year, provided it is consumed on the brewery premises.

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 sales and use tax.

Data Source: Interview with Flag Manufacturers Association of America board member, Detroit News. Annual Estimates of Population for the United States (2019 through 2021), 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. National sales are scaled for Rhode Island using the ratio of Rhode Island's population to the total United States 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

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Sales and Use Tax	$68,652	*No estimate possible*
2021 Sales and Use Tax	$69,454	*No estimate possible*
2022 Sales and Use Tax	$69,148	*No estimate possible*

Projection Methodology: FY 2022 - FY 2025 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2023 Sales and Use Tax	$69,148	*No estimate possible*
2024 Sales and Use Tax	$69,148	*No estimate possible*
2025 Sales and Use Tax	$69,148	*No estimate possible*

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.

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 sales and use tax. 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 2021 and FY 2022 Rhode Island Interactive Sales and Use Tax Simulation Model. The exemption amount for food items paid for under the Supplemental Nutrition Assistance Program (SNAP) under 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).

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2021 Sales and Use Tax	$197,406,134	*No estimate possible*
2022 Sales and Use Tax	$208,699,808	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2023 growth rate in Rhode Island personal consumption expenditures, food and beverages purchases for off-premises consumption from the November 2023 S&P Global forecast to FY 2021 revenue forgone to project FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2023 Sales and Use Tax	$215,026,676	*No estimate possible*
2024 Sales and Use Tax	$218,124,847	*No estimate possible*
2025 Sales and Use Tax	$220,976,829	*No estimate possible*

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 are 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.

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 sales and use tax.

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 the sales and use tax rate of 7%. Number of taxpayers represents the average number of SNAP recipients during each fiscal year.

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Sales and Use Tax	$14,951,921	147,822
2021 Sales and Use Tax	$15,569,325	142,385
2022 Sales and Use Tax	$17,451,164	139,254
2023 Sales and Use Tax	$20,294,008	142,270

Projection Methodology: FY 2024 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from FY 2019 - FY 2023 to FY 2023. FY 2025 is set equal to FY 2024.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Sales and Use Tax	$21,319,849	139,193
2025 Sales and Use Tax	$21,319,849	139,193

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)

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 the motor fuel tax and the sale, storage, use, or other consumption of aviation fuel are exempt from the sales and use tax.

Data Source: Excise Tax Section, Rhode Island Division of Taxation. Gasoline and diesel price data collected from Moody's Analytics. 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

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Sales and Use Tax	$71,376,998	*No estimate possible*
2021 Sales and Use Tax	$71,058,451	*No estimate possible*
2022 Sales and Use Tax	$112,796,550	*No estimate possible*
2023 Sales and Use Tax	$117,513,242	*No estimate possible*

Projection Methodology: FY 2024 is the 2-year average of revenue forgone from FY 2022 and FY 2023. FY 2025 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Sales and Use Tax	$115,154,896	*No estimate possible*
2025 Sales and Use Tax	$115,154,896	*No estimate possible*

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 tax at a reduced rate of 2.99%.

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. Sales tax paid on 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 that are taxed under the state's gasoline tax, 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. Hardship:

Statutory Reference: R.I. Gen. Laws § 44-30-101(e)(2)

Stated Purpose: No stated purpose given in law.

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

Description: Beginning in 2020, Rhode Island residents are required to maintain health insurance or be subject to a tax known as the "Shared Responsibility Payment Penalty." A taxpayer may claim a coverage exemption if they or a member of their household experienced a hardship that prevented them from obtaining minimum essential coverage. Hardship exemptions can include, but are not limited to, homelessness, eviction or foreclosure, death of a close family member, domestic violence, fire, flood, or other damage to your home or filing for bankruptcy. Individuals must be approved through Healthsource RI to receive the exemption.

Data Source: Rhode Island Division of Taxation. The number of taxpayers is a count of how many returns had this exemption claimed. It is possible that a return could represent more than one filer, such as in a joint return, which would be undercounted as reported here. It is also possible that the exemption was claimed for less than a full year. To calculate revenue forgone, Taxation provided an unaudited, taxpayer provided individual mandate penalty assessed, for all returns in that tax year that were assessed a penalty. Average assessed penalty per return was $680 in TY 2020, $769 in TY 2021 and $786 in preliminary TY 2022. ORA multiplied the average assessed penalty by the number of returns claiming that exemption in each tax year.

Reliability Index: 2 (This exemption includes the Religious Conscience exemption from the Shared Responsibility Payment Penalty).

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Shared Responsibility Payment Penalty Tax	$8,840	13
2021 Shared Responsibility Payment Penalty Tax	$18,456	24
2022 Shared Responsibility Payment Penalty Tax	$11,790	15

Projection Methodology: Revenue forgone amounts and number of taxpayers for TY 2023 are calculated using a three-year average based on data from TY 2020 – TY 2022. TYs 2024 and 2025 is set equal to TY 2023.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2023 Shared Responsibility Payment Penalty Tax	$13,029	17
2024 Shared Responsibility Payment Penalty Tax	$13,029	17
2025 Shared Responsibility Payment Penalty Tax	$13,029	17

Law Comparison: A similar provision was found in Massachusetts.

Massachusetts: An individual may file an appeal on the imposition of the penalty claiming a hardship prevented them from purchasing health insurance.

Massachusetts Statute: Mass. Regulation 830 CMR 111M.2.1

42. 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 sales and use tax.

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 2020 - FY 2025, Rhode Island sales of distillate fuel oil and propane included residential, commercial, and industrial 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

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Sales and Use Tax	$25,024,115	*No estimate possible*
2021 Sales and Use Tax	$23,636,849	*No estimate possible*
2022 Sales and Use Tax	$34,383,062	*No estimate possible*
2023 Sales and Use Tax	$43,950,997	*No estimate possible*

Projection Methodology: FY 2024 and FY 2025 revenue forgone amounts were calculated using the previous methodology based on EIA projections for energy consumption and price. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Sales and Use Tax	$41,163,432	*No estimate possible*
2025 Sales and Use Tax	$37,378,435	*No estimate possible*

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. 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)

43. 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 sales and use tax.

Data Source: FY 2021 and FY 2022 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

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2021 Sales and Use Tax	$69,210	*No estimate possible*
2022 Sales and Use Tax	$69,419	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2023 growth rate in the Unites States producer price index for processed foods and feeds from the November 2023 S&P Global forecast to FY 2022 revenue forgone to project FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2023 Sales and Use Tax	$74,032	*No estimate possible*
2024 Sales and Use Tax	$73,082	*No estimate possible*
2025 Sales and Use Tax	$73,259	*No estimate possible*

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)

44. 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

Description: The sale, use, storage, or other consumption of human blood is exempt from the sales and use tax.

Data Source: The 2019 and 2021 National Blood Collection and Utilization Survey Report (conducted by the Association for the Advancement of Blood and Biotherapies), United States

Department of Health and Human Services. Annual Estimates of Population for the United States (2019-2022) and 2020 Decennial Census of Population, United States Census Bureau. Revenue forgone is based on the sale of whole blood, red blood cell units, and apheresis-derived platelet 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

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Sales and Use Tax	$804,040	*No estimate possible*
2021 Sales and Use Tax	$847,677	*No estimate possible*
2022 Sales and Use Tax	$906,676	*No estimate possible*

Projection Methodology: FY 2023 - FY 2025 revenue forgone amounts assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2023 Sales and Use Tax	$906,676	*No estimate possible*
2024 Sales and Use Tax	$906,676	*No estimate possible*
2025 Sales and Use Tax	$906,676	*No estimate possible*

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)

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)

45. 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 sales and use tax, provided that the charges for such labor or services rendered are separately stated by the retailer to the purchaser.

Data Source: FY 2021 and FY 2022 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2021 Sales and Use Tax	$42,031,200	*No estimate possible*
2022 Sales and Use Tax	$44,944,700	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2023 growth rate in Rhode Island personal consumption expenditures on services for household consumption expenditures from the November 2023 S&P Global forecast to FY 2022 revenue forgone to project FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2023 Sales and Use Tax	$48,194,667	*No estimate possible*
2024 Sales and Use Tax	$50,521,943	*No estimate possible*
2025 Sales and Use Tax	$52,580,440	*No estimate possible*

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.

Connecticut Statute: Conn. Gen. Stat. § 12-407(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)

46. 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 sales and use tax 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

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

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

47. 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 from the Division of Lottery are exempt from the state sales or use tax. Prizes are still subject to any taxes applicable to personal income tax.

Data Source: Division of Lottery, Department of Revenue

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Sales and Use Tax	$0	0
2021 Sales and Use Tax	$0	0

Projection Methodology: Revenue forgone and number of taxpayers for FY 2022 – FY 2025 are held constant with FY 2021.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Sales and Use Tax	$0	0
2023 Sales and Use Tax	$0	0
2024 Sales and Use Tax	$0	0
2025 Sales and Use Tax	$0	0

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

48. 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 sales and use tax. 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 2021 and FY 2022 Rhode Island Interactive Sales and Use Tax Simulation Model. Number of taxpayers are from 2021 update of county business patterns published by the United States Census Bureau. Includes all firms classified under the North American Industry Classification System (NAICS) of manufacturing.

Reliability Index: 3

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2021 Sales and Use Tax	$38,531,955	1,189
2022 Sales and Use Tax	$39,691,599	1,189

Projection Methodology: The Office of Revenue Analysis applied the FY 2023 growth rate in the United States producer price index for machinery and equipment from the November 2023 S&P Global forecast to FY 2022 revenue forgone to project FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025. FY 2023 – FY 2025 number of taxpayers held constant with FY 2022.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2023 Sales and Use Tax	$43,078,665	1,189
2024 Sales and Use Tax	$43,917,118	1,189
2025 Sales and Use Tax	$43,792,309	1,189

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.

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 used in or consumed as an integral or essential part of an integrated production operation by a manufacturing or processing plant or facility engaged 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)

49. Medicaid:

Statutory Reference: R.I. Gen. Laws § 44-30-101(e)(6) / R.I. Pub. Laws 2023, Ch. 79, Art. 4, § 4

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2023 / N/A

Description: Rhode Island's health insurance mandate requires Rhode Islanders to have minimum essential coverage for healthcare. During the 2023 session, a new exemption was enacted to exempt any applicable individual who was enrolled in the Medicaid program through December 31, 2023.

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

Reliability Index: 5

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

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

50. 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 sales and use tax. The exemption for over-the-counter drugs was eliminated in the FY 2012 budget.

Data Source: FY 2021 and FY 2022 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2021 Sales and Use Tax	$158,208,681	*No estimate possible*
2022 Sales and Use Tax	$176,557,862	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2023 growth rate in Rhode Island personal consumption expenditures, nondurable goods from the November 2023 S&P Global forecast to FY 2022 revenue forgone to project FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2023 Sales and Use Tax	$185,199,536	*No estimate possible*
2024 Sales and Use Tax	$192,389,102	*No estimate possible*
2025 Sales and Use Tax	$195,463,935	*No estimate possible*

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)

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)

51. 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 the mobile home conveyance tax is exempt from the sales and use tax.

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

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Sales and Use Tax	$667,125	*No estimate possible*
2021 Sales and Use Tax	$387,900	*No estimate possible*
2022 Sales and Use Tax	$328,450	*No estimate possible*
2023 Sales and Use Tax	$598,616	*No estimate possible*

Projection Methodology: FY 2024 and FY 2025 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Sales and Use Tax	$598,616	*No estimate possible*
2025 Sales and Use Tax	$598,616	*No estimate possible*

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

Connecticut: 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)

52. 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 sales and use tax. 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

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

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)

53. 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 sales and use tax, 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

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Sales and Use Tax	$3,705	16
2021 Sales and Use Tax	$3,125	< 10
2022 Sales and Use Tax	$3,341	< 10
2023 Sales and Use Tax	$6,055	12

Projection Methodology: Revenue forgone amounts and number of taxpayers for FY 2024 are calculated using a three-year average based on data from FY 2021 – FY 2023. FY 2025 is set equal to FY 2024.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Sales and Use Tax	$4,174	< 10
2025 Sales and Use Tax	$4,174	< 10

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 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)

54. 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 public service corporation tax 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

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

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

55. Newspapers:

Statutory Reference: R.I. Gen. Laws § 44-18-30(2)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / N/A

Description: The sale, storage, use, or other consumption of newspapers is exempt from the sales and use tax. 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 2021 and FY 2022 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2021 Sales and Use Tax	$2,632,253	*No estimate possible*
2022 Sales and Use Tax	$3,312,034	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2023 growth rate in Rhode Island personal consumption expenditures, other nondurable goods from the November 2023 S&P Global forecast to FY 2022 revenue forgone to project FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2023 Sales and Use Tax	$3,285,332	*No estimate possible*
2024 Sales and Use Tax	$3,412,871	*No estimate possible*
2025 Sales and Use Tax	$3,467,417	*No estimate possible*

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 that 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)

56. 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 insurance gross premiums tax. 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 (NAIC), State Insurance Regulation in Rhode Island: Key Facts and Market Trends for 2020. Insurance Information Institute, Net Premiums Written By Line, Property/Casualty Insurance, 2018-2020. Rhode Island Division of Taxation. For FY 2020, 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 2021 growth rate in U.S. ocean marine insurance premiums to calculate the 2021 ocean marine premiums. Revenue forgone is determined by multiplying the ocean marine insurance premiums amounts by 2%. Number of taxpayers are the number of property/casualty insurance companies who included ocean marine and federal exempt premiums on the Rhode Island insurance tax form. ORA calculated a percentage of ocean marine insurance premiums from this using the NAIC data to exclude federal flood and farm insurance companies from the number of taxpayers.

Reliability Index: 4

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Ins Co Gross Premiums Tax	$459,467	46
2021 Ins Co Gross Premiums Tax	$520,862	45

Projection Methodology: The CY 2022 projection used data provided by NAIC and the Division of Taxation with ORA calculations using the same methodology to that of CY 2020. Taxation data on the number of taxpayers is as of December 2023 and is subject to revision. Revenue forgone for CY 2023 – CY 2025 was grown using the S&P Global forecast for gross state product, finance and insurance as provided for the November 2023 Revenue Estimating Conference. The number of projected taxpayers is held constant with CY 2021

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Ins Co Gross Premiums Tax	$526,577	45
2023 Ins Co Gross Premiums Tax	$515,337	45
2024 Ins Co Gross Premiums Tax	$564,541	45
2025 Ins Co Gross Premiums Tax	$611,198	45

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Ocean marine insurance companies are excluded from the tax on net direct insurance premiums of nonresident and foreign companies.

Connecticut Statute: Conn. Gen. Stat. § 12-210(b)

57. 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 alcoholic beverage excise tax. 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

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

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)

58. 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 personal income tax. 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 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.

Tax Year	***Personal and Dependent Exemption Amount***	***Phase-Out Range***
2020	$4,150	$207,700 - $231,500
2021	$4,250	$210,750 - $234,750
2022	$4,350	$217,050 - $241,850
2023	$4,250	$233,750 - $260,550

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 2020 and 2021 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

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Personal Income Tax	$123,452,894	589,041
2021 Personal Income Tax	$124,613,086	584,166

Projection Methodology: The projected forgone revenue was calculated for TY 2022 – TY 2025 by applying the growth in the United States consumer price index for all urban consumers from the November 2023 S&P Global forecast. The projected number of taxpayers for TY 2022 – TY 2025 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.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Personal Income Tax	$134,565,288	590,379
2023 Personal Income Tax	$140,065,968	596,658
2024 Personal Income Tax	$143,430,650	603,004
2025 Personal Income Tax	$146,643,903	609,417

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 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 2022, 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 $4,350 for TY 2020 and TY 2021 and $4,500 for TY 2022.

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

59. Personal Holding Company, Regulated Investment Company, or Real Estate Investment Trust:

Statutory Reference: R.I. Gen. Laws § 44-11-2(c)

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 business corporation tax. 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: Rhode Island Division of Taxation

Reliability Index: Revenue Forgone: 5, Number of Taxpayers: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Business Corporation Tax	*No estimate possible*	64
2021 Business Corporation Tax	*No estimate possible*	52

Projection Methodology: TY 2022 projected number of taxpayers is the 4-year average count of taxpayers from TY 2018-TY 2021. TY 2023 – TY 2025 are set equal to TY 2022.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Business Corporation Tax	*No estimate possible*	60
2023 Business Corporation Tax	*No estimate possible*	60
2024 Business Corporation Tax	*No estimate possible*	60
2025 Business Corporation Tax	*No estimate possible*	60

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.

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

60. 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 sales and use tax. 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

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

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(ll)

61. 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 sales and use tax, 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 directly to customers at no charge.

Data Source: FY 2021 and FY 2022 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2021 Sales and Use Tax	$27,200	*No estimate possible*
2022 Sales and Use Tax	$29,600	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2023 growth rate in Rhode Island personal consumption expenditures, other nondurable goods from the November 2023 S&P Global forecast to FY 2022 revenue forgone to project FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2023 Sales and Use Tax	$31,049	*No estimate possible*
2024 Sales and Use Tax	$32,254	*No estimate possible*
2025 Sales and Use Tax	$32,770	*No estimate possible*

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 purchasers 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)

62. **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

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

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

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)

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

63. 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 sales and use tax only to the extent that the taxation in this state would violate the provisions of the Constitution of the United States.

Data Source: FY 2021 and FY 2022 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2021 Sales and Use Tax	$9,517,136	*No estimate possible*
2022 Sales and Use Tax	$10,270,477	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2023 growth rate in the United States chained price index for federal gross investment in structures from the November 2023 S&P Global forecast to FY 2022 revenue forgone to project FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2023 Sales and Use Tax	$11,186,996	*No estimate possible*
2024 Sales and Use Tax	$11,452,427	*No estimate possible*
2025 Sales and Use Tax	$11,887,568	*No estimate possible*

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.

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)

64. 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

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

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. The exemption also applies to automobiles if, at the time of purchase, the purchaser was a resident of another state. The exemption also applies in certain scenarios to snowmobiles, ATVs, and aircraft.

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(a)(2)

65. 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 sales and use tax.

Data Source: Excise Tax Section, Rhode Island Division of Taxation. Data is for the returns of motor vehicles only.

Reliability Index: 1

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Sales and Use Tax	$74,641	60
2021 Sales and Use Tax	$63,578	66
2022 Sales and Use Tax	$106,991	90
2023 Sales and Use Tax	$72,935	46

Projection Methodology: Projected revenue forgone and the number of taxpayers for FY 2023 is the three-year average from FY 2021 – FY 2023. FY 2024 figures are held constant.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Sales and Use Tax	$81,168	67
2025 Sales and Use Tax	$81,168	67

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

66. Prosthetic Devices and Mobility Enhancing Equipment:

Statutory Reference: R.I. Gen. Laws § 44-18-30(11)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1948 / 2006

Description: The sale, storage, use, or other consumption of prosthetic devices 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 is exempt from the sales and use tax. Mobility enhancing equipment includes wheelchairs, crutches, and canes.

Data Source: FY 2020 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

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2021 Sales and Use Tax	$15,485,604	*No estimate possible*
2022 Sales and Use Tax	$17,095,066	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2023 growth rate in Rhode Island personal consumption expenditures for other durable goods from the November 2023 S&P Global forecast to FY 2022 revenue forgone to project FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2023 Sales and Use Tax	$17,309,334	*No estimate possible*
2024 Sales and Use Tax	$17,603,404	*No estimate possible*
2025 Sales and Use Tax	$18,099,935	*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 devises 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.

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)

67. 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 sales and use tax 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 2020 and TY 2021 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%. Number of taxpayers are from 2020 and 2021 update of county business patterns published by the United States Census Bureau. Includes all firms classified under the North American Industry Classification System (NAICS) of manufacturing. Note that this tax expenditure estimate overlaps with the "Electricity and Gas" sales and use tax exemption estimate, which is derived from a different data source.

Reliability Index: 2

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Sales and Use Tax	$384,518,750	1,228
2021 Sales and Use Tax	$413,153,020	1,189

Projection Methodology: The Office of Revenue Analysis applied the CY 2021 growth rate in the United States producer price index for all commodities from the November 2023 S&P Global forecast to CY 2021 revenue forgone to project CY 2022 revenue forgone. A similar process was followed for CY 2023 – CY 2025. CY 2022 – CY 2025 number of taxpayers held constant with CY 2021.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Sales and Use Tax	$480,579,805	1,189
2023 Sales and Use Tax	$462,179,977	1,189
2024 Sales and Use Tax	$446,045,612	1,189
2025 Sales and Use Tax	$453,290,295	1,189

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)

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)

68. 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 real estate conveyance tax.

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

Reliability Index: 5

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

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

69. 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 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 / 2022

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 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. Effective January 1, 2023, constructions projects over $10 million are subject to prevailing wage requirements and must receive certification of compliance with these requirements in order to receive tax credits under this program. The sunset date was extended to December 31, 2024 by the 2023 General Assembly.

<u>Data Source</u>: Rhode Island Division of Taxation testimony at the November 2023 Revenue Estimating Conference (REC). Number of taxpayers from Rhode Island Commerce's testimony at same conference. (Projected revenue forgone for the Rebuild Rhode Island tax credit is included in the credits section.)

<u>Reliability Index</u>: 1

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Sales and Use Tax	$2,411,964	4
2021 Sales and Use Tax	$3,133,732	9
2022 Sales and Use Tax	$3,854,370	4
2023 Sales and Use Tax	$4,527,161	3

<u>Projection Methodology</u>: FY 2024 projected revenue forgone is year-to-date as of 10/30/2023 as reported by the Division of Taxation. The FY 2024 number of taxpayers reported is from CommerceRI's November 2023 testimony. FY 2025 is based on projected amounts reported at November 2023 Revenue Estimating Conference by CommerceRI.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Sales and Use Tax	$295,366	3
2025 Sales and Use Tax	$5,520,691	5

<u>Law Comparison</u>: No similar provisions were found for the other New England states.

70. <u>Refillable and Reusable Beverage Containers</u>:

<u>Statutory Reference</u>: R.I. Gen. Laws § 44-44-3

<u>Stated Purpose</u>: No stated purpose given in law.

<u>Year Enacted / Last Year Amended</u>: 1984 / 1998

Description: Reusable and refillable beverage containers are exempt from the tax on beverage containers. 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

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

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

71. Religious Conscience:

Statutory Reference: R.I. Gen. Laws § 44-30-101(e)(3)

Stated Purpose: No stated purpose given in law.

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

Description: Beginning in 2020, Rhode Island residents are required to maintain health insurance or be subject to a tax known as the "Shared Responsibility Payment Penalty." An individual may claim a coverage exemption for members of recognized religious sects.

Data Source: *No reliable data exists for this tax expenditure item. (This exemption is included in the Hardship exemption.)

Reliability Index: 5

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

Law Comparison: A similar provision was found in Massachusetts.

Massachusetts: An individual is exempt from penalty if they file a sworn affidavit with their personal income tax return that their sincerely held religious beliefs are the basis of the refusal to obtain and maintain credible coverage during the taxable year for which the return was filed.

Massachusetts Statute: Mass. Gen. Laws ch. 111M, § 3

72. 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 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 sales and use tax.

Data Source: Rhode Island Office of Energy Resources (OER) and Office of Revenue Analysis (ORA) calculations. The count of taxpayers includes all interconnected solar and wind projects. 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 $11,311 on solar panels per installation in Rhode Island, as found on www.solarreviews.com for 2023. The average cost was adjusted by the consumer price index (CPI) for previous years. The Office of Revenue Analysis used this data to estimate sales of renewable energy products in Rhode Island for TY 2020 – TY 2023 and multiplied it by 7% to estimate revenue forgone. TY 2023 data is for installations through 12/8/2023.

Reliability Index: 2

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Sales and Use Tax	$6,580,287	9,348
2021 Sales and Use Tax	$2,160,774	3,034
2022 Sales and Use Tax	$3,317,067	4,395
2023 Sales and Use Tax	$4,406,992	5,566

Projection Methodology: TY 2024 forgone revenue amounts and number of taxpayers are equal to the 4-year average (TY 2020-2023) amount of revenue forgone and count of taxpayers. TY 2025 is set equal to TY 2024.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Sales and Use Tax	$4,116,280	5,586
2025 Sales and Use Tax	$4,116,280	5,586

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)

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)

73. 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 sales and use tax.

Data Source: FY 2021 and FY 2022 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

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2021 Sales and Use Tax	$42,731,578	*No estimate possible*
2022 Sales and Use Tax	$47,049,655	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2023 growth rate in Rhode Island personal consumption expenditures, health care services from the November 2023 S&P Global forecast to FY 2022 revenue forgone to project FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2023 Sales and Use Tax	$49,688,544	*No estimate possible*
2024 Sales and Use Tax	$51,881,963	*No estimate possible*
2025 Sales and Use Tax	$53,767,967	*No estimate possible*

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

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)

74. Rhode Island Industrial Facilities Corporation Lessees:

Statutory Reference: R.I. Gen. Laws §§ 45-37.1-9 and 45-37.1-9.1

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 2023 Revenue Estimating Conference.

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Sales and Use Tax	$0	0
2021 Sales and Use Tax	$33,843	1
2022 Sales and Use Tax	$0	0
2023 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 2024 and FY 2025 was set equal to FY 2023.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Sales and Use Tax	$0	0
2025 Sales and Use Tax	$0	0

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

75. 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 alcoholic beverage excise tax.

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

Reliability Index: 5

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

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

76. 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.

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 Rhode Island sales and use tax in another taxing jurisdiction. If the purchaser has paid a sales or use tax in an amount less than the amount imposed by the Rhode Island sales and use tax 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 the Rhode Island sales and use tax.

Data Source: Data from Rhode Island Department of Revenue, Division of Motor Vehicles (DMV) and Division of Taxation, Office of Revenue Analysis (ORA) calculation. Estimate includes motor vehicles purchased in Massachusetts but registered in Rhode Island and sales taxes paid in other states claimed on personal income tax (PIT) forms. ORA assumed that sales taxes claimed on a PIT tax form belong to the following fiscal year.

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Sales and Use Tax	$15,759,268	12,986
2021 Sales and Use Tax	$21,376,384	15,870
2022 Sales and Use Tax	$22,523,367	14,394

Projection Methodology: FY 2023 revenue forgone and number of taxpayers is for motor vehicles purchased in Massachusetts but registered in RI only. The projected revenue forgone for FY 2024 as well as the projected number of taxpayers is determined by the average of the values from FY 2021 – FY 2023. FY 2025 is set equal to FY 2024.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2023 Sales and Use Tax	$25,656,796	16,026
2024 Sales and Use Tax	$23,185,516	15,430
2025 Sales and Use Tax	$23,185,516	15,430

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)

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)

77. 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 sales and use tax.

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

Reliability Index: 5

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

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)

78. Sales by Writers, Composers, Artists:

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

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

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Sales and Use Tax	$970,077	793
2021 Sales and Use Tax	$1,488,819	879
2022 Sales and Use Tax	$1,262,488	818

Projection Methodology: The Office of Revenue Analysis calculated the CY 2020-2022 average in revenue forgone and the number of taxpayers to project CY 2023 forgone revenue and number of taxpayers. CY 2024 and CY 2025 assume no additional growth.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2023 Sales and Use Tax	$1,240,461	830
2024 Sales and Use Tax	$1,240,461	830
2025 Sales and Use Tax	$1,240,461	830

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

79. 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.

<u>Year Enacted / Last Year Amended</u>: 2002 / 2005

<u>Description</u>: 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.

<u>Data Source</u>: Excise Tax Section, Rhode Island Division of Taxation. As of October 2023, no business has applied for status as an eligible business engaging in qualifying sales in a MED Zone.

<u>Reliability Index</u>: 1

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
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

Projection Methodology: FY 2024 and FY 2025 revenue forgone amounts and number of taxpayers are held constant with FY 2023.
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Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Sales and Use Tax	$0	0
2025 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.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9819(a)

80. 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 sales and use tax.

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

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Sales and Use Tax	$50,701	12
2021 Sales and Use Tax	$23,568	12
2022 Sales and Use Tax	$37,801	12

Projection Methodology: For FY 2023 – FY 2025, the amount of exemption was calculated using forecast data provided by S&P Global for the November 2023 Revenue Estimating Conference for personal consumption expenditures, food services and accommodations. The number of taxpayers was held constant with FY 2022.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2023 Sales and Use Tax	$39,334	12
2024 Sales and Use Tax	$39,901	12
2025 Sales and Use Tax	$40,422	12

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

81. 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 sales and use tax. 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 use tax 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 2020 sales data and grew it by the growth realized in RI registry receipts for FY 2021 to arrive at FY 2021 revenue forgone. FY 2020 number of taxpayers is as reflected in the actual data whereas FY 2021 number of taxpayers is the three-year average of taxpayers found from fiscal years 2020, 2017, and 2015 (years for which data is available).

Reliability Index: 2

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Sales and Use Tax	$1,081,068	694
2021 Sales and Use Tax	$1,457,127	1,370

Projection Methodology: The FY 2022 and FY 2023 growth rates in Rhode Island registry sales tax receipts were applied sequentially to the FY 2021 revenue forgone to estimate FY 2022 and FY 2023 forgone revenues. The same process was used to project the number of taxpayers for FY 2022 and FY 2023. FY 2024 and FY 2025 assume no additional growth and number of taxpayers was held constant.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Sales and Use Tax	$1,521,705	1,431
2023 Sales and Use Tax	$1,585,584	1,491
2024 Sales and Use Tax	$1,585,584	1,491
2025 Sales and Use Tax	$1,585,584	1,491

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)

82. 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 sales and use tax. 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 use tax 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 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

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

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)

83. 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

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 use tax.

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

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

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)

84. Sales to Common Carriers for Use Outside of the State:

Statutory Reference: R.I. Gen. Laws § 44-18-33

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 sales and use tax.

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

Reliability Index: 5

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

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

85. 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 sales and use tax.

Data Source: FY 2021 and FY 2022 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2021 Sales and Use Tax	$4,791,200	*No estimate possible*
2022 Sales and Use Tax	$4,778,300	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2023 growth rate in the United States chained price index for federal purchases from the November 2023 S&P Global forecast to FY 2021 revenue forgone to project FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2023 Sales and Use Tax	$5,021,002	*No estimate possible*
2024 Sales and Use Tax	$5,139,687	*No estimate possible*
2025 Sales and Use Tax	$5,243,943	*No estimate possible*

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)

86. 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 sales and use tax. 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 2021 and FY 2022 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

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2021 Sales and Use Tax	$44,022,200	136
2022 Sales and Use Tax	$44,619,000	138

Projection Methodology: The Office of Revenue Analysis applied the growth rate in projected FY 2023 Rhode Island state expenditures over those audited FY 2022 state estimates to calculate FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025 using the enacted

FY 2024 state expenditures and projected FY 2025 state expenditures as reported publicly by the Rhode Island House Fiscal Office for the enacted FY 2024 budget. The number of taxpayers for FY 2023-FY 2025 is held constant with FY 2022.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2023 Sales and Use Tax	$44,059,269	138
2024 Sales and Use Tax	$46,195,997	138
2025 Sales and Use Tax	$48,436,349	138

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

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)

87. 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 motor fuel tax.

Data Source: Excise Tax Section, Rhode Island Division of Taxation. Revenue forgone is based on motor fuel consumption by exempt distributors.

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Motor Fuel Tax	$1,655,501	6
2021 Motor Fuel Tax	$2,856,047	6
2022 Motor Fuel Tax	$2,157,351	6
2023 Motor Fuel Tax	$2,991,836	6

Projection Methodology: The amount of exemption for FY 2024 and FY 2025 is the three-year average of the amount of revenue forgone for FY 2021 – FY 2023, and the number of taxpayers is held constant with FY 2023.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Motor Fuel Tax	$2,668,411	6
2025 Motor Fuel Tax	$2,668,411	6

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

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, 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)(B)

88. 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 sales and use tax.

Data Source: FY 2021 and FY 2022 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2021 Sales and Use Tax	$2,737,095	*No estimate possible*
2022 Sales and Use Tax	$2,887,235	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2023 growth rate in Rhode Island personal consumption expenditures, food services and accommodations from the November 2023 S&P Global forecast to FY 2022 revenue forgone to project FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2023 Sales and Use Tax	$3,127,013	*No estimate possible*
2024 Sales and Use Tax	$3,286,269	*No estimate possible*
2025 Sales and Use Tax	$3,456,854	*No estimate possible*

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.

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

89. 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

Description: The owners of shares of stock, bonds, debentures, and other evidences of indebtedness of any corporation liable to the public service corporation tax 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

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

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

90. 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 sales and use tax. 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

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.)

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)

91. 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.

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 and/or a wheelchair accessible public motor vehicle as defined in R.I. Gen. Laws §§ 39-14-1 and 39-14.1-1, respectively, are exempt from the sales and use tax.

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

Reliability Index: 5

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

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

92. Stay Invested in RI Wavemaker Fellowship Awards:

Statutory Reference: R.I. Gen. Laws Ch. 42-64.26-8 / R.I. Pub. Laws 2022, Ch. 231, Art. 9, § 10 / R.I. Pub. Laws 2023, Ch. 79, Art. 7, § 10

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2015 / 2023

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.

The Stay Invested in RI Wavemaker Fellowship program was expanded to include health care professionals, including high-demand healthcare practitioners or mental health professionals, clinical social workers, and mental health counselors licensed by the Department of Health effective July 1, 2022. No credits can be authorized to be reserved after December 31, 2024.

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 2020 and TY 2021 of 2.91% and 3.08%, respectively, to the amount of personal income tax credit for TY 2020 and tax credit and refund option taken in TY 2021. This estimate is conservative in that not all tax credit awarded will subsequently be converted to a refund by the taxpayer.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Personal Income Tax	$1,745	24
2021 Personal Income Tax	$27,598	270

Projection Methodology: Projected forgone revenue for TY 2022 was determined by applying the average of the effective tax rates from Rhode Island personal income tax returns for TY 2020 and TY 2021 of 3.00% to the amount of personal income tax credit and refund amount in TY 2022. TY 2023 forgone revenue is equal to the TY 2021 – TY 2022 average amount of revenue forgone. The number of taxpayers is equal to the TY 2021 – TY 2022 average number of taxpayers. TY 2024 and TY 2025 are set equal to TY 2023.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Personal Income Tax	$16,003	163
2023 Personal Income Tax	$21,800	217
2024 Personal Income Tax	$21,800	217
2025 Personal Income Tax	$21,800	217

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

93. Supplies Used in On-Site Hazardous Waste Recycling, Reuse, or Treatment:

Statutory Reference: R.I. Gen. Laws § 44-18-30(37)

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 sales and use tax. 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

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

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)

94. 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.

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 sales and use tax.

Data Source: FY 2021 and FY 2022 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2021 Sales and Use Tax	$355,555	*No estimate possible*
2022 Sales and Use Tax	$381,029	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2023 growth rate in the United States producer price index for intermediate materials from the November 2023 S&P Global forecast to FY 2022 revenue forgone to project FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2023 Sales and Use Tax	$395,955	*No estimate possible*
2024 Sales and Use Tax	$371,435	*No estimate possible*
2025 Sales and Use Tax	$362,480	*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)

95. Taxpayers with Income Below Filing Threshold:

Statutory Reference: R.I. Gen. Laws § 44-30-101(e)(4)

Stated Purpose: No stated purpose given in law.

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

Description: Beginning in 2020, Rhode Island residents are required to maintain health insurance or be subject to a tax known as the "Shared Responsibility Payment Penalty." If an individual's gross income or the income of their household is less than the minimum threshold required for filing a tax return, then the taxpayer is exempt from the shared responsibility payment penalty tax.

Data Source: Rhode Island Division of Taxation. The number of taxpayers is a count of how many returns had this exemption claimed. It is possible that a return could represent more than one filer, such as in a joint return, which would be undercounted as reported here. It is also possible that the exemption was claimed for less than a full year. To calculate revenue forgone, Taxation provided an unaudited, taxpayer provided individual mandate penalty assessed for all returns in that tax year that were assessed a penalty. Average assessed penalty per return was $680 in TY 2020, $769 in TY 2021 and $786 in preliminary TY 2022. ORA multiplied the average assessed penalty by the number of returns claiming that exemption in each tax year.

Reliability Index: 2

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Shared Responsibility Payment Penalty Tax	$1,547,000	2,275
2021 Shared Responsibility Payment Penalty Tax	$1,210,406	1,574
2022 Shared Responsibility Payment Penalty Tax	$1,230,876	1,566

Projection Methodology: Revenue forgone amounts and number of taxpayers for TY 2023 are calculated using a three-year average based on data from TY 2020 – TY 2022. TYs 2024 and 2025 is set equal to TY 2023.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2023 Shared Responsibility Payment Penalty Tax	$1,329,427	1,805
2024 Shared Responsibility Payment Penalty Tax	$1,329,427	1,805
2025 Shared Responsibility Payment Penalty Tax	$1,329,427	1,805

Law Comparison: A similar provision was found in Massachusetts.

Massachusetts: Individuals at or below 150% of the Federal Poverty Level (FPL) are not subject to a penalty for failure to purchase health insurance.

Massachusetts Statute: Mass. TIR 22-17

96. Telecommunications Carrier Access Services:

Statutory Reference: R.I. Gen. Laws § 44-18-30(45)

Stated Purpose: No stated purpose given in law.

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 sales and use tax.

Data Source: FY 2021 and FY 2022 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2021 Sales and Use Tax	$12,804,900	*No estimate possible*
2022 Sales and Use Tax	$13,536,000	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2023 growth rate in Rhode Island gross domestic state product for utilities from the November 2023 S&P Global forecast to FY 2022 revenue forgone to project FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2023 Sales and Use Tax	$15,331,959	*No estimate possible*
2024 Sales and Use Tax	$15,330,918	*No estimate possible*
2025 Sales and Use Tax	$15,906,273	*No estimate possible*

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)

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)

97. 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 sales and use tax.

Data Source: FY 2021 and FY 2022 Rhode Island Interactive Sales and Use Tax Simulation Model. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2021 Sales and Use Tax	$2,103,592	*No estimate possible*
2022 Sales and Use Tax	$2,306,924	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2023 growth rate in Rhode Island personal consumption expenditures for other durable goods from the November 2023 S&P Global forecast to FY 2022 revenue forgone to project FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2023 Sales and Use Tax	$2,335,839	*No estimate possible*
2024 Sales and Use Tax	$2,375,523	*No estimate possible*
2025 Sales and Use Tax	$2,442,528	*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: Textbooks are exempt if sold by an organization that qualifies for exempt status under the provisions of 26 U.S.C. § 501(c)(3) and whose 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)

98. 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

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Sales and Use Tax	$74,641	60
2021 Sales and Use Tax	$63,578	66
2022 Sales and Use Tax	$72,448	65
2023 Sales and Use Tax	$26,024	16

Projection Methodology: FY 2024 and FY 2025 are the three-year averages for data reported for FY 2021 – FY 2023.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Sales and Use Tax	$54,017	49
2025 Sales and Use Tax	$54,017	49

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)

99. 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 sales and use tax. R.I. Gen. Laws § 44-18-30(48), adopted in 1993, exempted the sale of new or used boats from the sales and use tax. This effectively rendered the exemption of the trade-in value of boats moot.

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

Reliability Index: 5

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

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.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 9701(4)(B)(v) and 9701(10)

100. Trade-In Value of Motorcycles:

Statutory Reference: R.I. Gen. Laws § 44-18-30(68) / R.I. Pub. Laws 2022, Ch. 231, Article 6, § 8

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2022 / N/A

Description: Effective October 1, 2022, the sale, storage, use, or other consumption of the portion of the purchase price paid for a new or used motorcycle that is allocated for a trade-in allowance from the motorcycle of the buyer traded in to the seller or of the proceeds received from the manufacturer of motorcycles for the repurchase of the motorcycle, whether the repurchase was voluntary or not, towards the purchase of a new or used motorcycle by the buyer is exempt from the sales and use tax. The term motorcycle means a motorcycle not used for hire and does not refer to any other motor vehicle.

Data Source: Division of Motor Vehicles, Rhode Island Department of Revenue.

Reliability Index: 1

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2023 Sales and Use Tax	$117,037	181

Projection Methodology: FY 2024 and FY 2025 were grown using forecast data from S&P Global for personal consumption expenditures, durable goods, motor vehicles and parts. The number of taxpayers for FY 2024 and FY 2025 were held constant with FY 2023.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Sales and Use Tax	$114,507	181
2025 Sales and Use Tax	$109,435	181

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

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 defines motorcycles as a motor vehicle with or without a side car.

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. A motor vehicle is defined as any self-propelled vehicle designed for the conveyance of passengers on the public highways.

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. A motor vehicle is defined as a self-propelled vehicle designed for use and used primarily on the highway.

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 defines a motorcycle as a type of motor vehicle.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 8902(5)(A)

101. 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 sales and use tax. 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.

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Sales and Use Tax	$14,034,465	22,450
2021 Sales and Use Tax	$18,048,027	27,209
2022 Sales and Use Tax	$21,395,963	22,971
2023 Sales and Use Tax	$25,313,303	26,336

Projection Methodology: FY 2024 and FY 2025 were grown using forecast data from S&P Global for personal consumption expenditures, durable goods, motor vehicles and parts. The number of taxpayers for FY 2024 and FY 2025 were held constant with FY 2023.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Sales and Use Tax	$24,766,091	26,336
2025 Sales and Use Tax	$23,669,122	26,336

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

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)

102. 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 sales and use tax 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

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

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)

103. 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 sales and use tax is exempt from said tax when the transfer or sale is 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 sales and use tax; 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

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

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)

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)

104. 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(l), 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 sales and use tax.

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

Reliability Index: 5

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

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

105. 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% 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

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Hotel Tax	$3,796,496	*No estimate possible*
2021 Hotel Tax	$3,701,787	*No estimate possible*
2022 Hotel Tax	$3,760,897	*No estimate possible*
2023 Hotel Tax	$4,113,258	*No estimate possible*

Projection Methodology: ORA projections of the hotel tax amounts for FY 2024 - FY 2025 are as forecasted for the FY 2025 Governor's Recommended budget. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Sales and Use Tax	$4,810,492	*No estimate possible*
2025 Sales and Use Tax	$4,919,762	*No estimate possible*

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

106. 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 the Rhode Island sales and use tax 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 the Rhode Island sales tax rate, then the buyer must pay the difference between the amount of the tax paid and the amount of the Rhode Island sales and use tax to the tax administrator.

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

Reliability Index: 5

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

Law Comparison: Connecticut has a similar provision.

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)

107. 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 from the Division of Lottery are exempt from the state sales or use tax. Prizes are still subject to the personal income tax.

Data Source: Division of Lottery, Department of Revenue

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Sales and Use Tax	$0	0
2021 Sales and Use Tax	$0	0

Projection Methodology: Revenue forgone and number of taxpayers for FY 2022 – FY 2024 are held constant with FY 2021.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Sales and Use Tax	$0	0
2023 Sales and Use Tax	$0	0
2024 Sales and Use Tax	$0	0
2025 Sales and Use Tax	$0	0

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

108. 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 sales and use tax.

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 $496.53 for FY 2020 and $499.52 for FY 2021. 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 441,274 households in CY 2020 and 440,170 in CY 2021. 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

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Sales and Use Tax	$14,608,737	424,224
2021 Sales and Use Tax	$15,364,364	440,722

Projection Methodology: FY 2022 revenue forgone amounts and number of taxpayers were forecasted using the same methodology as noted above. ORA applied the growth rates from the S&P Global forecast provided for the November 2023 Revenue Estimating Conference (REC) for total Rhode Island family and non-family households to project FY 2023 – FY 2025 revenue forgone and number of taxpayers.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Sales and Use Tax	$15,607,121	447,685
2023 Sales and Use Tax	$15,639,461	448,613
2024 Sales and Use Tax	$15,651,042	448,945
2025 Sales and Use Tax	$15,682,482	449,847

Law Comparison: Connecticut, Maine, Massachusetts, and Vermont 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)

Vermont: Water is excluded from taxable public utility services.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9771(3)

109. 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 sales and use tax.

Data Source: Tax Administrator's Reports *Sales and Taxation of Alcoholic Beverages in Rhode Island* published May 2022 and May 2023. United States Census Data, 2020 Decennial Census and the 2021 and 2022 American Community Survey 1-Year Estimates. United States Centers for Disease Control and Prevention, Behavioral Risk Factor Surveillance System Data, 2020-2022. 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 to calculate revenue forgone. To estimate the number of taxpayers, ORA utilized CDC survey data on the percentage of adults who said that had had at least one drink of alcohol within the past 30 days and applied that percentage to the number of Rhode Island adults as reported by the Census Bureau.

Reliability Index: 1 (Revenue Forgone); 2 (Number of Taxpayers)

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Sales and Use Tax	$19,135,601	518,355
2021 Sales and Use Tax	$21,302,210	520,839
2022 Sales and Use Tax	$21,079,637	512,088

Projection Methodology: The Office of Revenue Analysis applied the FY 2023 growth rate in personal consumption expenditures, food and beverages purchased for off-premises consumption from the S&P Global forecast provided for the November 2023 Revenue Estimating Conference to FY 2022 revenue forgone to project FY 2023 revenue forgone. A similar process was followed for FY 2024 and FY 2025. The projected number of taxpayers is the average of FY 2020 – 2022.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2023 Sales and Use Tax	$21,934,350	517,094
2024 Sales and Use Tax	$22,250,387	517,094
2025 Sales and Use Tax	$22,541,310	517,094

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)

110. 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 sales and use tax.

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

Reliability Index: 5

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

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 the business corporation tax, bank excise tax, and personal income tax, 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 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 be minimal 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 TYs 2020 and 2021, this deduction includes combined bonus depreciation, and any § 179 expensing reported for C-corporations only, and the amounts are not necessarily specific to Rhode Island-based activity. For TY 2020 and TY 2021, 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 and the amounts are not necessarily specific to Rhode Island-based activity. For TYs 2020 and 2021, the total net deduction amount was positive; therefore, there is no revenue forgone from this deduction. The number of taxpayers includes those taxpayers with a deduction that increased or decreased 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 2020 and TY 2021, the total net modification by resident and non-resident taxpayers increased federal AGI; therefore, there is no revenue forgone from this modification in TY 2020 or TY 2021. The number of taxpayers includes those resident and non-resident taxpayers with a modification that either increased or decreased federal AGI.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Business Corporation Tax	$0	29,959
2020 Bank Tax	$0	53
2020 Personal Income Tax	$0	30,830
2020 Total	**$0**	**60,842**

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2021 Business Corporation Tax	$0	29,193
2021 Bank Tax	$0	42
2021 Personal Income Tax	$0	26,263
2021 Total	**$0**	**55,498**

Projection Methodology: *Business Corporation:* TY 2022 projection provided by the Division of Taxation with data that was available as of June 2023 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 2023-2025. The projected number of taxpayers for tax years 2023-2025 is the 4-year average number of taxpayers reported for TYs 2018-2021. *Bank Taxes, 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 2022-2025. The number of projected taxpayers for TY 2022 is the 4-year average of total taxpayers that have taken the modification either increasing or decreasing federal AGI. TYs 2023-2025 are set equal to TY 2022.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Business Corporation Tax	$0	9,491
2022 Bank Tax	$0	55
2022 Personal Income Tax	*No estimate possible*	27,436
2022 Projected Total	**$0**	**36,982**
2023 Business Corporation Tax	*No estimate possible*	28,977
2023 Bank Tax	*No estimate possible*	55
2023 Personal Income Tax	*No estimate possible*	27,436
2023 Projected Total	***No estimate possible***	**56,468**
2024 Business Corporation Tax	*No estimate possible*	28,977
2024 Bank Tax	*No estimate possible*	55
2024 Personal Income Tax	*No estimate possible*	27,436
2024 Projected Total	***No estimate possible***	**56,468**

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2025 Business Corporation Tax	*No estimate possible*	28,977
2025 Bank Tax	*No estimate possible*	55
2025 Personal Income Tax	*No estimate possible*	27,436
2025 Projected Total	***No estimate possible***	**56,468**

**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.

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 business corporation tax.

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

Reliability Index: 5

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

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 personal income tax 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 2020 and TY 2021 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

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Personal Income Tax	$503	< 10
2021 Personal Income Tax	$353	< 10

Projection Methodology: TY 2022 projected amount of forgone revenue and number of taxpayers is the 4-year average number of taxpayers reported for TYs 2018-2021. TY 2023 – TY 2025 are set equal to TY 2022.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Personal Income Tax	$507	< 10
2023 Personal Income Tax	$507	< 10
2024 Personal Income Tax	$507	< 10
2025 Personal Income Tax	$507	< 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 personal income tax 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 2020 and TY 2021 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 (This modification includes the Federally Taxable Qualified Withdrawals from Tuition Savings Program Account modification).

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Personal Income Tax	$169,111	4,255
2021 Personal Income Tax	$187,939	4,438

Projection Methodology: TY 2022 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2017- TY 2021 to TY 2021. TY 2023 – TY 2025 are set equal to TY 2022.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Personal Income Tax	$199,286	4,673
2023 Personal Income Tax	$199,286	4,673
2024 Personal Income Tax	$199,286	4,673
2025 Personal Income Tax	$199,286	4,673

Law Comparison: Connecticut, Maine, 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(a)(20)(B)(xiii) and 12-701a

Maine: For tax years beginning on or after January 1, 2023, the income subtraction modification for contributions to a qualified tuition program established under Section 529 of the Internal Revenue Code is reinstated. The deduction, equal to contributions made to a qualified tuition plan up to $1,000 for each designated beneficiary, may not be claimed by taxpayers whose federal adjusted gross income exceeds $100,000 if filing single or married filing separately, or $200,000 if married filing jointly or head of household.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5122(2)YY

Massachusetts: 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.

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. Distributions may be used for qualified postsecondary school expenses, qualified expenses for registered apprenticeships, and for qualified higher education loan repayments.

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 a business corporation tax, public service corporation tax, bank excise tax, or insurance company gross premiums tax return may take as a modification decreasing federal adjusted gross income (AGI) prior to computing the personal income tax, 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 2020 and TY 2021 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

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Personal Income Tax	$32,344	119
2021 Personal Income Tax	$84,837	55

Projection Methodology: TY 2022 projected amount of forgone revenue and number of taxpayers is the 4-year average of total taxpayers that have taken the modification and estimated revenue forgone. TYs 2023 – 2025 are set equal to TY 2022.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Personal Income Tax	$40,373	83
2023 Personal Income Tax	$40,373	83
2024 Personal Income Tax	$40,373	83
2025 Personal Income Tax	$40,373	83

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 personal income tax.

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

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

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 be taken by a qualifying taxpayer as a modification reducing federal adjusted gross income (AGI) for the purposes of computing the personal income tax.

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

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

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 personal income tax. 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 2020 and TY 2021 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

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Personal Income Tax	$12,320	219
2021 Personal Income Tax	$21,485	225

Projection Methodology: TY 2022 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2017 - TY 2021 to TY 2021. TY 2023 – TY 2025 are set equal to TY 2022.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Personal Income Tax	$22,908	214
2023 Personal Income Tax	$22,908	214
2024 Personal Income Tax	$22,908	214
2025 Personal Income Tax	$22,908	214

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 historic preservation tax credits are taken as a modification decreasing federal (AGI) prior to the calculation of the taxes.

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 the personal income tax.

In the event that the seller is not a natural person, the seller's tax calculation under the business corporation tax, public service corporation tax (except the taxation of certain tangible personal property), bank excise tax, insurance company gross premiums tax, and personal income tax, 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 the personal income tax.

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 2020 and TY 2021 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 2020 and TY 2021 tax credit redemption. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 2

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Personal Income Tax	$2,427	132
2021 Personal Income Tax	$2,548	16

Projection Methodology: Projected amount of modification and number of taxpayers for TY 2022 is the 4-year average of revenue forgone and number of taxpayers from TY 2018-TY 2021. TYs 2023-2025 are set equal to TY 2022.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Personal Income Tax	$8,941	59
2023 Personal Income Tax	$8,941	59
2024 Personal Income Tax	$8,941	59
2025 Personal Income Tax	$8,941	59

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 historic structures tax credits shall be taken as a modification decreasing federal adjusted gross income (AGI) prior to the calculation of the taxes.

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 the personal income tax.

In the event that the seller is not a natural person, the seller’s tax calculation under the business corporation tax, public service corporation tax (except the taxation of certain tangible personal property), bank excise tax, insurance company gross premiums tax, and personal income tax, 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 the personal income tax.

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 2020 and TY 2021 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 2020 and TY 2021 tax credit redemption. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 2

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Personal Income Tax	$1,675	44
2021 Personal Income Tax	$12,837	17

Projection Methodology: Projected amount of modification and number of taxpayers for TY 2022 is the 4-year average of revenue forgone and number of taxpayers from TY 2018-TY 2021. TYs 2023-2025 are set equal to TY 2022.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Personal Income Tax	$13,332	31
2023 Personal Income Tax	$13,332	31
2024 Personal Income Tax	$13,332	31
2025 Personal Income Tax	$13,332	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 which has been issued to a motion picture production company, or passed through to partners, members, owners, shareholders, etc in accordance with R.I. Gen. Laws § 44-31.2-5(d), to the extent not previously claimed against the tax of the motion picture production company or of the owner of the certificate, may be transferred or sold by such company to another Rhode Island taxpayer, subject to certain procedures and 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 is taken as a modification decreasing federal taxable income prior to the calculation of taxes.

Failure to comply with transfer requirements set forth in 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 2020 and TY 2021 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 2020 and TY 2021 tax credit redemption. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 2

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Personal Income Tax	$13,135	46
2021 Personal Income Tax	$69,729	35

Projection Methodology: Projected amount of modification and number of taxpayers for TY 2022 is the 4-year average of revenue forgone and number of taxpayers from TY 2018-TY 2021. TYs 2023-2025 are set equal to TY 2022.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Personal Income Tax	$22,155	23
2023 Personal Income Tax	$22,155	23
2024 Personal Income Tax	$22,155	23
2025 Personal Income Tax	$22,155	23

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 against the business corporation tax, public service corporation tax (except the taxation of certain tangible personal property), bank excise tax, insurance company gross premiums tax, and personal income tax. 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 2020 and TY 2021 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 2020 and TY 2021 tax credit redemption. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 2

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Personal Income Tax	$1,311	73
2021 Personal Income Tax	$5,162	17

Projection Methodology: Projected amount of modification and number of taxpayers for TY 2022 is the 4-year average of revenue forgone and number of taxpayers from TY 2018-TY 2021. TYs 2023-2025 are set equal to TY 2022.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Personal Income Tax	$1,450	25
2023 Personal Income Tax	$1,450	25
2024 Personal Income Tax	$1,450	25
2025 Personal Income Tax	$1,450	25

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 personal income tax provided that at the time of the sale, transfer, or exercise the corporation is a qualifying corporation. A qualifying corporation is headquartered or has a principal office located in Rhode Island and has at least 100 or 50% of its full-time employees based in Rhode Island. Further corporation qualifications are defined in R.I. Gen. Laws § 44-43-8(c).

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 2020 and TY 2021 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.)

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Personal Income Tax	$171,745	28
2021 Personal Income Tax	$12,032	16

Projection Methodology: TY 2022 projected amount of forgone revenue and number of taxpayers is the 3-year average number of taxpayers reported for TYs 2017, 2019, and 2021, excluding two outlier years of data from TY 2018 and TY 2020. TYs 2023-2025 are set equal to TY 2022.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Personal Income Tax	$24,393	23
2023 Personal Income Tax	$24,393	23
2024 Personal Income Tax	$24,393	23
2025 Personal Income Tax	$24,393	23

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)(v)

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 personal income tax.

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 2020 and TY 2021 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

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Personal Income Tax	$2,371,998	19,491
2021 Personal Income Tax	$2,083,053	14,762

Projection Methodology: TY 2022 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2017- TY 2021 to TY 2021. TY 2023 – TY 2025 are set equal to TY 2022.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Personal Income Tax	$2,133,695	14,646
2023 Personal Income Tax	$2,133,695	14,646
2024 Personal Income Tax	$2,133,695	14,646
2025 Personal Income Tax	$2,133,695	14,646

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.

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 personal income tax.

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 2020 and TY 2021 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

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Personal Income Tax	$799,283	1,054
2021 Personal Income Tax	$992,262	730

Projection Methodology: TY 2022 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2017- TY 2021 to TY 2021. TY 2023 – TY 2025 are set equal to TY 2022.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Personal Income Tax	$1,118,862	710
2023 Personal Income Tax	$1,118,862	710
2024 Personal Income Tax	$1,118,862	710
2025 Personal Income Tax	$1,118,862	710

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

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 business corporation or personal income taxes 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 2020 and TY 2021 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 2020 and TY 2021 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

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Business Corporation Tax	$67,820	13
2020 Personal Income Tax	$552	< 10
2020 Total	**$68,372**	**Not Available***
2021 Business Corporation Tax	$495,723	36
2021 Personal Income Tax	$6,014	< 10
2021 Total	**$501,737**	**Not Available***

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

Projection Methodology: *Business Corporation Tax*: TY 2022 projections provided by the Division of Taxation with data that was available as of June 2023 and is subject to revision. TY 2023-TY 2025 is the four-year average from TY 2019 – TY 2022 of revenue forgone and number of taxpayers.

Personal Income Tax: TY 2022 projected amount of forgone revenue and number of taxpayers is the five-year average from TY 2017 – TY 2021 of revenue forgone and number of taxpayers. TY 2023 – TY 2025 are set equal to TY 2022.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Business Corporation Tax	$259,219	11
2022 Personal Income Tax	$1,823	< 10
2022 Projected Total	**$261,042**	**Not Available***
2023 Business Corporation Tax	$272,160	18
2023 Personal Income Tax	$1,823	< 10
2023 Projected Total	**$273,983**	**Not Available***
2024 Business Corporation Tax	$272,160	18
2024 Personal Income Tax	$1,823	< 10
2024 Projected Total	**$273,983**	**Not Available***
2025 Business Corporation Tax	$272,160	18
2025 Personal Income Tax	$1,823	< 10
2025 Projected Total	**$273,983**	**Not Available***

**Indicates data that is not disclosed 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 2020 and TY 2021 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 taxpayers with a modification that decreased federal AGI.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Personal Income Tax	$4,024	48
2021 Personal Income Tax	$5,078	25

Projection Methodology: TY 2022 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2017- TY 2021 to TY 2021. TY 2023 – TY 2025 are set equal to TY 2022.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Personal Income Tax	$5,303	28
2023 Personal Income Tax	$5,303	28
2024 Personal Income Tax	$5,303	28
2025 Personal Income Tax	$5,303	28

Law Comparison: Connecticut and Massachusetts have similar provisions.

Connecticut: Taxpayers may subtract up to $10,000 from Connecticut AGI for certain expenses (lost wages, medical, travel and housing 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

Description: An eligible employee of a certified company shall be allowed a modification decreasing adjusted gross income by up to 50% of the performance-based income (commonly known as bonuses) realized by the eligible employee prior to computing their personal income tax during any calendar year for which an eligible company is certified. A certified company must apply to the Rhode Island Commerce Corporation and employ 100 or more new workers and have new payroll of at least $10 million. In general, eligible employees make more than 125% of the state's average wage.

In any taxable year, a certified company or its affiliates pays a tax equal to 5% of the aggregate performance-based compensation paid to its eligible employees.

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 2020 and TY 2021 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

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Personal Income Tax	$1,039	< 10
2021 Personal Income Tax	$5,593	< 10

Projection Methodology: TY 2022 projected amount of forgone revenue and number of taxpayers is the four-year average from TY 2018 – TY 2021 of revenue forgone and number of taxpayers. TY 2023 – TY 2025 are set equal to TY 2022.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Personal Income Tax	$4,618	< 10
2023 Personal Income Tax	$4,618	< 10
2024 Personal Income Tax	$4,618	< 10
2025 Personal Income Tax	$4,618	< 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 eligible individual 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 personal income tax. The modification is available only to artists, writers and composers that reside within designated economic development zones in Providence, Pawtucket, Woonsocket, Warwick, East Providence, Westerly, or Warren or within Newport, Tiverton, Little Compton.

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 2020 and TY 2021 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

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Personal Income Tax	$13,652	79
2021 Personal Income Tax	$14,981	90

Projection Methodology: TY 2022 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2017- TY 2021 to TY 2021. Forgone revenues for TY 2023 – TY 2025 are set equal to TY 2022.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Personal Income Tax	$15,092	93
2023 Personal Income Tax	$15,092	93
2024 Personal Income Tax	$15,092	93
2025 Personal Income Tax	$15,092	93

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 personal income tax.

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 2020 and TY 2021 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

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Personal Income Tax	$49,783	379
2021 Personal Income Tax	$50,217	302

Projection Methodology: TY 2022 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2017- TY 2021 to TY 2021. Forgone revenues for TY 2023 – TY 2025 are set equal to TY 2022.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Personal Income Tax	$51,261	295
2023 Personal Income Tax	$51,261	295
2024 Personal Income Tax	$51,261	295
2025 Personal Income Tax	$51,261	295

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 personal income tax. (A deduction against the business corporation tax, public service corporation tax, bank excise tax, and insurance company gross premiums tax is allowed and included in the *Deductions* section)

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 2020 and TY 2021 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

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Personal Income Tax	$4,711	< 10
2021 Personal Income Tax	$9,638	10

Projection Methodology: TY 2022 projected amount of forgone revenue and number of taxpayers is the two-year average from TY 2020 – TY 2021 of revenue forgone and number of taxpayers. TYs 2023 – TY 2025 are set equal to TY 2022.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Personal Income Tax	$7,175	< 10
2023 Personal Income Tax	$7,175	< 10
2024 Personal Income Tax	$7,175	< 10
2025 Personal Income Tax	$7,175	< 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 2020 and TY 2021 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

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Personal Income Tax	$205,642	352
2021 Personal Income Tax	$208,471	264

Projection Methodology: TY 2022 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2017- TY 2021 to TY 2021. Forgone revenues for TY 2023 – TY 2025 are set equal to TY 2022.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Personal Income Tax	$210,585	261
2023 Personal Income Tax	$210,585	261
2024 Personal Income Tax	$210,585	261
2025 Personal Income Tax	$210,585	261

Law Comparison: While every state is subject to federal law, Connecticut, Maine, Massachusetts, and Vermont have explicit provisions in their statutes.

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.

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)

23. 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 rental vehicle surcharge, 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. The 60% of retained revenue is used by the rental car companies to reimburse themselves for motor vehicle licensing fees, title fees, registration fees and transfer fees paid to the state and excise taxes paid to municipalities. If that 60% of retained revenue exceeds those fees and taxes, the companies remit that balance to the state for deposit in the Rhode Island highway maintenance account.

Data Source: Excise Tax Section, Rhode Island Division of Taxation

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Rental Vehicle Surcharge	$4,778,672	64
2021 Rental Vehicle Surcharge	$3,510,364	51
2022 Rental Vehicle Surcharge	$5,878,876	66
2023 Rental Vehicle Surcharge	$1,866,196	65

Projection Methodology: The number of taxpayers and projected revenue forgone projected for FY 2024 is the 3-year average number of taxpayers and revenue forgone from FY 2021 – FY 2023. FY 2025 is held constant with FY 2024.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Rental Vehicle Surcharge	$3,751,812	61
2025 Rental Vehicle Surcharge	$3,751,812	61

Law Comparison: Connecticut and New Hampshire have similar provisions.

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 up to the amount of personal property tax paid to any Connecticut municipality as well as any registration and titling fees paid during the year to the DMV on the vehicles. Any excess is remitted to the state.

Connecticut Statute: Conn. Gen. Stat. § 12-692(b)

New Hampshire: New Hampshire assess an 8.5% tax on motor vehicle rentals. Operators are permitted to take a commission equal to 3% if they keep the prescribed records, file the return timely, pay the tax due timely, and follow the appropriate method of filing.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 78-A:7(III)

24. 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 personal income tax liability.

The Rhode Island fiduciary adjustment is the net amount of the personal income tax modifications provided for in R.I. Gen. Laws § 44-30-12 exclusive of subdivisions (b)(4), (c)(3), and (c)(4), which relate 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 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 2020, the total net modification by resident and non-resident taxpayers increased federal AGI; therefore, there is no revenue forgone from this modification. For TY 2021, the total net modification by resident and non-resident taxpayers decreased federal AGI and the revenue forgone is reported. The number of taxpayers includes those resident and non-resident taxpayers with a modification that either increased or decreased federal AGI.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Personal Income Tax	$0	1,604
2021 Personal Income Tax	$352,236	1,272

Projection Methodology: TY 2022 projected amount of forgone revenue is the 5-year average reported for TYs 2017- 2021. TY 2022 number of taxpayers was calculated by applying the average annual growth realized from TY 2017- TY 2021 to TY 2021. Forgone revenues and number of taxpayers for TY 2023 – TY 2025 are set equal to TY 2022.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Personal Income Tax	$70,447	1,253
2023 Personal Income Tax	$70,447	1,253
2024 Personal Income Tax	$70,447	1,253
2025 Personal Income Tax	$70,447	1,253

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 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)

25. 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 personal income tax. 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 receive a deduction from the income, gross earnings, deposits, or gross premiums subject to the business corporation tax, public service corporation tax, bank excise tax, bank deposits tax, and insurance company gross premiums tax.)

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 2020 and TY 2021 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

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Personal Income Tax	$51,716	20
2021 Personal Income Tax	$12,264	24

Projection Methodology: TY 2022 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2017- TY 2021 to TY 2021. Forgone revenues for TY 2023 – TY 2025 are set equal to TY 2022.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Personal Income Tax	$18,986	26
2023 Personal Income Tax	$18,986	26
2024 Personal Income Tax	$18,986	26
2025 Personal Income Tax	$18,986	26

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

26. Taxable Military Service Pension Income:

Statutory Reference: R.I. Gen. Laws § 44-30-12(c)(11) / R.I. Pub. Laws 2022, Ch. 231, Article 6, § 9

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2022 / N/A

Description: A modification reducing federal adjusted gross income (AGI) for taxable military service benefits included in federal AGI is beginning on or after January 1, 2023. The modification, alone or in combination with the taxable pension and annuities modification, may not exceed the amount of the military service pension received in the tax year for which the modification is claimed.

Projection Methodology: Estimates were prepared by ORA at the request of the Senate Fiscal Office during the 2022 session. ORA utilized information reported by the United States Department of Defense, Office of the Actuary on total military retirees and military survivors living in Rhode Island during federal fiscal year 2020. The number of taxpayers is the estimated Rhode Island residents and does not include any non-residents that may take the modification.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2023 Personal Income Tax	$6,147,815	3,594
2024 Personal Income Tax	$6,449,650	3,594
2025 Personal Income Tax	$6,739,867	3,594

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.

Connecticut Statute: Conn. Gen. Stat. § 12-701(20)(B)(xvii)

Maine: Benefits received under a military retirement plan, including survivor benefits are fully exempt from Maine 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.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(a)(2)(E)

Vermont: Taxpayers with U.S. military retirement income may subtract the first $10,000 of income. The federal AGI threshold for eligible filers is $50,000 for single, married filing separately and head of household filers which a phase-out for incomes greater than $50,000 but less than $60,000.

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 / 2022

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. For tax years beginning in 2023, a modification up to $20,000 is allowed. The federal AGI dollar amounts will be adjusted for inflation on a going-forward basis. For the tax year beginning on January 1, 2020, the federal AGI thresholds increased to $84,700 and $105,850, respectively. For the tax year beginning on January 1, 2021, the federal AGI thresholds increased to $87,200 and $109,050, 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 2020 and TY 2021 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

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Personal Income Tax	$13,984,777	48,153
2021 Personal Income Tax	$13,961,295	34,737

Projection Methodology: TY 2022 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2017 - TY 2021 to TY 2021. Projected number of taxpayers for TY 2023 – TY 2025 are set equal to TY 2022. Beginning in 2023, the modification is set to increase to $20,000. ORA took the projected amount of forgone revenue in TY 2022 and added estimates that were prepared by ORA at the request of the Senate Fiscal Office during the 2022 session estimating the projected increase in revenue forgone for this modification due to the increase of the allowed modification.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Personal Income Tax	$14,515,147	34,338
2023 Personal Income Tax	$17,645,712	34,338
2024 Personal Income Tax	$17,799,411	34,338
2025 Personal Income Tax	$17,947,194	34,338

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

Connecticut: Connecticut has an exemption for pension and annuity income for filers below a certain threshold. The threshold is $75,000 for single, married filing separately and head of household filers, and $100,000 for joint filers. This exemption was phased in and was 28% of pension and annuity income for TY 2020 and 42% for TY 2021. The phase-in was accelerated in the 2022 Session to 100% of pension and annuity income for TY 2022 and thereafter. Beginning in tax year 2024, Connecticut increased the income threshold limits to $100,000 for single, married people filing separately, and heads of households and $150,000 for joint filers. However, for those taxpayers whose income exceeds the current eligibility thresholds the amount of pension, annuity, and IRA income taxpayers may deduct is gradually reduced by a set phase-in percentage table.

Connecticut has an additional exemption for taxable income received from the state teachers' retirement system. To the extent includable in federal AGI, for TY 2020, 25% of the income received from the state teachers' retirement system, and for TY 2021 and each tax 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)(xx), (xxi)

Maine: For each individual who is a primary recipient of pension benefits under an employee retirement plan, federal AGI is reduced by an amount that is the lesser of: (1) the individual maximum amount, reduced by the individual's Social Security 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 and taxable distributions from individual retirement accounts included in the individual's federal AGI. The individual maximum deduction is $10,000 in tax year 2021; $25,000 for tax years beginning in 2022; $30,000 for tax years beginning in 2023; and $35,000 for tax years beginning on or after January 1, 2024.

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 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)(F)

Vermont: Taxpayers with income from the Civil Service Retirement System or from a contributory annuity, pension, endowment, or retirement system of the U.S. government, the state of Vermont or another state or a political subdivision of the U.S., Vermont or other states may subtract the first $10,000 of income. The federal AGI threshold for eligible filers is $50,000 for single, married filing separately and head of household filers with a phase-out for incomes greater than $50,000 but less than $60,000, and an eligible income threshold of $65,000 for joint filers with a modification phase-out for incomes greater than $65,000 and less than $75,000. A taxpayer is allowed only one modification for all types of retirement income per year.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5830e

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 / N/A

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. The federal AGI dollar amounts are annually adjusted for inflation and are listed below:

Tax Year	***Single/Head of Household***	***Married Filing Separately***	***Married Filing Jointly/Qualifying Widow(er)***
2020	$86,350	$86,375	$107,950
2021	$88,950	$88,975	$111,200
2022	$95,800	$95,800	$199,750
2023	$101,000	$101,025	$126,250

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 2020 and TY 2021 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

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Personal Income Tax	$23,093,416	52,965
2021 Personal Income Tax	$23,809,356	42,914

Projection Methodology: TY 2022 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2017- TY 2021 to TY 2021. Forgone revenues for TY 2023 – TY 2025 are set equal to TY 2022.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2022 Personal Income Tax	$25,661,238	44,033
2023 Personal Income Tax	$25,661,238	44,033
2024 Personal Income Tax	$25,661,238	44,033
2025 Personal Income Tax	$25,661,238	44,033

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 $75,000, and for married individuals filing jointly and heads of households whose federal AGI for such taxable year is less than $100,000. Taxpayers with AGIs equal to or greater than these thresholds qualify for a partial exemption through which no more than 25% of their total Social Security benefits received is subject to tax.

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: Social Security beneficiaries meeting certain income requirements can 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 $50,000 may exclude all of their federally taxable Social Security benefits while taxpayers with a federal AGI between $50,000 and $60,000 maybe exclude some portion of the federally taxable Social Security. For married filing jointly filers, the maximum federal AGI is $75,000, with a phaseout range of $65,000 to $75,000. A taxpayer is allowed only one modification for all types of retirement income per year.

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. 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 to determine the share of net income attributable to Rhode Island for an airline. All other receipts attributable to Rhode Island are included in the numerator. The apportioned net income is then subject to the tax.

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

Reliability Index: 5

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

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

Connecticut: Connecticut's tax on air carriers allocated to Connecticut by the average of the following three ratios (a) The ratio aircraft arrivals and departures within Connecticut by such air carrier during the income year to total aircraft arrivals and departures by carrier on its entire system during the same periodnonscheduled operations; (b) the ratio revenue tons handled by such air carrier at airports within Connecticut during the income year to the total revenue tons handled by carrier at all airports on its entire system during the same period; (c) the ratio air carrier's originating revenue within Connecticut for the income year 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, then the provisions of Conn. Gen. Stat. 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. 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 non-mobile property divided by the sum of average mobile property everywhere. The payroll factor is the sum of New Hampshire mobile payroll divided by the sum of mobile payroll everywhere. The sales factor is the sum of New Hampshire transportation sales divided by the sum of 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. 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

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

Law Comparison: Only Connecticut has a similar provision.

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 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. 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

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

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 standard apportionment formula for New Hampshire, which is the total compensation consisting of wages, salaries, commissions and other forms of renumeration 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

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

Law Comparison: Connecticut, Massachusetts, 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 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 that 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.

The apportioned net income is then subject to the tax. 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

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

Law Comparison: Connecticut 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 from the sale of management, distribution or administrative services to or on behalf of all the regulated investment companies, 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 that are owned by shareholders of such regulated investment company domiciled in Connecticut 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. 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

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

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 the business corporation tax, bank excise tax, and insurance company gross premiums tax or on its gross earnings taxed the public service corporation tax shall be reduced by the amount specified in the Jobs Development Act (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 for business corporation taxpayers 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. (Bank excise tax filers retain the original reduction schedule because the bank excise tax remains 9%.)
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.

Data Source: 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).

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
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	$1,207,971	4
2021 Public Service Corporation Tax	$0	0
2021 Bank Tax	$13,201,760	1
2021 Ins Co Gross Premiums Tax	$0	0
2021 Total	**$14,409,731**	**5**
2022 Business Corporation Tax	$1,342,530	2
2022 Public Service Corporation Tax	$0	0
2022 Bank Tax	$38,315,462	1
2022 Ins Co Gross Premiums Tax	$0	0
2022 Total	**$39,657,992**	**3**
2023 Business Corporation Tax	$3,121,983	5
2023 Public Service Corporation Tax	$0	0
2023 Bank Tax	$20,255,279	1
2023 Ins Co Gross Premiums Tax	$0	0
2023 Total	**$23,377,262**	**6**

Projection Methodology: FY 2024 projections provided by the Division of Taxation with data that was available as of November 2023. ORA calculated a three-year average of revenue forgone averaging FY 2020, FY 2021, and FY 2023 excluding the outlier year of FY 2022, to project FY 2025 revenue forgone. For FY 2025 and FY 2024, the number of taxpayers was held constant with FY 2023.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Business Corporation Tax	$3,891,217	5
2024 Public Service Corporation Tax	$0	0
2024 Bank Tax	$10,779,550	1
2024 Ins Co Gross Premiums Tax	$0	0
2024 Projected Total	**$14,670,767**	**6**
2025 Business Corporation Tax	$1,959,315	5
2025 Public Service Corporation Tax	$0	0
2025 Bank Tax	$17,137,638	1
2025 Ins Co Gross Premiums Tax	$0	0
2025 Projected Total	**$19,096,953**	**6**

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 the I-195 Redevelopment Act of 2011 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 life sciences rate reduction included in the I-195 Redevelopment Act.

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 the business corporation tax 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.)

Reliability Index: 5

Projection Methodology: * Projections for this modification / deduction are included in the Jobs Development Act preferential tax rate.

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% 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. **Child Tax Rebate:**

Statutory Reference: R.I. Gen. Laws § 44-30-103 / R.I. Pub. Laws 2022, Ch. 231, Article 6, § 10

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2022 / N/A

Description: A one-time child tax rebate of $250 per child 18 years and younger, up to a maximum of three children, was distributed to qualifying Rhode Island resident taxpayers based on the taxpayer's TY 2021 Rhode Island personal income tax return. The federal adjusted gross income of each taxpayer must be below the income threshold of $100,000 for single, head of household, married filing separately, and qualifying widow(er) filers or $200,000 for joint filers. Child Tax Rebate payments were not considered taxable income for the purposes of state and federal personal income tax for tax year 2022.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Personal Income Tax	$1,869,469	18

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Connecticut authorized a child tax rebate of up to a maximum of $750 ($250 per child up to three children) in CY 2022 for Connecticut residents who claimed at least one a dependent of 18 years or younger on their TY 2021 federal income tax return and meet the income threshold requirements. The income threshold is $100,000 for single or married filing separate filers, $160,000 for head of household filers, or $200,000 for joint or qualifying widow(er) filers.

Connecticut Statute: Public Act No. 22-118, Section 411

2. **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

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2020 Cigarette Tax	$1,621,163	18
2021 Cigarette Tax	$1,869,469	18
2022 Cigarette Tax	$1,715,513	22
2023 Cigarette Tax	$1,548,169	20

Projection Methodology: FY 2024 revenue forgone was calculated by applying the growth projected for cigarettes from FY 2023 preliminary revenues to FY 2024 projected revenues for cigarettes of -6.0%. FY 2025 is grown based on the growth rate of -8.5% calculated using the projected revenue amounts for cigarettes for FY 2025. Projected revenues were based on the revenue estimates adopted at the November 2023 Revenue Estimating Conference. The projected number of taxpayers is equal to the Rhode Island registered cigarette distributors published for FY 2023.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Cigarette Tax	$1,455,901	20
2025 Cigarette Tax	$1,331,871	20

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

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 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

3. 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 personal income tax 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

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Personal Income Tax	$84,635	12,329
2021 Personal Income Tax	$80,770	11,734

Political Party Contributions:

POLITICAL PARTY	*2020 CONTRIBUTIONS*	*2021 CONTRIBUTIONS*
Democratic Party	$11,436	$10,444
Green Party	$14	$16
Moderate Party	$532	$440
Non-Partisan	$5,014	$4,814
Republican Party	$2,202	$2,308

Projection Methodology: Projected revenue forgone for TY 2022 - TY 2025 is the average of TY 2020 and TY 2021 revenue forgone. The projected number of taxpayers electing for TY 2022 - TY 2025 is the average TY 2020 and TY 2021 number of taxpayers.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2022 Personal Income Tax	$82,703	12,032
2023 Personal Income Tax	$82,703	12,032
2024 Personal Income Tax	$82,703	12,032
2025 Personal Income Tax	$82,703	12,032

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

4. Temporary Relief from Gross Earnings Tax on Electricity and Gas:

Statutory Reference: R.I. Gen. § 44-13-37 / R.I. Pub. Laws 2023, Ch. 79, Art. 4, § 2

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2023 / N/A

Description: For the months of December 2023 through March 2024, electric and natural gas utility companies will not be allowed to charge the public service corporation tax but are still required to pay the amount of tax to the state. These utility companies may apply to the Division of Taxation for a rebate payment for the amount of public service corporation tax that would otherwise have been charged to customers for the given months.

Projection Methodology: Estimates were prepared by ORA at the request of the Senate Fiscal Office during the 2022 session. Number of taxpayers includes the estimate of residential and commercial gas customers, assuming the same customers also have electricity. Estimate does not include electricity only customers.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Public Service Corporation Tax	$35,639,477	272,719

Law Comparison: Maine has a similar provision.

Maine: Resident qualified taxpayers were sent a one-time $450 Winter Energy Relief Payment between January – March 2023 with the goal of providing relief from increased energy costs. Based on TY 2021 tax returns, eligible residents had federal AGI of less than $100,000 if single or married separate, or $200,000 if filing jointly.

Maine Statute: Maine 131st Legislature, Session Laws Chapter 1

5. 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 for purposes of calculating the estate and transfer tax.

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

Reliability Index: 5

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

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.

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 on unstamped cigarettes 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.

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

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2020 Cigarette Tax	$0	*Unknown*
2021 Cigarette Tax	$0	*Unknown*

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

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 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 bank excise tax 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

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

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 (ORA). Although 39.4% of the tax expenditure items for which reliable data existed in TY 2021 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 $1,555,651,099 in FY 2021, ORA 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. To this end, the Division of Taxation now requires, starting on January 1, 2023, larger business registrants to file taxes electronically. The ability to analyze these electronic tax returns, including by industry sector, should improve sales and use tax data going forward.

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 $106,677,554 in TY 2021 but has one of the largest percentages of tax expenditures items at 44.0% for which no reliable data exists from which to derive estimates of forgone revenue. This compares to 15.8% of tax expenditure items for which no reliable data exists for the personal income tax and 29.9% for the sales and use tax. ORA 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, ORA 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. In addition, some states do not generate an estimate of a tax expenditure if it falls below a de minimis threshold.

Of interest to the ORA 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 *2024 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 the business corporation tax, public service corporation tax, bank excise tax, and the personal income tax. 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 *2024 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 business corporation 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.

Appendix A: Current Statute on Tax Expenditure Reporting

TITLE 44
Taxation
CHAPTER 44-48.1
Tax Expenditure Reporting

R.I. Gen. Laws § 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

R.I. Gen. Laws § 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.)

R.I. Gen. Laws § 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.)

R.I. Gen. Laws § 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.)

R.I. Gen. Laws § 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 chief executive officer of the commerce 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.)

R.I. Gen. Laws § 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; and

(ii) An estimate of the number of jobs that were the direct result of the incentive;

(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. P.L. 2023, ch. 294, § 7, effective June 22, 2023; P.L. 2023, ch. 295, § 7, effective June 22, 2023.)

R.I. Gen. Laws § 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)

Generation Skipping Transfer Tax

Credits:

- Real or Personal Property Taxed in Another State (§ 44-40-3(b))

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 Assistance [10] (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)

[10] 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.

- 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.

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

- Bibles (§ 44-18-30(29))
- 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)