STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Governor Gina M. Raimondo

2020

TAX EXPENDITURES REPORT

STATE OF RHODE ISLAND

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 *2020 Tax Expenditures Report* contains information on 232 tax expenditure items enacted in the Rhode Island General Laws as of January 1, 2020, 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 $2.13 billion in 2016 and $2.28 billion in 2017.

The *2020 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 2016:

Summary Table by Tax Expenditure Category for 2016

Tax Expenditure Category	Number of Items in Each Category	Tax Year 2016 Revenue Forgone[1]	Average Reliability Index Level
Credits	34	$ 260,502,974	1.1
Deductions	23	241,761,901	2.6
Exclusions	25	213,622,700	4.2
Exemptions	104	1,364,886,046	3.6
Modifications	30	26,625,720	1.6
Other Items	6	---	5.0

[1] Revenue forgone amounts are a mix of fiscal year and tax year periodicities depending on the tax expenditure category in question. Mixed fiscal year/tax year tax expenditure categories, the number of individual fiscal year 2016 items, the fiscal year 2016 revenue forgone amount, the number of individual tax year 2016 items, the tax year 2016 revenue forgone amount, the number of individual fiscal year 2017 items and the fiscal year 2017 revenue forgone amount in order by tax expenditure item are: Exclusions, 23 for $180,798,105, one for $21,144,505 and one for $11,680,090; Exemptions, 65 for $525,144,727, five for $116,501,517 and 34 for $723,239,802; Modifications, four for $5,331,906 and 26 for $21,293,814; and Tax Abatements, two for $1,743,232 and one for $84,695.

Summary Table by Tax Expenditure Category for 2016			
Tax Expenditure Category	**Number of Items in Each Category**	**Tax Year 2016 Revenue Forgone**[1]	**Average Reliability Index Level**
Preferential Tax Rates	2	23,531,687	3.0
Tax Abatements	3	1,827,927	2.3
Tax Deferrals	2	0	3.0
2016 TOTAL	**229**	**$ 2,132,758,955**	**2.9**

The tax expenditure category with the highest number of tax expenditure items in 2016 was Exemptions with 104. Exemptions also had the highest number of items for which no reliable data exists from which to estimate revenue forgone with 43, or 41.3 percent of all Exemptions. Finally, Exemptions are also the tax expenditure category with the largest amount of revenue forgone at $1.36 billion or 64.0% of the estimated total revenue forgone for 2016. The tax expenditure category with the smallest amount of revenue forgone was Tax Abatements at $1,827,927 or 0.09% of the estimated total revenue forgone.

The revenue forgone for each of the tax expenditure items is assigned a reliability index level on a scale of one to five, with one meaning the calculated revenue forgone is the most reliable possible and five meaning that it is not possible to calculate the revenue forgone for the tax expenditure item. A total of 82 or 36.0 percent of all 2016 tax expenditure items received a reliability index level score of one, while 78 or 34.2 percent of the 229 tax expenditure items were assigned a reliability index score of five. The remaining 69 tax expenditure items were assigned a reliability index level score of two, three, or four with 33 of the remaining 69 tax expenditure items receiving a reliability index level of three.

The following table shows the number of tax expenditure items by tax expenditure category, the revenue forgone by tax expenditure category, and the average reliability index level by tax expenditure category for 2017:

Summary Table by Tax Expenditure Category for 2017			
Tax Expenditure Category	**Number of Items in Each Category**	**Tax Year 2017 Revenue Forgone**[2]	**Average Reliability Index Level**
Credits	35	$ 308,728,238	1.1

[2] Revenue forgone amounts are a mix of fiscal year and tax year periodicities depending on the tax expenditure category in question. Mixed fiscal year/tax year tax expenditure categories, the number of individual fiscal year 2017 items, the fiscal year 2017 revenue forgone amount, the number of individual tax year 2017 items, the tax year 2017 revenue forgone amount, the number of individual fiscal year 2018 items and the fiscal year 2018 revenue forgone amount in order by tax expenditure item are: Exclusions, 23 for $217,489,269, one for $31,376,042 and one for $11,918,401; Exemptions, 65 for $537,302,405, five for $129,893,407 and 34 for $765,011,847; Modifications, four for $4,949,228 and 27 for $31,837,785; and Tax Abatements, two for $1,672,327 and one for $84,405.

Summary Table by Tax Expenditure Category for 2017			
Tax Expenditure Category	**Number of Items in Each Category**	**Tax Year 2017 Revenue Forgone[2]**	**Average Reliability Index Level**
Deductions	23	$ 235,371,921	2.6
Exclusions	25	260,783,712	4.2
Exemptions	104	1,432,207,659	3.5
Modifications	31	36,787,013	1.6
Other Items	6	---	5.0
Preferential Tax Rates	2	8,952,163	3.0
Tax Abatements	3	1,756,732	2.3
Tax Deferrals	2	0	3.0
2017 TOTAL	**231**	**$ 2,284,587,438**	**2.9**

The tax expenditure category with the highest number of tax expenditure items in 2017 was Exemptions with 104. Exemptions also had the highest number of items for which no reliable data exists from which to estimate revenue forgone with 40, or 38.5 percent of all Exemptions. Finally, Exemptions are also the tax expenditure category with the largest amount of revenue forgone at $1.43 billion or 62.7 percent of the estimated total revenue forgone for 2017. The tax expenditure category with the smallest amount of revenue forgone was Tax Abatements at $1,756,732 or 0.08 percent of the estimated total revenue forgone.

A total of 86 or 37.4 percent of all tax expenditure items in 2017 received a reliability index level score of one, while 75 or 32.6 percent of the 231 tax expenditure items were assigned a reliability index score of five. The remaining 67 tax expenditure items were assigned a reliability index level score of two, three or four with 34 of the remaining 67 tax expenditure items receiving a reliability index level of three.

The following table shows the number of tax expenditure items grouped by tax type, the revenue forgone grouped by tax type, and the average reliability index level grouped by tax type for 2016:

Summary Table by Tax Type for 2016			
Tax Type	**Number of Items ***	**Tax Year 2016 Revenue Forgone[3]**	**Average Reliability Index Level**
Alcoholic Beverage Tax	4	$ ---	5.0

[3] Revenue forgone amounts are a mix of fiscal year and tax year periodicities depending on the tax type in question. Mixed fiscal year/tax year tax types, the number of individual fiscal year 2016 items, the fiscal year 2016 revenue

Summary Table by Tax Type for 2016

Tax Type	**Number of Items ***	**Tax Year 2016 Revenue Forgone**[3]	**Average Reliability Index Level**
Bank Deposits Tax	4	0	2.0
Bank Tax	26	14,644,269	1.6
Beverage Containers Tax	2	189,174	4.5
Business Corporation Tax	57	62,574,992	2.6
Cigarettes Tax	4	2,819,884	2.3
Estate and Transfer Tax	4	20,700,000	3.0
Generation Skipping Transfer Tax	1	0	1.0
Hotel Tax	1	920,087	1.0
Ins Co Gross Premiums Tax	24	3,134,554	1.5
Motor Carrier Fuel Use Tax	1	5,921,129	1.0
Motor Fuel Tax	3	183,670,880	1.3
Non-Profit Refund	1	3,895,071	1.0
Personal Income Tax	59	567,876,874	1.8
Public Service Corporation Tax	25	3,566,229	2.1
Rental Vehicle Surcharge	1	5,331,906	1.0
Real Estate Conveyance Tax	5	0	4.2
Sales and Use Tax	90	1,257,513,906	3.5
2016 TOTAL	**312**	**$ 2,132,758,955**	**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 2016 was the Sales and Use Tax with 90. The tax type with the largest amount of revenue forgone in 2016 was also the Sales and Use Tax at $1.26 billion or 59.0 percent of the estimated total revenue forgone. Finally, the tax type with the highest number of tax expenditure items for which no reliable data existed

forgone amount, the number of individual tax year 2016 items, the tax year 2016 revenue forgone amount, the number of individual fiscal year 2017 items and the fiscal year 2017 revenue forgone amount in order by tax type are: Alcoholic Beverage Tax, three for an indeterminable amount, one for an indeterminable amount; Bank Tax, four for $11,531,021 and 22 for $3,113,248; Business Corporation Tax, 20 for $12,000,666 and 37 for $50,574,326; Estate and Transfer Tax, three for $0 and one for $20,700,000; Insurance Company Gross Premiums Tax, three for $1,783 and 21 for $3,132,771; Personal Income Tax, five for indeterminable amounts and 54 for $567,876,874; Public Service Corporation Tax, five for indeterminable amounts and 20 for $3,566,229; and Sales and Use Tax, 54 for $522,594,014, 0 for $0, and 36 for $734,919,892.

was again the Sales and Use Tax at 32 items, or 35.6 percent 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 $379.1 million or 17.8 percent of the estimated total revenue forgone. This tax expenditure item was assigned a reliability index level of two. There were 88 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 2017:

Summary Table by Tax Type for 2017

Tax Type	Number of Items *	Tax Year 2017 Revenue Forgone[4]	Average Reliability Index Level
Alcoholic Beverage Tax	4	$ 29,543	4.0
Bank Deposits Tax	4	0	2.0
Bank Tax	26	11,262,043	1.6
Beverage Containers Tax	2	$ 184,271	4.5
Business Corporation Tax	57	56,412,732	2.6
Cigarettes Tax	4	2,863,461	2.3
Estate and Transfer Tax	4	37,000,000	3.0
Generation Skipping Transfer Tax	1	0	1.0
Hotel Tax	1	2,479,513	1.0
Ins Co Gross Premiums Tax	24	21,804,154	1.5
Motor Carrier Fuel Use Tax	1	2,957,954	1.0
Motor Fuel Tax	3	218,181,579	1.3

[4] Revenue forgone amounts are a mix of fiscal year and tax year periodicities depending on the tax type in question. Mixed fiscal year/tax year tax types, the number of individual fiscal year 2017 items, the fiscal year 2017 revenue forgone amount, the number of individual tax year 2017 items, the tax year 2017 revenue forgone amount, , the number of individual fiscal year 2018 items and the fiscal year 2018 revenue forgone amount in order by tax type are: Alcoholic Beverage Tax, three for $29,543, one for an indeterminable amount; Bank Tax, four for $7,074,323 and 22 for $4,187,720; Business Corporation Tax, 20 for $1,877,840 and 37 for $54,534,892; Estate and Transfer Tax, three for $0 and one for $37,000,000; Insurance Company Gross Premiums Tax, three for $1,759 and 21 for $21,802,395; Personal Income Tax, five for indeterminable amounts and 56 for $607,458,991; Public Service Corporation Tax, five for indeterminable amounts and 20 for $3,334,939; and Sales and Use Tax, 54 for $535,603,124, 0 for $0, and 36 for $776,930,248.

Summary Table by Tax Type for 2017			
Tax Type	**Number of Items ***	**Tax Year 2017 Revenue Forgone**[4]	**Average Reliability Index Level**
Non-Profit Refund	1	3,135,658	1.0
Personal Income Tax	61	607,458,991	1.8
Public Service Corporation Tax	25	3,334,939	2.1
Rental Vehicle Surcharge	1	4,949,228	1.0
Real Estate Conveyance Tax	5	0	4.2
Sales and Use Tax	90	1,312,533,372	3.4
2017 TOTAL	**314**	**$ 2,284,587,438**	**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 2017 tax expenditure items for which no reliable data existed was the Sales and Use tax at 30 items, or 33.3 percent 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 $1.31 billion, or 57.5 percent of the estimated total revenue forgone. Several tax types had the smallest amount of revenue forgone at $0 for tax expenditure items for which revenue forgone could be determined.

The largest amount of calculated revenue forgone for an individual tax expenditure item for 2017 is the sales and use tax exemption for purchases used for manufacturing purposes at nearly $389.4 million or 17.0 percent of the total calculated revenue forgone. This tax expenditure item was assigned a reliability index level of two. There were 81 tax expenditure items in total which had the smallest possible revenue forgone of $0 and all were assigned a reliability index level of one.

II. Foreword

The *2020 Tax Expenditures Report* generally uses data for 2016 as its base year and includes estimates of forgone revenue for 2016 through 2021. The year reference can be either calendar year or fiscal year and is dependent on the tax expenditure item. For example, the tax expenditure amount for the exclusion of the biodiesel portion of a blended gallon of diesel fuel is reported on a fiscal year basis for 2016 through 2021 while the tax expenditure amount for the tax credit received for the provision of accommodations under Americans with Disabilities Act is reported on a calendar year basis for 2016 through 2021. The Office of Revenue Analysis (ORA) has tried to make it clear throughout the report when a tax expenditure amount is for a fiscal year versus a calendar year and when a summary tax expenditure amount is provided by tax expenditure category or by tax type a note is provided that breaks out the tax expenditure amount by fiscal and calendar year.

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

The *2018 Tax Expenditures Report* included information on tax expenditure items for Tax Years 2014 through 2019, with Tax Year 2014 as its base tax year. Technically, the *2020 Tax Expenditures Report* is mandated to provide information on all tax expenditure items in effect on January 1, 2019, as well as an estimate of forgone revenue for 2020 and 2021. For a complete and more accurate picture for 2016 through 2018 forgone revenue to be provided, ORA reported current data or an updated estimate of forgone revenue as appropriate.

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

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III. Introduction

Purpose of the Tax Expenditures Report

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

Current Rhode Island Law on Tax Expenditures Reporting

Rhode Island General Laws Chapter 44-48.1 – Tax Expenditure Reporting[6]

Rhode Island General 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 100.0 percent of the tax expenditures in place on January 1 of the odd numbered year preceding the report's publication. Thus, the *2020 Tax Expenditures Report* covers the tax expenditures that were in place on January 1, 2019.

Rhode Island General 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, 2019 there were 230 tax expenditure items in effect in 2016[7] either "directly through Rhode Island General Laws or constitutional provisions or indirectly through adoption of other tax codes."

Rhode Island General 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,

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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.

with level one 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.

Rhode Island General 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.

Rhode Island General Laws Chapter 44-48.2 – Rhode Island Economic Development Tax Incentives Evaluation Act of 2013[8]

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

The Office of Revenue Analysis produced reports containing the analysis required in Rhode Island General Laws § 44-48.2-5(a) for all 21 of the tax expenditure economic development incentives listed in Rhode Island General Laws § 44-48.2-3(a)(1) between March 2018 and July 2018.

History of Rhode Island Law on Tax Expenditures Reporting

Rhode Island's governing statute for tax expenditure reporting was passed into law without the Governor's signature on August 9, 1996 (see Rhode Island Public Laws 1996, Chapter 327, Section 1 and Chapter 394, Section 1). This initial statute required the state tax administrator to submit annually to the General Assembly beginning in 1998, on or before the second Tuesday in January, "to the extent possible within the appropriations provided for the purpose," a tax expenditures report. The tax expenditures report for 1998 was to provide the "minimum information" for 25.0 percent of existing tax expenditures. The report for 1999 would cover an

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

additional 25.0 percent of the tax expenditures, so that 50.0 percent of tax expenditures will have been reported. Similar 25.0 percent increments were required for 2000 and 2001, such that by January 2001, 100.0 percent of tax expenditures will have been reported. Beginning in January 2002, the cycle repeated itself so that no report on a tax expenditure item was more than four years old.

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

On July 10, 2003, the statute was amended again to change the periodicity of the report from annually to biannually beginning in 2004. In addition, the rolling renewal of 25.0 percent of existing tax expenditures was changed to require that "the minimum information on 100.0 percent 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, Rhode Island General Laws Chapter 44-48.1 was amended to shift the responsibility for the delivery of the tax expenditure report from "the state tax administrator, to the extent possible within the appropriations provided for the purpose" to the Chief of the Office of Revenue Analysis without regard to appropriations provided for that purpose. In addition, this amendment required the Chief of the Office of Revenue Analysis to "make available to the General Assembly a plan to improve Rhode Island's tax expenditure reporting effort" by the second Tuesday in January 2004. This latter amendment could not be fulfilled given that the Office of Revenue Analysis was not created until June 2006.

IV. Interpreting the Report

<u>The Index of Reliability</u>

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

The *2020 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 end points of the Index of Reliability (i.e., Level One and Level Five) are consistent with their statutory mandates. An estimate of revenue forgone for a tax expenditure item that is assigned an Index of Reliability Level One will be based on actual Rhode Island tax return data. Given the fact that an Index of Reliability Level Five indicates that "no reliable data exists from which to derive an estimate," tax expenditure items assigned this level will not have an estimate of revenue forgone presented. Rather, the phrase "no estimate possible" will be presented next to the tax expenditure item.

The Index of Reliability Levels Two through Four requires some further explanation. An estimate of revenue forgone with an Index of Reliability Level Two is based on data that can be directly sourced to Rhode Island or an update of a previously derived estimate of the tax expenditure item. Some examples of data that can be directly sourced to Rhode Island include data provided by the U.S. Census Bureau, the U.S. Bureau of Labor Statistics, and the U.S. Bureau of Economic Analysis. In addition, state government agencies, quasi-public agencies, and non-governmental organizations are able to 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 Budget Office, 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.

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

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

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

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

Structure of the Report

Previous tax expenditures reports presented tax expenditure items by tax type. In other words, the primary organizing key was tax type with tax expenditure items appearing under each tax type. In the *Tax Expenditures Report, January 2008,* thirty-eight tax expenditure items are listed under the heading "Personal Income" and these tax expenditure items are comprised of modifications, credits, exclusions, adjustments, deductions and preferential tax rates.[10] In addition, when it comes to tax expenditure items, it is often the case that what is available for one tax type will also be made available for other tax types. For example, the Motion Picture Production Tax Credit allows for a credit of 30.0 percent "of the state certified production costs incurred directly attributable to activity within the state, provided that the primary locations are within the state of Rhode Island and the total production budget as defined herein is a minimum of one hundred thousand dollars ($100,000)."[11] This credit, which can be transferred or sold, can be used against the "tax imposed" under the state's business corporation tax, bank tax, insurance company gross premiums tax, and the personal income tax. As a result of this type of tax expenditure, tax expenditures report issued prior to the *2010 Tax Expenditures Report* had to include a category labeled "Tax Preference Items Applicable to More Than One Tax"[12] in order to consistently categorize tax expenditure items.

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[10] State of Rhode Island, Department of Revenue, Division of Taxation, *Tax Expenditures Report, January 2008,* p. 3. This report was prepared by Cecilia C. Vallee, Revenue Analyst, at the request of David M. Sullivan, Rhode Island Tax Administrator.
[11] See Rhode Island General Laws § 44-31.2-5(a).
[12] See *Tax Expenditures Report, January 2008,* p. 144.

IV. Interpreting the Report

Beginning with the *2010 Tax Expenditures Report*, the Office of Revenue Analysis adopted a different presentation format. Rather than list the tax expenditure items by the tax type to which they apply, the *2010 Tax Expenditures Report* used the category of tax expenditure item as the organizing key. That is, each category of tax expenditure items listed each individual tax expenditure item and the tax types to which the individual tax expenditure item applies. For example, the Motion Picture Production Tax Credit would be categorized under "Credits" with the business corporation tax, bank tax, insurance company gross premiums tax, and the personal income tax as the relevant tax types. The *2020 Tax Expenditures Report* follows the same approach as was adopted for the *2010 Tax Expenditures Report*.

To assist readers in the use of the *2020 Tax Expenditures Report*, two sets of summary tables are included. The first set of summary tables lists the value of tax expenditures by tax expenditure item. Thus, for example, under the category "Credits" the total value of each individual tax expenditure credit item, without regard to the tax type under which it was used, will be shown. The second set of summary tables lists the value of tax expenditures by tax type. Thus, for example, under the tax type "Personal Income" the total value of each individual tax expenditure item that is used under the personal income tax will be displayed.

Definition of Terms

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

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

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

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

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

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

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

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

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

IV. Interpreting the Report

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.

2020 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	**Credits:**	**Reference:**	**44-11**	**44-13**	**44-14**	**44-15**	**44-17**	**44-30**	**44-18**	**Taxes**
1	Accommodations under Americans with Disabilities Act	44-54-1	X	X						
2	Adult and Child Daycare	44-47	X	X	X		X	*		
3	Adult Education	44-46	X	X	X	X	X	*		
4	Anchor Institution	42-64.3	X	X	X		X			
5	Apprenticeship	44-11-41	X							
6	Biotechnology Investment	44-31-1.1	X					*		
7	Child and Dependent Care (Federal)	44-30-2.6						X		
8	Contribution to Scholarship Organizations	44-62	X	X	X	X	X	X		
9	Earned Income (Federal/State)	44-30-2.6(c)(2)(N)						X		
10	Educational Assistance and Development	44-42-2	X	X	X		X			
11	Employment – Welfare Bonus Program	44-39.1-1	X	X	X	X	X	*		
12	Historic Homeownership Assistance	44-33.1-3						X		
13	Historic Preservation	44-33.6-3	X	X	X		X	X		
14	Historic Structures	44-33.2-3	X	X	X		X	X		
15	Hydroelectric Power	44-30-22	X					*		
16	Interest for Loans to Mill Building Owners	42-64.9-9	X	X	X		X	*		
17	Investment	44-31-1	X		X		X	*		
18	Jobs Training	42-64.6-2	X	X	X		X	*		
19	Juvenile Restitution	14-1-32.1(c)	X							
20	Lead Paint Abatement	44-30.3-1						X		
21	Motion Picture Production	44-31.2-5	X		X		X	X		
22	Motor Fuel Use Carrier Taxes Paid to Rhode Island	31-36.1-15								X
23	Musical and Theatrical Production	44-31.3-2	X	X	X		X	X		
24	New Qualifed Jobs Incentive Act	44-48.3	X	X	X		X	X		
25	Property Tax Relief	44-33-5						X		
26	Real or Personal Property Taxed in Another State	44-40-3(b)								X
27	Rebuild Rhode Island	42-64.20	X	X	X		X	X		
28	Research and Development Expense	44-32-3	X				X	*		
29	Research and Development Property	44-32-2	X				X	*		
30	Residential Renewable Energy System	44-57-1	X					*		
31	Specialized Investment in Mill Building	42-64.9-7 / 44-31-2	X		X		X	*		
32	Stay Invested in RI Wavemaker Fellowship	42-64.26						X		
33	Tax on Net Estate of Decedent	44-22-1.1								X
34	Taxes Paid to Other States	44-30-18						X		
35	Wages Paid by Employers in Mill Buildings	42-64.9-8	X					*		

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2020 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 / 44-30-32						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 / 44-30-32						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						X		
7	Electricity for Resale	44-13-4(2)		X						
8	Expensing of Assets in Lieu of Depreciation, Section 179 of Internal Revenue Code	44-61-1.1	X		X			X		
9	Health Savings Account (Federal)	44-30-2.6 / 44-30-32						X		
10	Individual Retirement Arrangement Contributions (Federal)	44-30-2.6 / 44-30-32						X		
11	Keough and SEP Contributions (Federal)	44-30-2.6 / 44-30-32						X		
12	Merchandise Sold	44-13-5(a)		X						
13	Moving Expenses (Federal)	44-30-2.6 / 44-30-32						X		
14	Net Operating Losses	44-11-11(b)	X							
15	One-Half of Self Employment Tax (Federal)	44-30-2.6 / 44-30-32						X		
16	Penalty of Early Withdrawal of Savings (Federal)	44-30-2.6 / 44-30-32						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	27-3-38(d) / 44-17-2					X			
19	Self Employed Health Insurance (Federal)	44-30-2.6 / 44-30-32						X		
20	Standard Deduction	44-30-2.6(c)(3)(B)						X		
21	Student Loan Interest (Federal)	44-30-2.6 / 44-30-32						X		
22	Tax Incentives for Employers	44-55-4.1	X	X	X	X	X			
23	Tuition and Fees (Federal)	44-30-2.6 / 44-30-32						X		

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2020 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	**Exclusions:**	RI Statutory Reference:	Bus Corp 44-11	Pub Serv 44-13	Bank 44-14	Bank Dep 44-15	Ins Co 44-17	PIT 44-30	SUT 44-18	Other Taxes
1	Biodiesel Portion of Blended Gallon of Diesel Fuel	31-36-1(6)								X
2	Conveyance of Mobile/Manufactured Homes for Consideration of $100 or less	31-44-20(a)								X
3	Conveyance of Real Estate for Consideration of $100 or less	44-25-1(a) / 44-25-1(b)								X
4	Conveyance of Real Estate Relating to the Capitol Center Project	44-25-2(c)								X
5	Corporations Excluded from Taxation by Charter	44-11-1(4)(vi)	X							
6	Corporations Not Doing Business for Profit	44-11-1(4)(iv)	X							
7	Corporations That Maintain and Manage Intangible Investments	44-11-1(4)(vii)	X							
8	Dividends Received from Shares of Stock	44-11-12(1) / 44-14-15	X	X	X					
9	Financial Institutions	44-11-1(4)(i)	X							
10	Fraternal Beneficiary Societies	44-11-1(4)(v)	X							
11	Fraternal Benefit Societies	44-17-1(a)					X			
12	Gain or Loss on Sale of Property Other Than Securities	44-14-11			X					
13	Income from the Sale of International Investment Management Services	44-11-14.5	X							
14	Insurance and Surety Companies	44-11-1(4)(iii)	X							
15	Interest Received from Debt Instruments Issued by Public Service Corporations	44-11-12(2)	X							
16	Long-Term Gain From Capital Investment in Small Business	44-43-5	X	X	X			X		
17	Lubricating Oils, Marine Diesel Fuel, Aviation Fuel, and Heating Oil	31-36-1(4)								X
18	Maximum Tax of $0.50 per Cigar	44-20-13.2(a)(2)								X
19	Net Taxable Estate Amount	44-22-1								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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2020 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	**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	Agricultural Products for Human Consumption	44-18-30(61)							X	
2	Air and Water Pollution Control Facilities	44-18-30(15)							X	
3	Aircraft and Aircraft Parts	44-18-30(56)							X	
4	Banks and Regulated Investment Companies Interstate Toll Free Calls	44-18-30(49)							X	
5	Beverage Containers, Hard-to-Dispose Material, and Litter Control Participation Permittee	44-44-3.6 / 44-44-2(1)								X
6	Bibles	44-18-30(29)							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	Building Materials Used to Rebuild After Disaster	44-18-30(51)							X	
11	Buses, Trucks or Trailers Used in Interstate Commerce	44-18-40							X	
12	Camps	44-18-30(16)							X	
13	Casual Sales	44-18-20(g)							X	
14	Charitable, Educational or Religious Organizations	44-18-30(5)							X	
15	Clothing and Footwear	44-18-30(27)							X	
16	Coffins, Caskets and Burial Garments	44-18-30(12)							X	
17	Coins	44-18-30(43)							X	
18	Commercial Fishing Vessels in Excess of Five Net Tons	44-18-30(26)							X	
19	Commercial Vessels of 50 Tons Burden or More	44-18-30(25)							X	
20	Compressed Air	44-18-30(33)							X	
21	Containers	44-18-30(4)							X	
22	Deed, Instrument or Writing where Grantor is U.S. Government or State of Rhode Island	44-25-2(b)								X
23	Diesel Emission Control Technology	44-18-30(62)							X	
24	Dietary Supplements	44-18-30(59)							X	
25	Distressed Essential Community Hospital	23-17.25-2							X	
26	Educational Institutions Rental Charges	44-18-30(18)							X	
27	Electricity and Gas	44-18-30(21)							X	
28	Electricity, Steam and Thermal Energy from RI Economic Development Corporation	44-18-40.1							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 *(new)*	44-18-30(66)							X	
35	First 50,000 Gallons of Distilled Spirits of a Distiller in Continuous Operation for 12 Months	3-10-1(d)								X

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2020 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	**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**
36	First 100,000 Barrels of Beer of a Brewer in Continuous Operation for 12 Months	3-10-1(c)								X
37	Flags	44-18-30(34)							X	
38	Food and Food Ingredients	44-18-30(9)							X	
39	Food Items Paid for by Food Stamps	44-18-30(39)							X	
40	Gasoline	44-18-30(6)							X	
41	Heating Fuels	44-18-30(20)							X	
42	Horse Food Products	44-18-30(53)							X	
43	Human Blood	44-18-30(60)							X	
44	Installation Labor Charges, When Separately Stated	44-18-12(b)(ii)							X	
45	Jewelry Display Product	44-18-30(47)							X	
46	Lottery Prizes	42-61-17							X	
47	Manufacturers' Machinery and Equipment	44-18-30(22)							X	
48	Medicines, Drugs and Durable Medical Equipment	44-18-30(10)							X	
49	Mobile and Manufactured Homes Generally	44-18-30(50)							X	
50	Motor Vehicle and Adaptive Equipment for Amputee Veterans	44-18-30(35)							X	
51	Motor Vehicle and Adaptive Equipment for Persons with Disabilities	44-18-30(19)							X	
52	Narragansett Pier Railroad Company	44-13-1(a)		X						
53	Newspapers	44-18-30(2)							X	
54	Ocean Marine Insurance	44-17-1					X			
55	Out-of-State Shipments of Rhode Island Alcoholic Beverage Manufacturers	3-10-2								X
56	Personal and Dependent	44-30-2.6(c)(3)(C)						X		
57	Personal Holding Company, Regulated Investment Company or Real Estate Investment Trust	44-11-2(c)	X							
58	Precious Metal Bullion	44-18-30(24)							X	
59	Promotional and Product Literature of Boat Manufacturers	44-18-30(38)							X	
60	Property Otherwise Exempted	44-18-36(3)							X	
61	Property Purchased from Federal Government	44-18-35							X	
62	Property Purchased Outside of State by Nonresident and Brought into State	44-18-36(2)							X	
63	Property Returned Within 120 Days from the Date of Delivery	44-18-30(58)							X	
64	Prosthetic Devices and Mobility Enhancing Equipment	44-18-30(11)							X	
65	Purchases Used for Manufacturing Purposes	44-18-30(7)							X	
66	Qualified Sales of Manufactured and Mobile Home Parks	31-44-3.3								X
67	Rebuild Rhode Island Sales and Use Tax	42-64.20-5(o)							X	
68	Refillable and Reusable Beverage Containers	44-44-3								X
69	Renewable Energy Products	44-18-30(57)							X	
70	Rental Charged for Living or Sleeping Quarters in a Hospital or Nursing Home	44-18-30(17)							X	
71	Rhode Island Economic Development Corporation Project Status Designees	42-64-20							X	

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2020 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	**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**
72	Rhode Island Industrial Facilities Corporation Lessees	45-37.1-9							*	
73	Sacramental Wines Sold Directly to Member of Clergy	3-10-1(b)								X
74	Sales and Use Taxes Paid to Other Jurisdictions	44-18-30A(a)							X	
75	Sales beyond Constitutional Power of State	44-18-30(1)							X	
76	Sales by Writers, Composers, Artists	44-18-30.B							X	
77	Sales in Municipal Economic Development Zones	44-18-30.C							X	
78	Sales in Public Buildings by Blind People	44-18-30(14)							X	
79	Sales of Motor Vehicles to Nonresidents	44-18-30(13)							X	
80	Sales of Non-Motorized Recreational Vehicles to Non-residents	44-18-30(54)							X	
81	Sales of Trailers Ordinarily Used for Residential Purposes	44-18-20(d)(3)							X	
82	Sales to Common Carriers for Use Outside of the State	44-18-33							X	
83	Sales to Federal Government	44-18-31							X	
84	Sales to the State or Its Political Subdivisions	44-18-30(8)							X	
85	Sales to the U.S. Government and Operators of Railroad Transportation Equipment	31-36-13								X
86	School Meals	44-18-30(3)							X	
87	Securities from Taxation	44-13-14		X						
88	Seeds and Plants used to Grow Food and Food Ingredients	44-18-30(65)							X	
89	Special Adaptations for Wheelchair Accessible Taxicabs	44-18-30(19)(iii)							X	
90	Supplies Used in On-Site Hazardous Waste Recycling, Reuse, or Treatment	44-18-30(37)							X	
91	Supplies Used in Preparing Floral Products and/or Arrangements	44-18-30(52)							X	
92	Telecommunications Carrier Access Service	44-18-30(45)							X	
93	Textbooks	44-18-30(36)							X	
94	Total Loss or Destruction of Motor Vehicle within 120 Days of Tax Payment	44-18-21(c)							X	
95	Trade-in Value of Boats	44-18-30(41)							X	
96	Trade-In Value of Private Passenger Automobiles	44-18-30(23)							X	
97	Transfers or Sales Made to Immediate Family Members	44-18-20(d)(1)							X	
98	Transfers or Sales Related to Business Dissolution or Partial Liquidation	44-18-20(d)(2)							X	
99	Transportation Charges of Motor Carriers to Haul Goods	44-18-30(40)							X	
100	Vacation Homes Rented in Entirety	44-18-36.1(a)								X
101	Vehicles Purchased by Nonresident Military Personnel Subject to Sales Tax Elsewhere	44-18-30.A(b)							X	
102	Video Lottery Terminal, Table Games, and Sports Wagering Prizes	42-61.2-10							X	
103	Water for Residential Use	44-18-30(28)							X	
104	Wine and Spirits	44-18-30(64)							X	
105	Youth Activities Equipment Sold for $20 or less by Nonprofit Organizations	44-18-30(31)							X	

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IV. Interpreting the Report – Tables of Tax Expenditure Items

2020 TAX EXPENDITURE ITEMS										
A cross (†) indicates a tax expenditure item is associated with the indicated tax type but will no longer be reported on because there is no revenue forgone.										
		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					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)(5)						X		
13	Income or Gain from a Qualifying Employee's Ownership of a Qualifying Corporation	44-43-8						X		
14	Interest on Obligations of the United States and its Possessions	44-11-11(a)(1)(vi) / 44-30-12(c)(1)						X		
15	Military Pay of Nonresident Individuals	44-30-32(d)						X		
16	New Research and Development Facilities	44-32-1	X					X		
17	Nonqualified Withdrawals from a Medical Savings Account by Scituate Residents	44-30-12(b)(5)/44-30-25.1(d)(3)						†		
18	Nonqualified Withdrawals from Tuition Savings Program Account	44-30-12(b)(4)/44-30-32(a)(3)						†		
19	Nonqualified Withdrawals or Distributions from Rhode Island Family Education Accounts	44-30-12(b)(3)/44-30-25(g)						†		
20	Organ Transplantation	44-30-12(c)(7)						X		
21	Performance-Based Income of Eligible Employees via the Jobs Growth Act	42-64.11-4						X		
22	Profits or Gains from Sale of Work by Artists, Writers, and Composers	44-30-1.1(c)(1)						X		
23	Provision of Insurance Benefit to Dependent or Domestic Partner	44-30-12(c)(6)						X		
24	Qualifying Investment in a Certified Venture Capital Partnership	44-43-2(5)						X		
25	Railroad Retirement Benefits	45 U.S.C. 231m(a)						X		
26	Recognition of Income from Discharge of Business Indebtedness	44-66-1	X		X			X		
27	Rental Vehicle Surcharge Retained by Rental Car Companies	31-34.1-2(b)								X
28	Rhode Island Fiduciary Adjustment	44-30-12(d)						X		
29	Tax Incentives for Employers	44-55-4.1						X		
30	Taxable Pension Plan and/or Annuity Income	44-30-12(c)(9)						X		
31	Taxable Social Security Income	44-30-12(c)(8)						X		

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

IV. Interpreting the Report – Tables of Tax Expenditure Items

2020 TAX EXPENDITURE ITEMS

An asterisk (*) indicates a tax expenditure item that is no longer allowed under Rhode Island General Laws, for that particular tax type.

Number	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
			Tax Type Against Which Tax Expenditure Item May Be Applied							
1	Allocation and Apportionment of Airlines	44-11-15 / Regulation CT 15-04	X							
2	Allocation and Apportionment of Brokerage Services	44-11-14.2(b)	X							
3	Allocation and Apportionment of Credit Card Banks	44-11-14.3	X							
4	Allocation and Apportionment of Motor Carriers	44-11-15 / Regulation CT 15-04	X							
5	Allocation and Apportionment of Regulated Investment Companies	44-11-14.2(a)	X							
6	Allocation and Apportionment of Retirement and Pension Plans	44-11-14.4	X							

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
			Tax Type Against Which Tax Expenditure Item May Be Applied							
1	Jobs Development Act	42-64.5-3	X	X	X		X			
2	Life Science Rate Reduction	42-64.14-10	X							

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
			Tax Type Against Which Tax Expenditure Item May Be Applied							
1	Cigarette Tax Stamping Discount	44-20-19								X
2	Political Check-Off	44-30-2(d)(1)						X		
3	Value of Farmland Included in Estate	44-23-5(b)								X

Number	Tax Deferrals:	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
			Tax Type Against Which Tax Expenditure Item May Be Applied							
1	Holding Period for Unstamped Cigarettes	44-20-14								X
2	Write-Downs or Reserves for Securities Losses	44-14-14			X					

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

V. Laws Changes that Impact Tax Expenditures

There were several law changes enacted during the 2018 and 2019 sessions by the General Assembly that impact tax expenditures. Law changes that impacted tax expenditures enacted in the 2016 and 2017 sessions of the General Assembly were included in the *2018 Tax Expenditures Report*. The following list of revised, added, and deleted tax expenditure items is in alphabetical order by tax expenditure category.

CREDITS

- **Historic Preservation 2013**

  Statutory Reference: Rhode Island General Laws Chapter 44-33.6 / Rhode Island Public Laws 2019, Chapter 88, Article 5, Section 14 / Rhode Island Public Laws 2019, Chapter 291, Section 1

  Year Enacted / Last Year Amended: 1996 / 2019

  Description of Change: Projects that were approved for historic preservation tax credits, funded through the cultural arts and the economy grant program (as enacted in Rhode Island Public Laws 2014, Chapter 145), and set to expire on December 31, 2019 were extended until December 31, 2022.

  Projects that were approved for historic preservation tax credits but not funded through the cultural arts and the economy grant program and set to expire on June 30, 2019 were extended until June 30, 2020.

  Sunset: No credits shall be issued for tax years beginning on or after June 30, 2020 or December 31, 2022 depending on whether the project eligible for the credit was funded through the cultural arts and the economy grant program.

  Effective Date: July 1, 2019 / July 19, 2019

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

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

- **Jobs Training**

  Statutory Reference: Rhode Island General Laws Section 42-64.6 / Rhode Island Public Laws 2018, Chapter 47, Article 11, Section 3

  Year Enacted / Last Year Amended: 1996 / 2018

Description of Change: The enacted change established a retroactive sunset to the beginning of TY 2018.

Sunset: No credits shall be issued for tax years beginning on or after January 1, 2018.

Effective Date: July 1, 2018

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

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

- **Motion Picture Production Tax Credit**

Statutory Reference: Rhode Island General Laws Chapter 44-31.2-5 / Rhode Island Public Laws 2018, Chapter 47, Article 12, Section 16 / Rhode Island Public Laws 2019, Chapter 88, Article 12, Section 6

Year Enacted / Last Year Amended: 2005 / 2018 / 2019

Description of Change: In the 2018 session, the credit increased from 25.0 percent to 30.0 percent of the state-certified production costs directly attributable to activities within the state. The maximum credit per production was capped at $7 million, up from a cap of $5 million in prior years. Additionally, the tax administrator was granted authority to waive the $7 million per-production cap for a feature-length film or TV series, up to the amount of remaining funds available under the program for a given year. Reality television shows were added to the list of productions that are not allowed to receive the credit.

In the 2019 session, the sunset was extended from July 1, 2024 to July 1, 2027. Additionally, the aggregate annual cap for total motion picture production tax credits and/or musical and theatrical tax production credits was increased from $15 million to $20 million, effective for tax years beginning after December 31, 2019.

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, 2018 / July 5, 2019

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

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

V. Recent Law Changes that Impact Tax Expenditures

- **Musical and Theatrical Production Tax Credit**

  Statutory Reference: Rhode Island General Laws Chapter 44-31.3-2 / Rhode Island Public Laws 2019, Chapter 41 / Rhode Island Public Laws 2019, Chapter 54 / Rhode Island Public Laws 2019, Chapter 88, Article 12, Section 6

  Year Enacted / Last Year Amended: 2012 / 2019

  Description of Change: In the 2019 session, the sunset was extended from July 1, 2019 to July 1, 2024. The amount of tax credit was increased from 25.0 percent to 30.0 percent of total production and performance expenditures and transportation expenditures for the accredited theater production. Additionally, the aggregate annual cap for total motion picture production tax credits and/or musical and theatrical production tax credits was increased from $15 million to $20 million, effective for tax years beginning after December 31, 2019.

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

  Effective Date: June 28, 2019 / December 31, 2019

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

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

- **New Qualified Jobs Incentive Act**

  Statutory Reference: Rhode Island General Laws Chapter 44-48.3 / Rhode Island Public Laws 2019, Chapter 88, Article 12, Sections 7 and 22

  Year Enacted / Last Year Amended: 2015 / 2019

  Description of Change: In the 2019 session, for each application approved after July 1, 2019, the tax credit was capped at 75 percent of reasonable W-2 withholding received by the state for each new full-time job created or $7,500, whichever is greater. The New Qualified Jobs Incentive Act sunset was extended to December 31, 2020.

  Sunset: No credits can be authorized to be reserved after December 31, 2020.

  Effective Date: July 5, 2019

  Tax Expenditures Impacted: These enacted changes will have an indeterminate effect on the tax expenditures for Rhode Island General Laws Chapters 44-11, 44-13, 44-14, 44-17, and 44-30.

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

- **Rebuild Rhode Island Tax Credit**

  Statutory Reference: Rhode Island General Laws Chapter 42-64.20 / Rhode Island Public Laws 2019, Chapter 88, Article 12, Section 3

  Year Enacted / Last Year Amended: 2015 / 2019

  Description of Change: The Rebuild Rhode Island tax credit sunset was extended to December 31, 2020 in the 2019 session.

  Sunset: No credits can be authorized to be reserved after December 31, 2020.

  Effective Date: July 5, 2019

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

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

- **Stay Invested in RI Wavemaker Fellowship**

  Statutory Reference: Rhode Island General Laws Chapter 42-64.26 / Rhode Island Public Laws 2019, Chapter 88, Article 12, Section 16

  Year Enacted / Last Year Amended: 2015 / 2019

  Description of Change: The Stay Invested in RI Wavemaker Fellowship tax credit sunset was extended to December 31, 2020 in the 2019 session.

  Sunset: No credits can be authorized to be reserved after December 31, 2020.

  Effective Date: July 5, 2019

  Tax Expenditures Impacted: This program will increase the tax expenditure for Rhode Island General Laws Chapter 44-30.

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

EXEMPTIONS

- **Coffins, Caskets, Urns, Shrouds, and Burial Garments:**

  Statutory Reference: Rhode Island General Laws Section 44-18-30(12) / Rhode Island Public Laws 2019, Chapter 88, Article 5, Section 9

Year Enacted / Last Year Amended: 1952 / 2019

Description of Change: Extended the sales and use tax exemption for coffins, caskets, shrouds, and other burial garments that are ordinarily sold by a funeral director as part of the business of funeral directing to urns.

Effective Date: October 1, 2019

Tax Expenditures Impacted: The enacted change increases the tax expenditures for Rhode Island General Laws Chapter 44-18.

Purpose: No explicit purpose provided in the statute.

- **Containers**

  Statutory Reference: Rhode Island General Laws Section 44-18-30(4) / Rhode Island Public Laws 2018, Chapter 47, Article 4, Section 10

  Year Enacted / Last Year Amended: 1947 / 2018

  Description of Change: Extended the sales and use tax exemption for containers to kegs and barrel containers, whether returnable or not, when sold to alcoholic beverage producers who place the alcoholic beverages in the containers.

  Effective Date: July 1, 2018

  Tax Expenditures Impacted: The enacted change increases the tax expenditures for Rhode Island General Laws Chapter 44-18.

  Purpose: No explicit purpose provided in the statute.

- **Feminine Hygiene Products:**

  Statutory Reference: Rhode Island General Laws Section 44-18-30(66) / Rhode Island Public Laws 2019, Chapter 88, Article 5, Section 9

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

  Description of Change: Adds an exemption against the sales and use tax for 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.

  Effective Date: October 1, 2019

Tax Expenditures Impacted: The enacted change increases the tax expenditures for Rhode Island General Laws Chapter 44-18.

Purpose: No explicit purpose provided in the statute.

- **Personal and Dependent**

Statutory Reference: Rhode Island General Laws Section 44-30-2.6(c)(3)(C) / Rhode Island Public Laws 2018, Chapter 47, Article 4, Section 13

Year Enacted / Last Year Amended: 2001 / 2018

Description of Change: The statutory change allowed Rhode Island personal and dependent exemptions to continue to be claimed by taxpayers who owe Rhode Island personal income tax after the Tax Cut and Jobs Act of 2017 (TCJA) eliminated federal personal and dependent exemptions.

For tax years beginning on or after 2018, the term exemption amount means the same as it did in the Internal Revenue Code Sections 151 and 152, as of December 22, 2017. The exemption amount will continue to be 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.

Effective Date: January 1, 2018

Tax Expenditures Impacted: The enacted change provides for continuity of the tax expenditure for Rhode Island General Laws Chapter 44-30.

Purpose: No explicit purpose provided in the statute.

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

Statutory Reference: Rhode Island General Laws Chapter 42-64.20-5(q) / Rhode Island Public Laws 2019, Chapter 88, Article 12, Section 2-3

Year Enacted / Last Year Amended: 2015 / 2019

Description of Change: The amounts awarded for sales and use tax exemptions under Rebuild Rhode Island were incorporated under the Rebuild Rhode Island tax credit program per project cap of $15 million and the maximum aggregate tax credit amount of $210 million, excluding tax credits and sales and use tax exemptions issued for projects on the I-195 land. Additionally, any sales and use tax use tax exemptions awarded are now included in the $25 million per project cap for a project on "I-195 land". Previously, the amounts awarded for the sales and use tax exemption under the Rebuild Rhode Island tax credit program were not included in either the per project or aggregate maximum amount of tax credits awarded.

According to Rhode Island General Laws Section 42-64.20-7, the Rebuild Rhode Island tax credit fund shall be used to redeem or reimburse the state for any sales and use tax exemptions allowed under Rebuild Rhode Island.

Sunset: No credits can be authorized to be reserved after December 31, 2020.

Effective Date: July 5, 2019

Tax Expenditures Impacted: Due to the reimbursement from the Rebuild Rhode Island tax credit fund, the inclusion of the sales and use tax exemption under the per project and total aggregate Rebuild Rhode Island tax credit program caps will decrease the tax expenditures for Rhode Island General Laws Chapter 44-18.

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

Video-Lottery Terminal, Table Games, and Sports Wagering Prizes

Statutory Reference: Rhode Island General Laws Section 42-61.2-10 / Rhode Island Public Laws 2018, Chapter 47, Article 4, Section 4

Year Enacted / Last Year Amended: 1992 / 2018

Description of Change: The enacted change extended the sales and use tax exemption for prizes received from video-lottery terminals and table games to prizes, including payoffs, received from sports betting. Prizes are still subject to any taxes applicable to Rhode Island General Laws Chapter 44-30.

Effective Date: July 1, 2018

Tax Expenditures Impacted: The enacted change may increase the tax expenditures for Rhode Island General Laws Chapter 44-18.

Purpose: No explicit purpose provided in the statute.

OTHER ITEMS

- **City of Pawtucket Downtown Redevelopment Project:**

Statutory Reference: Rhode Island General Laws Chapter 45-33.4 / Rhode Island Public Laws 2018, Chapter 103 / Rhode Island Public Laws 2019, Chapter 118

Year Enacted / Last Year Amended: 2018 / 2019

Description of Change: The City of Pawtucket Downtown Redevelopment Project was enacted in the 2018 session and amended in the 2019 session. The enacted change creates an arts district, a growth center district, and a ballpark district within the City of Pawtucket in which the state is authorized to enter into an economic activity taxes agreement with the Pawtucket Redevelopment Agency and the City of Pawtucket for the purpose of financing redevelopment projects and bonding costs, including capitalized interest, debt service reserves, and costs of issuance. Economic activity taxes include city economic activity taxes and state economic activity taxes generated from activities in the arts district, growth center district, and ballpark district as noted above. City economic activity taxes include city incremental tangible asset taxes imposed under Rhode Island General Laws (RIGL) § 44-5-12, local and state hotel taxes imposed under RIGL § 44-18-36.1, and local meals and beverage taxes imposed under RIGL § 44-18-18.1. State economic activity taxes include incremental tax revenues realized in the same districts as noted previously that are assessed and collected against Rhode Island General Laws Chapters 44-11, 44-18, and 44-30. For the taxes included in the economic activity taxes agreement for the above noted districts, a baseline revenue amount was established in 2019. Once an economic activity taxes agreement has been signed, any incremental taxes defined as city economic activity taxes or state economic activity taxes collected above this baseline will be deposited into a restricted receipt account known as the Downtown Pawtucket Redevelopment Economic Activity Taxes Fund. If such an agreement has not been signed by June 30, 2020, incremental tax revenues realized in the above noted districts collected under Rhode Island General Laws Chapter 44-18 will be deposited into the Downtown Pawtucket Redevelopment Economic Activity Taxes Fund.

Effective Date: June 29, 2018 / July 8, 2019

Tax Expenditures Impacted: The enacted change increases the tax expenditures for Rhode Island General Laws Chapter 44-11, 44-18, and 44-30.

Purpose: No explicit purpose provided in the statute.

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VI. Summary Results by Tax Expenditure Item

Forgone revenue in any given year can be either on a calendar year or a fiscal year basis. Unless otherwise marked, tax expenditures items are reported for fiscal year 2016 and 2017. Tax expenditure items marked with a † indicate forgone revenue is on a calendar year basis. Additionally, tax expenditure items marked with a ^ indicate that fiscal year 2017 and fiscal year 2018 are reported. Finally, tax expenditure items marked with a * indicate forgone revenue is included with another tax expenditure item.

Credits

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
63	Accommodations under Americans with Disabilities Act †	$ 0	1	$ 1,000	1
64	Adult and Child Daycare †	0	1	0	1
67	Adult Education †	0	1	0	1
70	Anchor Institution †	0	1	0	1
71	Apprenticeship †	0	1	0	1
73	Biotechnology Investment †	*	5	*	5
74	Child and Dependent Care (Federal)†	3,601,918	1	3,672,222	1
76	Contributions to Scholarship Organizations †	1,339,428	1	1,289,055	1
79	Earned Income (Federal) †	23,652,797	1	27,859,648	1
81	Educational Assistance and Development †	0	1	0	1
83	Employment – Welfare Bonus Program †	0	1	0	1
85	Historic Homeownership Assistance†	*n/a*	*n/a*	5,129	1
87	Historic Preservation †	7,362,155	1	5,782,702	1
91	Historic Structures †	2,704,003	1	22,027,086	1
94	Hydroelectric Power †	0	1	0	1
95	Interest for Loans to Mill Building Owners †	0	1	0	1
97	Investment †	2,269,036	1	4,007,608	1
101	Jobs Training †	1,404,970	1	661,578	1
102	Juvenile Restitution †	0	1	0	1
103	Lead Paint Abatement †	215,526	1	256,290	1
105	Motion Picture Production †	1,254,310	1	2,134,162	1
108	Motor Fuel Use Carrier Taxes Paid to Rhode Island †	5,921,129	1	2,957,954	1
109	Musical and Theatrical Productions †	644,364	1	520,959	1
112	New Qualified Jobs Incentive Act †	0	1	40,187	1
116	Property Tax Relief †	4,124,475	1	4,144,492	1
118	Real or Personal Property Taxed in Another State †	0	1	0	1
120	Rebuild Rhode Island †	0	1	0	1

Credits (continued)

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
124	Research and Development Expense†	$ 2,819,293	1	$ 2,694,684	1
126	Research and Development Property†	13,817	1	60,142	1
128	Residential Renewable Energy System †	0	1	0	1
129	Specialized Mill Building Investment†	0	1	0	1
131	Stay Invested in RI Wavemaker Fellowship †	0	1	586,926	1
133	Tax on Net Estate of Decedent †	20,700,000	1	37,000,000	1
135	Taxes Paid to Other States †	182,475,753	1	193,026,414	1
137	Wages Paid by Employers in Mill Buildings †	0	1	0	1
	Total Credits	***$ 260,502,974***	***1.1***	***$ 308,728,238***	***1.1***

Deductions

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
140	Accelerated Amortization for Certain Manufacturers †	$ ---	5	$ ---	5
140	Alimony Paid (Federal) †	1,236,158	4	1,309,202	4
142	Amortization of Air or Water Pollution Prevention and Treatment Facilities †	<1	1	762	1
143	Certain Business Expenses of Reservists, etc. (Federal) †	59,201	4	74,592	4
145	Connecting Fees, Switching and Carrier Access Charges †	3,566,229	1	3,321,434	1
146	Educator Expenses (Federal) †	102,001	2	98,924	2
148	Electricity for Resale †	---	5	---	5
149	Expensing of Assets in Lieu of Depreciation, Section 179 of IRC †	363,672	1	253,140	1
152	Health Savings Account (Federal) †	485,788	4	521,382	4
154	Individual Retirement Arrangement Contributions (Federal) †	1,122,404	2	1,088,279	2
156	Keogh and SEP Contributions (Federal) †	3,098,195	2	3,333,140	2
158	Merchandise Sold †	0	1	0	1
159	Moving Expenses (Federal) †	341,012	4	337,835	4
161	Net Operating Losses †	25,897,264	1	19,560,161	1
163	One-Half of Self-Employment Tax (Federal) †	2,921,026	4	3,109,687	4
165	Penalty of Early Withdrawal of Savings (Federal) †	10,560	4	12,075	4
166	Qualifying Investment in a Certified Venture Capital Partnership †	36	1	13,537	1
169	Return or Unabsorbed Premiums or Premiums for Reinsurance Assumed†	---	5	---	5
170	Self-employed Health Insurance (Federal) †	3,438,573	2	3,510,088	2

VI. Summary Results by Tax Expenditure Item

Deductions (continued)

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
172	Standard Deduction †	$ 198,054,375	1	$ 197,694,885	1
174	Student Loan Interest (Federal) †	908,601	2	900,638	2
176	Tax Incentives for Employers †	1,294	1	138,020	1
179	Tuition and Fees (Federal) †	155,512	2	94,140	2
	Total Deductions	***$ 241,761,901***	***2.6***	***$ 235,371,921***	***2.6***

Exclusions

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
183	Biodiesel Portion of Blended Gallon of Diesel Fuel	$ 1,036,257	1	$ 1,485,727	1
184	Conveyance of Mobile/Manufactured Homes for Consideration of $100 or less	---	5	---	5
184	Conveyance of Real Estate for Consideration of $100 or less	---	5	---	5
186	Conveyance of Real Estate Relating to the Capitol Center Project	0	1	0	1
187	Corporations Excluded from Taxation by Charter	---	5	---	5
187	Corporations Not Doing Business for Profit	---	5	---	5
189	Corporations that Maintain and Manage Intangible Investments	---	5	---	5
190	Dividends Received from Shares of Stock †	21,144,505	1	31,376,042	1
192	Financial Institutions	---	5	---	5
194	Fraternal Beneficiary Societies	---	5	---	5
195	Fraternal Benefit Societies	---	5	---	5
196	Gain or Loss on Sale of Property Other Than Securities	---	5	---	5
197	Income from the Sale of International Investment Management Services	---	5	---	5
198	Insurance and Surety Companies	---	5	---	5
199	Interest Received from Debt Instruments Issued by Public Service Corporations	---	5	---	5
200	Long-Term Gain from Capital Investment in Small Business	---	5	---	5
202	Lubricating Oils, Marine Diesel Fuel, Aviation Fuel, and Heating Oil	178,685,196	2	214,812,408	2
203	Maximum Tax of $0.50 per Cigar	1,076,652	2	1,191,134	2
205	Net Taxable Estate Amount	---	5	---	5
206	Possession of 10 Packs of Cigarettes with Out-of-State Tax Stamps	---	5	---	5
207	Public Service Corporations	---	5	---	5
208	Taxed Gross Earnings and Associated Costs of Non-Public Service Corporations	---	5	---	5

Exclusions (continued)

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
209	Taxes Legally Imposed on Consumer but Separately Stated on Invoice	$ ---	5	$ ---	5
210	Value-Added Non-Voice Services that Use Computer Processing Applications	---	5	---	5
211	Veterinary and Testing Laboratory Services ^	11,680,090	3	11,918,401	3
	Total Exclusions	***$ 213,622,700***	***4.2***	***$ 260,783,712***	***4.2***

Exemptions

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
214	Agricultural Products for Human Consumption ^	$ 2,774,143	3	$ 2,871,299	3
215	Air and Water Pollution Control Facilities ^	146,023	3	149,431	3
216	Aircraft and Aircraft Parts ^	3,091,516	3	3,220,082	3
217	Banks and Regulated Investment Companies Interstate Toll Free Calls	1,060,555	4	906,585	4
219	Beverage Containers, Hard-to-Dispose Material, and Litter Control Participation Permittee †	189,174	4	184,271	4
220	Bibles	---	5	---	5
221	Boats or Vessels Brought in Exclusively for Winter Storage, Maintenance, Repair or Sale ^	*	5	*	5
222	Boats or Vessels Generally ^	5,105,467	3	5,700,487	3
223	Boats Sold to Non-Residents	*	5	*	5
224	Building Materials Used to Rebuild After Disaster	---	5	---	5
225	Buses, Trucks or Trailers Used in Interstate Commerce ^	4,635,400	3	4,649,000	3
226	Camps ^	1,386,198	3	1,497,001	3
228	Casual Sales	---	5	---	5
229	Charitable, Educational or Religious Organizations ^	95,094,200	3	95,901,500	3
232	Clothing and Footwear ^	35,180,268	3	37,260,845	3
233	Coffins, Caskets and Burial Garments^	1,211,485	3	1,276,465	3
235	Coins	588,104	4	490,243	4
236	Commercial Fishing Vessels in Excess of Five Net Tons	221,175	4	111,282	4
238	Commercial Vessels of 50 Tons Burden or More	---	5	---	5
239	Compressed Air	---	5	---	5
240	Containers ^	10,361,665	3	10,690,623	3
241	Deed, Instrument or Writing where Grantor is U.S. Government or State of Rhode Island	---	5	---	5

Exemptions (continued)

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
242	Diesel Emission Control Technology	$ ---	5	$ ---	5
243	Dietary Supplements	2,292,554	4	2,403,969	4
244	Distressed Essential Community Hospital	---	5	---	5
245	Educational Institutions Rental Charges ^	8,353,659	3	8,936,917	3
247	Electricity and Gas ^	70,155,339	3	73,531,199	3
249	Electricity, Steam and Thermal Energy from RI Economic Development Corporation (now RI Commerce Corporation)	0	1	0	1
249	Equipment for Research and Development ^	5,035,870	3	5,278,597	3
251	Estates of Persons Declared Missing in Action by the U.S. Armed Forces	0	1	0	1
252	Farm Equipment ^	921,600	3	935,400	3
253	Farm Structure Construction Materials ^	239,352	3	249,376	3
254	Feed for Certain Animals Used in Commercial Farming ^	558,439	3	564,731	3
256	Feminine Hygiene Products *(New)*	*n/a*	*n/a*	*n/a*	*n/a*
257	First 50,000 Gallons of Distilled Spirits of a Distiller in Continuous Operation for 12 Months †	---	5	---	5
258	First 100,000 Barrels of Beer of a Brewer in Continuous Operation for 12 Months	---	5	29,543	1
259	Flags	34,328	4	34,117	4
260	Food and Food Ingredients ^	163,324,676	3	170,724,311	3
262	Food Items Paid for by Food Stamps	17,413,518	1	17,147,896	1
263	Gasoline	70,475,348	2	70,902,147	2
265	Heating Fuels	17,342,019	4	17,693,959	4
266	Horse Food Products ^	30,116	3	30,669	3
268	Human Blood	576,802	4	556,428	4
269	Installation Labor Charges, When Separately Stated ^	36,249,200	3	38,070,500	3
270	Jewelry Display Product	---	5	---	5
271	Lottery Prizes	---	5	---	5
272	Manufacturers' Machinery and Equipment ^	38,810,300	3	39,220,200	3
273	Medicines, Drugs and Durable Medical Equipment ^	120,478,638	3	128,246,521	3
275	Mobile and Manufactured Homes Generally	257,525	2	326,100	2
276	Motor Vehicle and Adaptive Equipment for Amputee Veterans	*	5	*	5
277	Motor Vehicle and Adaptive Equipment for Persons with Disabilities	---	5	---	5

Exemptions (continued)

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
279	Narragansett Pier Railroad Company	$ ---	5	$ ---	5
280	Newspapers ^	1,390,933	3	1,522,700	3
281	Ocean Marine Insurance	1,783	4	1,759	4
282	Out-of-State Shipments of Rhode Island Alcoholic Beverage Manufacturers	---	5	---	5
284	Personal and Dependent †	113,991,759	1	127,014,158	1
286	Personal Holding Company, Regulated Investment Company or Real Estate Investment Trust	---	5	---	5
288	Precious Metal Bullion	---	5	---	5
289	Promotional and Product Literature of Boat Manufacturers ^	171,200	3	173,000	3
290	Property Otherwise Exempted	---	5	---	5
291	Property Purchased from Federal Government ^	8,991,668	3	9,255,468	3
293	Property Purchased Outside of State by Non-Resident and Brought into State	---	5	---	5
294	Property Returned Within 120 Days from the Date of Delivery	59,287	1	58,869	1
295	Prosthetic Devices and Mobility Enhancing Equipment ^	11,669,129	3	12,724,984	3
297	Purchases Used for Manufacturing Purposes	379,125,624	2	389,371,558	2
298	Qualified Sales of Manufactured and Mobile Home Parks	---	5	---	5
299	Rebuild Rhode Island Sales and Use Tax *(New)*	0	1	0	1
300	Refillable and Reusable Beverage Containers	---	5	---	5
301	Renewable Energy Products †	1,291,500	2	1,732,500	2
303	Rental Charged for Living or Sleeping Quarters in a Hospital or Nursing Home Licensed by the State^	34,994,860	3	37,371,970	3
304	Rhode Island Economic Development Corporation Project Status Designees	350,000	1	0	1
306	Rhode Island Industrial Facilities Corporation Lessees	0	1	0	1
307	Sacramental Wines Sold Directly to Member of Clergy	---	5	---	5
308	Sales and Use Taxes Paid to Other Jurisdictions	---	5	---	5
310	Sales beyond Constitutional Power of State	---	5	---	5
311	Sales by Writers, Composers, Artists†	1,029,084	2	962,478	2
313	Sales in Municipal Economic Development Zones	0	1	0	1
314	Sales in Public Buildings by Blind People	101,675	1	82,126	1

Exemptions (continued)

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
315	Sales of Motor Vehicles to Non-Residents	$ ---	5	$ 2,143,934	1
317	Sales of Non-Motorized Recreational Vehicles to Non-Residents	---	5	---	5
318	Sales of Trailers Ordinarily Used for Residential Purposes	---	5	---	5
319	Sales to Common Carriers for Use Outside of the State	---	5	---	5
320	Sales to Federal Government ^	8,415,176	3	8,468,166	3
321	Sales to the State or Its Political Subdivisions ^	33,843,467	3	33,937,589	3
323	Sales to the U.S. Government and Operators of Railroad Transportation Equipment	3,949,427	1	1,883,444	1
324	School Meals ^	4,859,970	3	5,146,201	3
326	Securities from Taxation	---	5	---	5
327	Seeds and Plants used to Grow Food and Food Ingredients	*	5	*	5
328	Special Adaptations for Wheelchair Accessible Taxicabs	---	5	---	5
329	Supplies Used in On-Site Hazardous Waste Recycling, Reuse, or Treatment	---	5	---	5
330	Supplies Used in Preparing Floral Products and/or Arrangements ^	867,017	3	898,736	3
331	Telecommunications Carrier Access Services ^	13,168,600	3	13,184,900	3
332	Textbooks ^	1,724,228	3	1,864,553	3
333	Total Loss or Destruction of Motor Vehicle within 120 Days of Tax Payment	59,287	1	58,869	1
334	Trade-in Value of Boats	---	5	---	5
336	Trade-In Value of Private Passenger Automobiles ^	---	5	11,458,426	1
337	Transfers or Sales Made to Immediate Family Members	---	5	---	5
339	Transfers or Sales Related to Business Dissolution or Partial Liquidation	---	5	---	5
340	Transportation Charges of Motor Carriers to Haul Goods	---	5	---	5
341	Vacation Homes Rented in Entirely	920,087	1	2,479,513	1
342	Vehicles Purchased by Non-Resident Military Personnel Subject to Sales Tax Elsewhere	---	5	---	5
343	Video-Lottery Terminal, Table Games, and Sports Wagering Prizes	---	5	---	5
344	Water for Residential Use	13,489,030	2	13,717,546	2
345	Wine and Spirits	16,826,599	1	16,902,518	1

Exemptions (continued)

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
346	Youth Activities Equipment Sold for $20 or less by Non-Profit Organizations	$ ---	5	$ ---	5
	Total Exemptions	***$ 1,364,886,046***	***3.6***	***$ 1,432,207,659***	***3.5***

Modifications

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
350	Bonus Depreciation Provided by JCWAA of 2002 and JGTRRA of 2003 †	$ 0	1	$ 0	1
354	Companies Engaged in Buying, Selling, Dealing in or Holding Securities on Own Behalf †	---	5	---	5
355	Contribution to Medical Savings Account by Scituate Residents †	399	1	355	1
356	Contributions to an Account under Tuition Savings Program †	141,364	1	161,069	1
358	Enterprise Zone Business Owner with Domiciliary in Enterprise Zone †	21,510	1	19,483	1
360	Federally Taxable Withdrawals from Tuition Savings Program Account †	*	5	*	5
361	Gain from Stock Options in Qualifying Corporations †	*	5	*	5
362	Income Earned on a Rhode Island Family Education Account †	19,657	1	14,909	1
364	Income from the Assignment or Transfer of Historic Preservation Tax Credits †	118,298	2	20,365	2
365	Income from the Assignment or Transfer of Historic Structures Tax Credits †	322,090	2	5,346	2
366	Income from the Assignment or Transfer of Motion Picture Production Company Tax Credits †	54,875	2	1,973	2
368	Income from the Assignment or Transfer of Musical & Theatrical Tax Credits †	28,191	2	482	2
369	Income or Gain from a Qualifying Employee's Ownership of a Qualifying Corporation †	30,534	1	49,700	1
370	Interest on Obligations of the United States and its Possessions †	2,118,804	1	1,930,198	1
372	Military Pay of Non-Resident Individuals †	752,713	1	455,145	1
374	New Research and Development Facilities †	16,196	1	24,484	1
375	Nonqualified Withdrawals from a Medical Savings Account by Scituate Residents	*n/a*	*n/a*	*n/a*	*n/a*
376	Nonqualified Withdrawals from Tuition Savings Program Account	*n/a*	*n/a*	*n/a*	*n/a*

Modifications (continued)

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
377	Nonqualified Withdrawals or Distributions from Rhode Island Family Education Accounts	$ *n/a*	*n/a*	$ *n/a*	*n/a*
377	Organ Transplantation †	5,313	1	3,843	1
379	Performance-Based Income of Eligible Employees via the Jobs Growth Act †	0	1	0	1
380	Profits or Gains from Sales of Work by Artists, Writers, and Composers †	20,139	1	14,747	1
381	Provision of Insurance Benefit to Dependent or Domestic Partner †	45,450	1	44,003	1
382	Qualifying Investment in a Certified Venture Capital Partnership †	377	1	214	1
383	Railroad Retirement Benefits †	199,672	1	187,690	1
385	Recognition of Income from Discharge of Business Indebtedness †	903,948	1	497,297	1
388	Rental Vehicle Surcharge Retained by Rental Car Companies	5,331,906	1	4,949,228	1
389	Rhode Island Fiduciary Adjustment †	0	1	0	1
390	Tax Incentives for Employers †	14,374	1	18,057	1
392	Taxable Pension Plan and/or Annuity Income *(New)* †	*n/a*	*n/a*	11,968,388	1
394	Taxable Social Security Income †	16,479,910	1	16,420,037	1
	Total Modifications	***$ 26,625,720***	***1.6***	***$ 36,787,013***	***1.6***

Other Items

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
397	Allocation and Apportionment of Airlines	$ ---	5	$ ---	5
398	Allocation and Apportionment of Brokerage Services	---	5	---	5
400	Allocation and Apportionment of Credit Card Banks	---	5	---	5
401	Allocation of Apportionment of Motor Carriers	---	5	---	5
403	Allocation and Apportionment of Regulated Investment Companies	---	5	---	5
406	Allocation and Apportionment of Retirement and Pension Plans	---	5	---	5
	Total Other Items	***$ ---***	***5.0***	***$ ---***	***5.0***

Preferential Tax Rates

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
409	Jobs Development Act	$ 23,531,687	1	$ 8,952,163	1

Preferential Tax Rates (continued)

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
411	Life Science Rate Reduction	$ *	5	$ *	5
	Total Preferential Tax Rate	***$ 23,531,687***	***3.0***	***$ 8,952,163***	***3.0***

Tax Abatements

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
414	Cigarette Tax Stamping Discount	$ 1,743,232	1	$ 1,672,327	1
415	Political Check-Off †	84,695	1	84,405	1
417	Value of Farmland Included in Estate	---	*5*	---	5
	Total Tax Abatements	***$ 1,827,927***	***2.3***	***$ 1,756,732***	***2.3***

Tax Deferrals

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
420	Holding Period for Unstamped Cigarettes †	$ 0	1	$ 0	1
421	Write-Downs or Reserves for Securities Losses †	---	5	---	5
	Total Tax Deferrals	***$ 0***	***3.0***	***$ 0***	***3.0***

TOTAL TAX EXPENDTURES	***$ 2,132,758,955***	***3.0***	***$ 2,284,587,438***	***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 fiscal year 2016 and 2017. Tax expenditure items marked with a † indicate forgone revenue is on a calendar year basis. Additionally, tax expenditure items marked with a ^ indicate that fiscal year 2017 and fiscal year 2018 are reported. Finally, tax expenditure items marked with a * indicate forgone revenue is included with another tax expenditure item.

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

Exemptions

Page Number	Item		2016 Forgone Revenue	Reliability Level		2017 Forgone Revenue	Reliability Level
257	First 50,000 Gallons if Distilled Spirits of a Distiller in Continuous Operation for 12 Months †	$	---	5	$	---	5
258	First 100,000 Barrels of Beer of a Brewer in Continuous Operation for 12 Months		---	5		29,543	1
282	Out-of-State Shipments of Rhode Island Alcoholic Beverage Manufacturers		---	5		---	5
307	Sacramental Wines Sold Directly to Member of Clergy		---	5		---	5
	Total Exemptions	***$***	***---***	***5.0***	***$***	***29,543***	***4.0***
	Total Alcoholic Beverage Tax	***$***	***---***	***5.0***	***$***	***29,543***	***4.0***

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

Credits

Page Number	Item		2016 Forgone Revenue	Reliability Level		2017 Forgone Revenue	Reliability Level
67	Adult Education †	$	0	1	$	0	1
76	Contributions to Scholarship Organizations †		0	1		0	1
83	Employment – Welfare Bonus Program †		0	1		0	1
	Total Credits	***$***	***0***	***1.0***	***$***	***0***	***1.0***

Deductions

Page Number	Item		2016 Forgone Revenue	Reliability Level		2017 Forgone Revenue	Reliability Level
176	Tax Incentives for Employers †	$	---	5	$	---	5
	Total Deductions	***$***	***---***	***5.0***	***$***	***---***	***5.0***
	Total Bank Deposits Tax	***$***	***0***	***2.0***	***$***	***0***	***2.0***

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

Credits

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
64	Adult and Child Daycare †	$ 0	1	$ 0	1
67	Adult Education †	0	1	0	1
70	Anchor Institution †	0	1	0	1
76	Contributions to Scholarship Organizations †	9,000	1	0	1
81	Educational Assistance and Development †	0	1	0	1
83	Employment – Welfare Bonus Program †	0	1	0	1
87	Historic Preservation †	0	1	0	1
91	Historic Structures †	0	1	0	1
95	Interest for Loans to Mill Building Owners †	0	1	0	1
97	Investment †	1,612,069	1	2,489,188	1
101	Jobs Training †	0	1	0	1
105	Motion Picture Production†	0	1	0	1
109	Musical and Theatrical Production †	0	1	0	1
112	New Qualified Jobs Incentive Act †	0	1	0	1
120	Rebuild Rhode Island †	0	1	0	1
129	Specialized Mill Building Investment†	0	1	0	1
	Total Credits	***$ 1,621,069***	***1.0***	***$ 2,489,188***	***1.0***

Deductions

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
149	Expensing of Assets in Lieu of Depreciations, Section 179 of IRC †	$ 44,179	1	$ 0	1
166	Qualifying Investment in a Certified Venture Capital Partnership †	0	1	0	1
176	Tax Incentives for Employers †	0	1	0	1
	Total Deductions	***$ 44,179***	***1.0***	***$ 0***	***1.0***

Exclusions

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
190	Dividends Received from Shares of Stock †	$ 1,448,000	1	$ 1,694,651	1
196	Gain or Loss on Sale of Property Other Than Securities	---	5	---	5
200	Long-Term Gain from Capital Investment in Small Business	---	5	---	5
	Total Exclusions	***$ 1,448,000***	***3.7***	***$ 1,694,651***	***3.7***

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

Modifications

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
350	Bonus Depreciation Provided by JCWAA of 2002 and JGTRRA of 2003 †	$ *	5	$ *	5
385	Recognition of Income from Discharge of Business Indebtedness†	0	1	3,881	1
	Total Modifications	***$ 0***	***3.0***	***$*** 3,881	***3.0***

Preferential Tax Rate

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
409	Jobs Development Act	$ 11,531,021	1	$ 7,074,323	1
	Total Preferential Tax Rates	***$ 11,531,021***	***1.0***	***$ 7,074,323***	***1.0***

Tax Deferral

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
421	Write-Downs or Reserves for Securities Losses	---	5	---	5
	Total Tax Deferrals	***$ ---***	***5.0***	***$ ---***	***5.0***
	Total Bank Tax	***$ 14,644,269***	***1.6***	***$ 11,262,043***	***1.6***

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

Exemptions

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
219	Beverage Containers, Hard-to-Dispose Material, and Litter Control Participation Permit	$ 189,174	4	$ 184,271	4
300	Refillable and Reusable Beverage Containers	---	5	---	5
	Total Exemptions	***$ 189,271***	***4.5***	***$ 184,271***	***4.5***
	Total Tax on Beverage Containers	***$ 189,271***	***4.5***	***$ 184,271***	***4.5***

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

Credits

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
63	Accommodations Under Americans with Disabilities Act †	$ 0	1	$ 1,000	1
64	Adult and Child Daycare †	0	1	0	1
67	Adult Education †	0	1	0	1
70	Anchor Institution †	0	1	0	1
71	Apprenticeship †	0	1	0	1
73	Biotechnology Investment †	*	5	*	5
76	Contributions to Scholarship Organizations †	0	1	0	1

76

Credits (continued)

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
81	Educational Assistance and Development †	$ 0	1	$ 0	1
83	Employment – Welfare Bonus Program †	0	1	0	1
87	Historic Preservation †	0	1	0	1
91	Historic Structures †	0	1	16,357	1
94	Hydroelectric Power †	0	1	0	1
95	Interest for Loans to Mill Building Owners †	0	1	0	1
97	Investment †	572,971	1	1,157,085	1
101	Jobs Training †	1,404,970	1	637,437	1
102	Juvenile Restitution †	0	1	0	1
105	Motion Picture Production †	0	1	1,124,973	1
109	Musical and Theatrical Production †	0	1	0	1
112	New Qualified Jobs Incentive Act †	0	1	0	1
120	Rebuild Rhode Island †	0	1	0	1
124	Research and Development Expense†	2,085,001	1	1,642,059	1
126	Research and Development Property†	13,817	1	60,142	1
128	Residential Renewable Energy System †	0	1	0	1
129	Specialized Mill Building Investment†	0	1	0	1
137	Wages Paid by Employers in Mill Buildings †	0	1	0	1
	Total Credits	***$ 4,076,759***	***1.1***	***$ 4,639,053***	***1.1***

Deductions

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
140	Accelerated Amortization for Certain Manufacturers †	$ ---	5	$ ---	5
142	Amortization of Air or Water Pollution Prevention and Treatment Facilities †	<1	1	762	1
149	Expensing of Assets in Lieu of Depreciation, Section 179 of IRC †	0	1	0	1
161	Net Operating Losses †	25,897,264	1	19,560,161	1
166	Qualifying Investment in a Certified Venture Capital Partnership †	36	1	32	1
176	Tax Incentives for Employers †	1,294	1	138,020	1
	Total Deductions	***$ 25,898,594***	***1.7***	***$ 19,698,975***	***1.7***

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

Exclusions

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
187	Corporations Excluded from Taxation by Charter	$ ---	5	$ ---	5
187	Corporations Not Doing Business for Profit	---	5	---	5
189	Corporations That Maintain and Manage Intangible Investments	---	5	---	5
190	Dividends Received from Shares of Stock †	19,696,505	1	29,681,391	1
192	Financial Institutions	---	5	---	5
194	Fraternal Beneficiary Societies	---	5	---	5
197	Income from the Sale of International Investment Management Services	---	5	---	5
198	Insurance and Surety Companies	---	5	---	5
199	Interest Received from Debt Instruments Issued by Public Service Corporations	---	5	---	5
200	Long-Term Gain from Capital Investment in Small Business	---	5	---	5
207	Public Service Corporations	---	5	---	5
208	Taxed Gross Earnings and Associated Costs of Non-Public Service Corporations	---	5	---	5
	Total Exclusions	***$ 19,696,505***	***4.6***	***$ 29,681,391***	***4.6***

Exemptions

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
286	Personal Holding Company, Regulated Investment Company or Real Estate Investment Trust	$ ---	5	$ ---	5
	Total Exemptions	***$ ---***	***5.0***	***$ ---***	***5.0***

Modifications

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
350	Bonus Depreciation Provided by JCWAA of 2002 and JGTRRA of 2003 †	$ *	5	$ *	5
354	Companies Engaged in Buying, Selling, Dealing in or Holding Securities on Own Behalf †	---	5	---	5
358	Enterprise Zone Business Owner with Domiciliary in Enterprise Zone†	0	1	0	1
374	New Research and Development Facilities †	16,166	1	24,353	1
385	Recognition of Income from Discharge of Business Indebtedness†	886,302	1	491,120	1
	Total Modifications	***$ 902,468***	***2.6***	***$ 515,473***	***2.6***

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

Other Items

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
397	Allocation and Apportionment of Airlines	$ ---	5	$ ---	5
398	Allocation and Apportionment of Brokerage Services	---	5	---	5
400	Allocation and Apportionment of Credit Card Banks	---	5	---	5
401	Allocation and Apportionment of Motor Carriers	---	5	---	5
403	Allocation and Apportionment of Regulated Investment Companies	---	5	---	5
406	Allocation and Apportionment of Retirement and Pension Plans	---	5	---	5
	Total Other Items	***$ ---***	***5.0***	***$ ---***	***5.0***

Preferential Tax Rate

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
409	Jobs Development Act	$ 12,000,666	1	$ 1,877,840	1
411	Life Science Rate Reduction	*	5	*	5
	Total Preferential Tax Rates	***$ 12,000,666***	***3.0***	***$ 1,877,840***	***3.0***
	Total Business Corporation Tax	***$ 62,574,992***	***2.8***	***$ 56,412,732***	***2.6***

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

Exclusions

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
203	Maximum Tax of $0.50 per Cigar	$ 1,076,652	2	$ 1,191,134	2
206	Possession of 10 Packs of Cigarettes with Out-of-State Tax Stamps	---	5	---	5
	Total Exclusions	***$ 1,076,652***	***3.5***	***$ 1,191,134***	***3.5***

Tax Abatement

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
414	Cigarette Tax Stamping Discount	$ 1,743,232	1	$ 1,672,327	1
	Total Tax Abatements	***$ 1,743,232***	***1.0***	***$ 1,672,327***	***1.0***

Tax Deferral

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
420	Holding Period for Unstamped Cigarettes	$ 0	1	$ 0	1
	Total Tax Deferrals	***$ 0***	***1.0***	***$ 0***	***1.0***
	Total Cigarette Tax	***$ 2,819,884***	***2.3***	***$ 2,863,461***	***2.3***

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

Credits

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
133	Tax on Net Estate of Decedent †	$ 20,700,000	1	$ 37,000,000	1
	Total Credits	***$ 20,700,000***	***1***	***$ 37,000,000***	***1***

Exclusions

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
205	Net Taxable Estate Amount	$ ---	5	$ ---	5
	Total Exclusions	***$ ---***	***5.0***	***$ ---***	***5.0***

Exemptions

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
251	Estates of Persons Declared Missing in Action by the U.S. Armed Forces	$ 0	1	$ 0	1
	Total Exemptions	***$ 0***	***1.0***	***$ 0***	***1.0***

Tax Abatement

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
417	Value of Farmland Included in an Estate	$ ---	5	$ ---	5
	Total Tax Abatements	***$ ---***	***5***	***$ ---***	***5***
	Total Estate and Transfer Tax	***$ 20,700,000***	***3.0***	***$ 37,000,000***	***3.0***

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

Credits

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
118	Real or Personal Property Taxed in Another State †	$ 0	1	$ 0	1
	Total Credits	***$ 0***	***1.0***	***$ 0***	***1.0***
	Total Gen Skipping Transfer Tax	***$ 0***	***1.0***	***$ 0***	***1.0***

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

Exemptions

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
341	Vacation Homes Rented in Entirely	$ 920,087	1	$ 2,479,513	1
	Total Exemptions	***$ 920,087***	***1.0***	***$ 2,479,513***	***1.0***
	Total Hotel Tax	***$ 920,087***	***1.0***	***$ 2,479,513***	***1.0***

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

Credits

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
64	Adult and Child Daycare †	$ 0	1	$ 0	1

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

Credits (continued)

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
67	Adult Education †	$ 0	1	$ 0	1
70	Anchor Institution †	0	1	0	1
76	Contributions to Scholarship Organizations †	45,000	1	45,000	1
81	Educational Assistance and Development †	0	1	0	1
83	Employment – Welfare Bonus Program †	0	1	0	1
87	Historic Preservation †	997,387	1	302,613	1
91	Historic Structures †	1,050,000	1	19,807,679	1
95	Interest for Loans to Mill Building Owners †	0	1	0	1
97	Investment †	83,996	1	361,335	1
101	Jobs Training †	0	1	24,141	1
105	Motion Picture Production †	222,096	1	209,001	1
109	Musical and Theatrical Production †	0	1	0	1
112	New Qualified Jobs Incentive Act †	0	1	0	1
109	Rebuild Rhode Island †	0	1	0	1
124	Research and Development Expense†	734,292	1	1,052,625	1
126	Research and Development Property†	0	1	0	1
129	Specialized Mill Building Investment†	0	1	0	1
	Total Credits	***$ 3,132,771***	***1.0***	***$ 21,802,394***	***1.0***

Deductions

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
166	Qualifying Investment in a Certified Venture Capital Partnership †	$ 0	1	$ <1	1
169	Return or Unabsorbed Premiums or Premiums for Reinsurance Assumed†	---	5	---	5
176	Tax Incentives for Employers †	0	1	1	1
	Total Deductions	***$ 0***	***2.3***	***$ 1***	***2.3***

Exclusions

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
195	Fraternal Benefit Societies	$ ---	5	$ ---	5
	Total Exclusions	***$ ---***	***5.0***	***$ ---***	***5.0***

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

Exemptions

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
281	Ocean Marine Insurance	$ 1,783	4	$ 1,759	4
	Total Exemptions	***$ 1,783***	***4.0***	***$ 1,759***	***4.0***

Preferential Tax Rate

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
409	Jobs Development Act	$ 0	1	$ 0	1
	Total Preferential Tax Rates	***$ 0***	***1.0***	***$ 0***	***1.0***
	Total Insurance Company Gross Premiums Tax	***$ 3,134,554***	***1.5***	***$ 21,804,154***	***1.5***

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

Credits

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
108	Motor Carrier Fuel Use Taxes Paid to Rhode Island †	$ 5,921,129	1	$ 2,957,954	1
	Total Credits	***$*** 5,921,129	***1.0***	***$*** 2,957,954	***1.0***
	Total Motor Carrier Fuel Tax	***$*** **5,921,129**	***1.0***	***$*** **2,957,954**	***1.0***

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

Exclusions

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
183	Biodiesel Portion of Blended Gallon of Diesel Fuel	$ 1,036,257	1	$ 1,485,727	1
202	Lubricating Oils, Marine Diesel Fuel, Aviation Fuel, and Heating Oil	178,685,196	2	214,812,408	2
	Total Exclusions	***$ 179,721,453***	***1.5***	***$ 216,298,135***	***1.5***

Exemptions

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
323	Sales to the U.S. Government and Operators of Railroad Transportation Equipment	$ 3,949,427	1	$ 1,883,444	1
	Total Exemptions	***$ 3,949,427***	***1.0***	***$ 1,883,444***	***1.0***
	Total Motor Fuel Tax	***$ 183,670,880***	***1.3***	***$ 218,181,579***	***1.3***

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

Credits

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
87	Historic Preservation †	$ 3,895,071		$ 3,135,658	
	Total Credits	***$ 3,895,071***	***1.0***	***$ 3,135,658***	***1.0***
	Total Non-Profit Refund	***$ 3,895,071***	***1.3***	***$ 3,135,658***	***1.3***

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

Credits

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
74	Child and Dependent Care (Federal)†	$ 3,601,918	1	$ 3,672,222	1
76	Contributions to Scholarship Organizations †	1,285,428	1	1,244,055	1
79	Earned Income (Federal) †	23,652,797	1	27,859,648	1
85	Historic Homeownership Assistance†	*n/a*	*n/a*	5,129	1
87	Historic Preservation †	2,469,697	1	2,344,431	1
91	Historic Structures †	1,654,003	1	2,203,050	1
103	Lead Paint Abatement †	215,526	1	256,290	1
105	Motion Picture Production †	1,032,214	1	800,187	1
109	Musical and Theatrical Production †	644,364	1	520,959	1
112	New Qualified Jobs Incentive Act †	0	1	40,187	1
116	Property Tax Relief †	4,124,475	1	4,144,492	1
120	Rebuild Rhode Island †	0	1	0	1
131	Stay Invested in RI Wavemaker Fellowship †	0	1	586,926	1
135	Taxes Paid to Other States †	182,475,753	1	193,026,414	1
	Total Credits	***$ 221,156,175***	***1.0***	***$ 236,703,990***	***1.0***

Deductions

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
140	Alimony Paid (Federal) †	$ 1,236,158	4	$ 1,309,202	4
143	Certain Business Expenses of Reservists, etc. (Federal) †	59,201	4	74,592	4
146	Educator Expenses (Federal) †	102,001	2	98,924	2
149	Expensing of Assets in Lieu of Depreciation, Section 179 of IRC †	319,493	1	253,140	1
152	Health Savings Account (Federal) †	485,788	4	521,382	4
154	Individual Retirement Arrangement Contributions (Federal) †	1,122,404	2	1,088,279	2
156	Keough and SEP Contributions (Federal) †	3,098,195	2	3,333,140	2
159	Moving Expenses (Federal) †	341,012	4	337,835	4
163	One-Half of Self-employment Tax (Federal) †	2,921,026	4	3,109,687	4
165	Penalty of Early Withdrawal of Savings (Federal) †	10,560	4	12,075	4
170	Self-employed Health Insurance (Federal) †	3,438,573	2	3,510,088	2
172	Standard Deduction †	198,054,375	1	197,694,885	1
174	Student Loan Interest (Federal) †	908,601	2	900,638	2
179	Tuition and Fees (Federal) †	155,512	2	94,140	2
	Total Deductions	***$ 212,252,899***	***2.7***	***$ 212,338,007***	***2.7***

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

Exclusions

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
200	Long-Term Gain from Capital Investment in Small Business	$ ---	5	$ ---	5
208	Taxed Gross Earnings and Associated Costs of Non-Public Service Corporations	---	5	---	5
	Total Exclusions	***$ ---***	***5.0***	***$ ---***	***5.0***

Exemptions

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
284	Personal and Dependent †	$ 113,991,759	1	$ 127,014,158	1
	Total Exemptions	***$ 113,991,759***	***1.0***	***$ 127,014,158***	***1.0***

Modifications

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
350	Bonus Depreciation Provided by JCWAA of 2002 and JGTRRA of 2003 †	$ 0	1	$ 0	1
355	Contribution to Medical Savings Account by Scituate Residents †	399	1	355	1
356	Contributions to an Account under Tuition Savings Program †	141,364	1	161,069	1
358	Enterprise Zone Business Owner with Domiciliary in Enterprise Zone†	21,510	1	19,483	1
360	Federally Taxable Withdrawals from Tuition Savings Program Account †	*	5	*	5
361	Gain from Stock Options in Qualifying Corporations †	*	5	*	5
362	Income Earned on a Rhode Island Family Education Account †	19,657	1	14,909	1
364	Income from the Assignment or Transfer of Historic Preservation Tax Credits †	118,298	2	20,365	2
365	Income from the Assignment or Transfer of Historic Structures Tax Credits †	322,090	2	5,346	2
366	Income from the Assignment or Transfer of Motion Picture Production Tax Credits †	54,875	2	1,973	2
368	Income from the Assignment or Transfer of Musical and Theatrical Production Tax Credits †	28,191	2	482	2
369	Income or Gain from a Qualifying Employee's Ownership of a Qualifying Corporation †	30,534	1	49,700	1
370	Interest on Obligations of the United States and its Possessions †	2,118,804	1	1,930,198	1
372	Military Pay of Non-Resident Individuals †	752,713	1	455,145	1

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

Modifications (continued)

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
374	New Research and Development Facilities †	$ 30	1	$ 131	1
375	Nonqualified Withdrawals from a Medical Savings Account by Scituate Residents	*n/a*	*n/a*	*n/a*	*n/a*
376	Nonqualified Withdrawals from Tuition Savings Program Account	*n/a*	*n/a*	*n/a*	*n/a*
377	Nonqualified Withdrawals or Distributions from Rhode Island Family Education Accounts	*n/a*	*n/a*	*n/a*	*n/a*
377	Organ Transplantation †	5,313	1	3,843	1
379	Performance-Based Income of Eligible Employees via the Jobs Growth Act †	0	1	0	1
380	Profits or Gains from Sales of Work by Artists, Writers, and Composers †	20,139	1	14,747	1
381	Provision of Insurance Benefit to Dependent or Domestic Partner †	45,450	1	44,003	1
382	Qualifying Investment in a Certified Venture Capital Partnership †	377	1	214	1
383	Railroad Retirement Benefits †	199,672	1	187,690	1
385	Recognition of Income from Discharge of Business Indebtedness†	17,646	1	2,296	1
389	Rhode Island Fiduciary Adjustment †	0	1	0	1
390	Tax Incentives for Employers †	14,374	1	18,057	1
392	Taxable Pension Plan and/or Annuity Income *(New)* †	*n/a*	*n/a*	11,968,388	1
394	Taxable Social Security Income †	16,479,910	1	16,420,037	1
	Total Modifications	***$ 20,391,346***	***1.5***	***$ 31,318,431***	***1.5***

Tax Abatement

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
415	Political Check-Off †	$ 84,695	1	$ 84,405	1
	Total Tax Abatements	***$ 84,695***	***1.0***	***$ 84,405***	***1.0***
	Total Personal Income Tax	***$ 567,876,874***	***1.8***	***$ 607,458,991***	***1.8***

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

Credits

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
63	Accommodations Under Americans with Disabilities Act †	$ 0	1	$ 0	1
64	Adult and Child Daycare †	0	1	0	1
67	Adult Education †	0	1	0	1
70	Anchor Institution †	0	1	0	1

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

Credits (continued)

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
76	Contributions to Scholarship Organizations †	$ 0	1	$ 0	1
81	Educational Assistance and Development †	0	1	0	1
83	Employment – Welfare Bonus Program †	0	1	0	1
87	Historic Preservation †	0	1	0	1
91	Historic Structures †	0	1	0	1
95	Interest for Loans to Mill Building Owners †	0	1	0	1
101	Jobs Training †	0	1	0	1
109	Musical and Theatrical Production †	0	1	0	1
112	New Qualified Jobs Incentive Act †	0	1	0	1
120	Rebuild Rhode Island †	0	1	0	1
	Total Credits	***$ 0***	***1.0***	***$ 0***	***1.0***

Deductions

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
145	Connecting Fees, Switching and Carrier Access Charges †	$ 3,566,229	1	$ 3,321,434	1
148	Electricity for Resale †	---	5	---	5
158	Merchandise Sold †	0	1	0	1
166	Qualifying Investment in a Certified Venture Capital Partnership †	0	1	13,505	1
176	Tax Incentives for Employers †	---	5	---	5
	Total Deductions	***$ 3,566,229***	***2.6***	***$ 3,334,939***	***2.6***

Exclusions

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
190	Dividends Received from Shares of Stock †	$ ---	5	$ ---	5
200	Long-Term Gain from Capital Investment in Small Business	---	5	---	5
210	Value-Added Non-Voice Services That Use Computer Processing Applications	---	5	---	5
	Total Exclusions	***$ ---***	***5.0***	***$ ---***	***5.0***

Exemptions

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
279	Narragansett Pier Railroad Company	$ ---	5	$ ---	5
326	Securities from Taxation	---	5	---	5
	Total Exemptions	***$ ---***	***5.0***	***$ ---***	***5.0***

Preferential Tax Rate

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
409	Jobs Development Act	$ 0	1	$ 0	1
	Total Preferential Tax Rate	***$ 0***	***1.0***	***$ 0***	***1.0***
	Total Public Service Corporation Tax	***$ 3,566,229***	***2.1***	***$ 3,334,939***	***2.1***

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

Modifications

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
388	Rental Vehicle Surcharge Retained by Rental Car Companies	$ 5,331,906	1	$ 4,949,228	1
	Total Modifications	***$ 5,331,906***	***1.0***	***$ 4,949,228***	***1.0***
	Total Rental Vehicle Surcharge	***$ 5,331,906***	***1.0***	***$ 4,949,228***	***1.0***

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

Exclusions

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
184	Conveyance of Mobile/Manufactured Homes for Consideration of $100 or less	$ ---	5	$ ---	5
184	Conveyance of Real Estate for Consideration of $100 or less	---	5	---	5
186	Conveyance of Real Estate Relating to the Capitol Center Project	0	1	0	1
	Total Exclusions	***$ 0***	***3.7***	***$ 0***	***3.7***

Exemptions

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
241	Deed, Instrument or Writing where Grantor is U.S. Government or State of Rhode Island	$ ---	5	$ ---	5
298	Qualified Sales of Manufactured and Mobile Home Parks	$ ---	5	$ ---	5
	Total Exemptions	***$ 0***	***5.0***	***$ 0***	***5.0***
	Total Real Estate Conveyance Tax	***$ 0***	***4.2***	***$ 0***	***4.2***

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

Exclusions

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
209	Taxes Legally Imposed on Consumer but Separately Stated on Invoice	$ ---	5	$ ---	5
211	Veterinary and Testing Laboratory Services^	11,680,090	3	11,918,401	3
	Total Exclusions	***$ 11,680,090***	***4.0***	***$ 11,918,401***	***4.0***

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

Exemptions

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
214	Agricultural Products for Human Consumption ^	$ 2,774,143	3	$ 2,871,299	3
215	Air and Water Pollution Control Facilities ^	146,023	3	149,431	3
216	Aircraft and Aircraft Parts ^	3,091,516	3	3,220,082	3
217	Banks and Regulated Investment Companies Interstate Toll Free Calls	1,060,555	4	906,585	4
220	Bibles	---	5	---	5
221	Boats or Vessels Brought in Exclusively for Winter Storage, Maintenance, Repair or Sale ^	*	5	*	5
222	Boats or Vessels Generally ^	5,105,467	3	5,700,487	3
223	Boats Sold to Non-Residents	*	5	*	5
224	Building Materials Used to Rebuild After Disaster	---	5	---	5
225	Buses, Trucks or Trailers used in Interstate Commerce ^	4,635,400	3	4,649,000	3
226	Camps ^	1,386,198	3	1,497,001	3
228	Casual Sales	---	5	---	5
229	Charitable, Educational or Religious Organizations ^	95,094,200	3	95,901,500	3
232	Clothing and Footwear ^	35,180,268	3	37,260,845	3
233	Coffins, Caskets and Burial Garments ^	1,211,485	3	1,276,465	3
235	Coins	588,104	4	490,243	4
236	Commercial Fishing Vessels in Excess of Five Net Tons	221,175	4	111,282	4
238	Commercial Vessels of 50 Tons Burden or More	---	5	---	5
239	Compressed Air	---	5	---	5
240	Containers ^	10,361,665	3	10,690,623	3
242	Diesel Emission Control Technology	---	5	---	5
243	Dietary Supplements	2,292,554	4	2,403,969	4
244	Distressed Essential Community Hospital	---	5	---	5
245	Educational Institutions Rental Charges ^	8,353,659	3	8,936,917	3
247	Electricity and Gas ^	70,155,339	3	73,531,199	3
249	Electricity, Steam and Thermal Energy from RI Economic Development Corporation (now RI Commerce Corporation)	0	1	0	1
249	Equipment for Research and Development ^	5,035,870	3	5,278,597	3
252	Farm Equipment ^	921,600	3	935,400	3

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

Exemptions (continued)

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
253	Farm Structure Construction Materials ^	$ 239,352	3	$ 249,376	3
254	Feed for Certain Animals Used in Commercial Farming ^	558,439	3	564,731	3
256	Feminine Hygiene Products *(new)*	*n/a*	*n/a*	*n/a*	*n/a*
259	Flags	34,328	4	34,117	4
260	Food and Food Ingredients ^	163,324,676	3	170,724,311	3
262	Food Items Paid for by Food Stamps	17,413,518	1	17,147,896	1
263	Gasoline	70,475,348	2	70,902,147	2
265	Heating Fuels	17,342,019	4	17,693,959	4
266	Horse Food Products ^	30,116	3	30,669	3
268	Human Blood	576,802	4	556,428	4
269	Installation Labor Charges When Separately Stated ^	36,249,200	3	38,070,500	3
270	Jewelry Display Product	---	5	---	5
271	Lottery Prizes	---	5	---	5
272	Manufacturers' Machinery and Equipment ^	38,810,300	3	39,220,200	3
273	Medicines, Drugs and Durable Medical Equipment ^	120,478,638	3	128,246,521	3
275	Mobile and Manufactured Homes Generally	257,525	2	326,100	2
276	Motor Vehicle and Adaptive Equipment for Amputee Veterans	*	5	*	5
277	Motor Vehicle and Adaptive Equipment for Persons with Disabilities	---	5	---	5
280	Newspapers ^	1,390,933	3	1,522,700	3
288	Precious Metal Bullion	---	5	---	5
289	Promotional and Product Literature of Boat Manufacturers ^	171,200	3	173,000	3
290	Property Otherwise Exempted	---	5	---	5
291	Property Purchased from Federal Government ^	8,991,668	3	9,255,468	3
293	Property Purchased Outside of State by Non-Resident and Brought into State	---	5	---	5
294	Property Returned Within 120 Days from the Date of Delivery	59,287	1	58,869	1
295	Prosthetic Devices and Mobility Enhancing Equipment ^	11,669,129	3	12,724,984	3
297	Purchases Used for Manufacturing Purposes	379,125,624	2	389,371,558	2
299	Rebuild Rhode Island Sales and Use Tax *(New)*	0	1	0	1
301	Renewable Energy Products	1,291,500	2	1,732,500	2

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

Exemptions (continued)

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
303	Rental Charged for Living or Sleeping Quarters in a Hospital or Nursing Home ^	$ 34,994,860	3	$ 37,371,970	3
304	Rhode Island Economic Development Corporation Project Status Designees	350,000	1	0	1
306	Rhode Island Industrial Facilities Corporation Lessees	0	1	0	1
308	Sales and Use Taxes Paid to Other Jurisdictions	---	5	---	5
310	Sales beyond Constitutional Power of State	---	5	---	5
311	Sales by Writers, Composers, Artists	1,029,084	2	962,478	2
313	Sales in Municipal Economic Development Zones	0	1	0	1
314	Sales in Public Buildings by Blind People	101,675	1	82,126	1
315	Sales of Motor Vehicles to Non-Residents	---	5	2,143,934	1
317	Sales of Non-Motorized Recreational Vehicles to Non-Residents	---	5	---	5
318	Sales of Trailers Ordinarily Used for Residential Purposes	---	5	---	5
319	Sales to Common Carriers for Use Outside of the State	---	5	---	5
320	Sales to Federal Government ^	8,415,176	3	8,468,166	3
321	Sales to the State or Its Political Subdivisions ^	33,843,467	3	33,937,589	3
324	School Meals ^	4,859,970	3	5,146,201	3
327	Seeds and Plants used to Grow Food and Food Ingredients ^	*	*n/a*	*	*n/a*
328	Special Adaptations for Wheelchair Accessible Taxicabs	---	5	---	5
329	Supplies Used in On-Site Hazardous Waste Recycling, Reuse, or Treatment	---	5	---	5
330	Supplies Used in Preparing Floral Products and/or Arrangements ^	867,017	3	898,736	3
331	Telecommunications Carrier Access Services ^	13,168,600	3	13,184,900	3
332	Textbooks ^	1,724,228	3	1,864,553	3
333	Total Loss or Destruction of Motor Vehicle within 120 Days of Tax Payment	59,287	1	58,869	1
334	Trade-in Value of Boats	---	5	---	5
336	Trade-In Value of Private Passenger Automobiles ^	---	5	11,458,426	3

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

Exemptions (continued)

Page Number	Item	2016 Forgone Revenue	Reliability Level	2017 Forgone Revenue	Reliability Level
337	Transfers or Sales Made to Immediate Family Members	$ ---	5	$ ---	5
339	Transfers or Sales Related to Business Dissolution or Partial Liquidation	---	5	---	5
340	Transportation Charges of Motor Carriers to Haul Goods	---	5	---	5
342	Vehicles Purchased by Non-Resident Military Personnel Subject to Sales Tax Elsewhere	---	5	---	5
343	Lottery Prizes	---	5	---	5
344	Water for Residential Use	13,489,030	2	13,717,546	2
345	Wine and Spirits	16,826,599	1	16,902,518	1
346	Youth Activities Equipment Sold for $20 or less by Nonprofit Organizations	---	5	---	5
	Total Exemptions	***$ 1,245,833,816***	***3.5***	***$1,300,614,971***	***3.4***
	Total Sales and Use Tax	***$ 1,257,513,906***	***3.5***	***$ 1,312,533,372***	***3.4***
	TOTAL TAX EXPENDTURES	***$2,132,758,955***	***2.9***	***$2,284,587,438***	***2.8***

VIII. Detail of Tax Expenditure Items

CREDITS

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

Statutory Reference: Rhode Island General Laws Section 44-54-1

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1997 / 2010

Description: A small business taxpayer that pays for or incurs expenses to provide access to persons with disabilities to comply with federal or state laws is allowed a credit equal to 10.0 percent of the total amount expended against the tax imposed by Rhode Island General Laws Chapters 44-11 and 44-13. The credit cannot exceed $1,000 each tax year.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Business Corporation Tax	$0	0
2016 Public Service Corporation Tax	$0	0
2016 Total	**$0**	**0**
2017 Business Corporation Tax	$1,000	1
2017 Public Service Corporation Tax	$0	0
2017 Total	**$1,000**	**1**

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

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2018 Business Corporation Tax	$1,000	1
2018 Public Service Corporation Tax	$0	0
2018 Projected Total	**$1,000**	**1**
2019 Business Corporation Tax	$1,000	1
2019 Public Service Corporation Tax	$0	0
2019 Projected Total	**$1,000**	**1**

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2020 Business Corporation Tax	$1,000	1
2020 Public Service Corporation Tax	$0	0
2020 Projected Total	**$1,000**	**1**
2021 Business Corporation Tax	$1,000	1
2021 Public Service Corporation Tax	$0	0
2021 Projected Total	**$1,000**	**1**

Law Comparison: Massachusetts has a similar provision.

Massachusetts: Massachusetts allows taxpayers to deduct up to $35,000 of the costs of removing architectural or transportation barriers to the handicapped in the year these costs are incurred. The immediate deduction of these expenditures, which would otherwise have to be capitalized and depreciated over a longer period, results in a deferral of tax or an interest-free loan.

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

2. Adult and Child Daycare:

Statutory Reference: Rhode Island General Laws Sections 44-47-1 and 44-47-3

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1987 / 1994

Description: A credit is allowed against the taxes imposed by Rhode Island General Laws Chapters 44-11, 44-13 (except § 44-13-13), 44-14, and 44-17 for 30.0 percent of the total amount expended in the state by a taxpayer (a) "for day care services purchased to provide care for the dependent children or dependent adult family members of the taxpayer's employees or employees of commercial tenants of the taxpayer during the employees' hours of employment;" (b) "in the establishment and/or operation of a day care facility used primarily by the dependent children of the taxpayer's employees or employees of commercial tenants of the taxpayer during the employees' hours of employment;" (c) "in conjunction with one or more other taxpayers for the establishment and/or operation of a day care facility used primarily by the dependent children of the taxpayer's employees or employees of commercial tenants of the taxpayer during the employees' hours of employment;" or (d) "the total amount foregone in rent or lease payments related to the dedication of rental or lease space to child day care services."

The maximum credit allowed is $30,000 and cannot reduce the tax due for any tax year to less than $100. The credit may be carried forward for the next five consecutive tax years, if the credit has been earned under conditions (b), (c) or (d) above, but no carryforward provision is available for credits earned under condition (a).

Data Source: Rhode Island Division of Taxation. TY 2018 data is as of October 2019 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***
2016 Business Corporation Tax	$0	0
2016 Public Service Corporation Tax	$0	0
2016 Bank Tax	$0	0
2016 Ins Co Gross Premiums Tax	$0	0
2016 Total	**$0**	**0**
2017 Business Corporation Tax	$0	0
2017 Public Service Corporation Tax	$0	0
2017 Bank Tax	$0	0
2017 Ins Co Gross Premiums Tax	$0	0
2017 Total	$0	0
2018 Business Corporation Tax	$0	0
2018 Public Service Corporation Tax	$0	0
2018 Bank Tax	$0	0
2018 Ins Co Gross Premiums Tax	$0	0
2018 Total	**$0**	0

Projection Methodology: *Business Corporation, Public Service Corporation, Bank and Insurance Company Gross Premiums Taxes*: Amount of credit is based on the three-year moving average value of the credit taken in tax year 2016 through tax year 2018. The number of taxpayers is based on the three-year moving average of the number of taxpayers in tax year 2016 through tax year 2018.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2019 Business Corporation Tax	$0	0
2019 Public Service Corporation Tax	$0	0
2019 Bank Tax	$0	0
2019 Ins Co Gross Premiums Tax	$0	0
2019 Projected Total	**$0**	**0**
2020 Business Corporation Tax	$0	0
2020 Public Service Corporation Tax	$0	0
2020 Bank Tax	$0	0
2020 Ins Co Gross Premiums Tax	$0	0
2020 Projected Total	**$0**	**0**
2021 Business Corporation Tax	$0	0
2021 Public Service Corporation Tax	$0	0
2021 Bank Tax	$0	0
2021 Ins Co Gross Premiums Tax	$0	0
2021 Projected Total	**$0**	**0**

Law Comparison: Connecticut and Maine have similar provisions.

Connecticut: Connecticut allows a corporation subject to the corporation business tax to claim a credit for expenditures made as a human capital investment. According to the Connecticut statute, "(5) planning, site preparation, construction, renovation or acquisition of facilities in this state for the purpose of establishing a day care facility in this state to be used primarily by the children of employees who are employed in this state" and "(6) subsidies to employees who are employed in this state for child care to be provided in this state" are expenditures that qualify as human capital investments. The tax credit is equal to 5.0 percent of the amount paid or incurred by the corporation for a human capital investment. A credit cannot exceed the amount of corporation business tax otherwise payable, although unused amounts may be carried forward for up to five succeeding income years.

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

Maine: Effective for tax years beginning on or after January 1, 2016, eligible taxpayers can claim a credit up to 25.0 percent 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 also had a quality child care investment credit. A corporation can claim a credit up to 30.0 percent up to $30,000 of expenditures while an individual taxpayer who expends at least $10,000 in one year, the credit is worth $1,000 each year for 10 years and $10,000 at the end of the 10-year period. This credit was repealed for tax years beginning on or after January 1, 2016 but carry over of unused credit amounts is still allowed.

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

3. Adult Education:

Statutory Reference: Rhode Island General Laws Sections 44-46-1, 44-46-3, and 44-46-7

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1985 / 1999

Description: An employer is allowed a credit against the tax imposed by Rhode Island General Laws Chapters 44-11, 44-13, 44-14, 44-15, and 44-17 for 50.0 percent of the costs incurred solely and directly for non-worksite or worksite-based adult education programs, as specifically defined. The employees for whom the employer claims an adult education tax credit must remain in the employ of the business for a minimum period of 13 consecutive weeks and a minimum of 455 hours of paid employment before an employer is eligible for the credit.

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

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

VIII. Detail of Tax Expenditure Items - Credits

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	$0	0
2016 Public Service Corporation Tax	$0	0
2016 Bank Tax	$0	0
2016 Bank Deposits Tax	$0	0
2016 Ins Co Gross Premiums Tax	$0	0
2016 Total	**$0**	**0**
2017 Business Corporation Tax	$0	0
2017 Public Service Corporation Tax	$0	0
2017 Bank Tax	$0	0
2017 Bank Deposits Tax	$0	0
2017 Ins Co Gross Premiums Tax	$0	0
2017 Total	**$0**	**0**

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

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	$0	0
2018 Public Service Corporation Tax	$0	0
2018 Bank Tax	$0	0
2018 Bank Deposits Tax	$0	0
2018 Ins Co Gross Premiums Tax	$0	0
2018 Projected Total	**$0**	**0**
2019 Business Corporation Tax	$0	0
2019 Public Service Corporation Tax	$0	0
2019 Bank Tax	$0	0
2019 Bank Deposits Tax	$0	0
2019 Ins Co Gross Premiums Tax	$0	0
2019 Projected Total	**$0**	**0**

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected 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 Projected Total	**$0**	**0**
2021 Business Corporation Tax	$0	0
2021 Public Service Corporation Tax	$0	0
2021 Bank Tax	$0	0
2021 Bank Deposits Tax	$0	0
2021 Ins Co Gross Premiums Tax	$0	0
2021 Projected Total	**$0**	**0**

Law Comparison: Connecticut and Massachusetts have similar provisions.

Connecticut: Connecticut allows a corporation subject to the corporation business tax to claim a credit for expenditures made as a human capital investment. According to the Connecticut statute, “(1) job training which occurs in this state for persons who are employed in this state; (2) work education programs in this state including, but not limited to, programs in public high schools and work education-diversified occupations programs in this state;” and “(3) worker training and education for persons who are employed in this state provided by institutions of higher education in this state” are expenditures that qualify as human capital investments. The tax credit is equal to 5.0 percent of the amount paid or incurred by the corporation for a human capital investment. A credit cannot exceed the amount of corporation business tax otherwise payable, although unused amounts may be carried forward for up to five succeeding income years.

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

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

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

4. Anchor Institution:

Statutory Reference: Rhode Island General Laws Chapter 42-64.30 / Rhode Island Public Law Chapter 141, Article 19, Section 13

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

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

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

Data Source: Rhode Island Division of Taxation. TY 2018 data is as of October 2019 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***
2016 Business Corporation Tax	$0	0
2016 Public Service Corporation Tax	$0	0
2016 Bank Tax	$0	0
2016 Ins Co Gross Premiums Tax	$0	0
2016 Total	**$0**	**0**

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2017 Business Corporation Tax	$0	0
2017 Public Service Corporation Tax	$0	0
2017 Bank Tax	$0	0
2017 Ins Co Gross Premiums Tax	$0	0
2017 Total	$0	0
2018 Business Corporation Tax	$0	0
2018 Public Service Corporation Tax	$0	0
2018 Bank Tax	$0	0
2018 Ins Co Gross Premiums Tax	$0	0
2018 Total	**$0**	0

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

5. Apprenticeship:

Statutory Reference: Rhode Island General Laws Section 44-11-41

Stated Purpose: No stated purpose given in law.

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

Description: Any taxpayer who employs a machine tool or metal trade apprentice or plastic process technician apprentice duly enrolled and registered under the terms of a qualified program is eligible for a credit against the tax imposed by Rhode Island General Laws Chapter 44-11. The amount of the credit is equal to 50.0 percent of the actual wages paid to each qualifying apprentice or $4,800, whichever is less. The number of apprenticeships for which tax credit is allowed must exceed the average number of apprenticeships begun during the five preceding years.

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

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	$0	0
2017 Business Corporation Tax	$0	0

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

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	$0	0
2019 Business Corporation Tax	$0	0
2020 Business Corporation Tax	$0	0
2021 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 shall be the lesser of: (1) $6 per hour multiplied by the total number of hours worked during the income year by apprentices in the first half of a two-year term of apprenticeship and the first three-quarters of a four-year term of apprenticeship, provided the amount of credit allowed for any income year with respect to each such apprenticeship may not exceed $7,500 or 50 per cent of actual wages paid in such income year to an apprentice in the first half of a two-year term of apprenticeship or in the first three-quarters of a four-year term of apprenticeship, whichever is less.. The tax credit allowed per apprentice in construction trades shall be the lesser of: (1) $2 per hour multiplied by the total number of hours completed by the apprentice during a four-year qualifying apprenticeship training program; (2) 50.0 percent of the total wages paid to the apprentice during a four-year qualifying apprenticeship training program; or (3) $4,000.

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

Massachusetts: Beginning January 1, 2019 Massachusetts allows a credit awarded to employers registered with the division of apprentice standards as apprenticeship-program sponsors and who have entered into an apprentice agreement with each apprentice for whom the credit is claimed. The credit is equal to $4,800 or 50.0 percent of the wages paid to the apprentice for each apprentice. The total amounts of credits authorized annually is $2.5 million.

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

6. Biotechnology Investment:

Statutory Reference: Rhode Island General Laws Section 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 10.0 percent of the cost or other basis for federal tax purposes of tangible personal property, excluding vehicles and furniture, and other tangible property with situs in Rhode Island and principally used in the production of biotechnology products after December 31, 2001. This credit can be used against the tax imposed by Rhode Island General Laws Chapters 44-11.

To qualify for the tax credit a company must pay its employees that work a minimum of 30 hours per week within the state, a median annual wage equal to or greater than 125.0 percent of the average annual wage paid by all employers in Rhode Island to employees that work a minimum of 30 hours per week, and the company must provide benefits typical to the biotechnology industry.

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

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

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

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	*	*
2017 Business Corporation Tax	*	*

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.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	*	*
2019 Business Corporation Tax	*	*
2020 Business Corporation Tax	*	*
2021 Business Corporation Tax	*	*

Law Comparison: Connecticut and Massachusetts have similar provisions.

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

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

Massachusetts: Massachusetts provides for an incentive payment to a biotechnology or medical device manufacturing company that creates 10 or more eligible jobs in the commonwealth during a single calendar year. The jobs incentive payment is equal to 50.0 percent multiplied by the applicable Massachusetts income tax rate for the salary paid to the persons who perform the newly created eligible jobs.

Massachusetts also has a life sciences refundable investment tax credit equal to 10.0 percent of the cost of qualifying property acquired, constructed or erected during the tax year.

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

7. Child and Dependent Care (Federal):

Statutory Reference: Rhode Island General Laws Section 44-30-2.6(c)(3)(F)(I)(g)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

Description: A taxpayer entitled to the federal child and dependent care credit is entitled to a credit against the Rhode Island personal income tax. In general, if a taxpayer can claim the federal credit for expenses paid for someone to care for a dependent that is under age 13 or to care for a spouse or dependent whom is unable to care for himself/herself, then the taxpayer can claim a credit for the same expenses against the tax imposed under Rhode Island General Laws Chapter 44-30. 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 25.0 percent of the federal credit that is claimed.

Data Source: Office of Revenue Analysis (ORA) calculations based on TY 2016 and TY 2017 personal income tax data.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Personal Income Tax	$3,601,918	26,305
2017 Personal Income Tax	$3,672,222	26,459

Projection Methodology: Tax year 2017 revenue forgone is grown by the growth realized in revenue forgone between TY 2016 and TY 2017 to project TY 2018. Tax years 2019 through 2021 projected revenue forgone is held constant with TY 2018. The projected number of taxpayers is based on the same methodology.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2018 Personal Income Tax	$3,743,898	26,614
2019 Personal Income Tax	$3,743,898	26,614
2020 Personal Income Tax	$3,743,898	26,614
2021 Personal Income Tax	$3,743,898	26,614

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

Maine: A resident individual is allowed a credit against the tax otherwise due in the amount of 25.0 percent of the federal tax credit allowable for child and dependent care expenses in the same tax year, except that for tax years beginning in 2003, 2004 and 2005, the applicable percentage is 21.5 percent instead of 25.0 percent.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5218(4)

Massachusetts: Massachusetts' provisions provide for a deduction for the care of a qualified child under the age of 13, a disabled dependent or a disabled spouse. The maximum deduction is $4,800 for one qualifying individual and $9,600 for two or more qualifying individuals. If a taxpayer claims this deduction on their form, they are ineligible to claim the dependent member of household deduction.

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

Vermont: A taxpayer is entitled to a credit against the tax imposed of 24.0 percent of the child care and dependent care credit allowed against the taxpayer's federal income tax for the taxable year. Vermont also has a second credit for taxpayers with federal AGI under $30,000, if filing individually, or $40,000, if married filing jointly. The credit is equal to

50.0 percent of the federal child and dependent care credit for child and dependent care services procured in Vermont, so long as the facility providing these services has been certified by the Agency of Human Services.

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

8. Contributions to Scholarship Organizations:

Statutory Reference: Rhode Island General Laws Sections 44-62-4 and 44-62-5

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

Year Enacted / Last Year Amended: 2006 / 2014

Description: Taxpayers that make voluntary cash contributions to certified scholarship organizations are entitled to receive a credit against the tax imposed by Rhode Island General Laws Chapters 44-11, 44-13, 44-14, 44-15, 44-17 or 44-30. The maximum credit allowed a business entity is no greater than $100,000 in any tax year. The total aggregate amount of all tax credits for contributions to scholarship organizations approved by the Division of Taxation in a fiscal year cannot exceed $1.0 million. Effective July 3, 2013 and thereafter, the total aggregate amount of all tax credits for contributions to scholarship organizations approved by the Division of Taxation cannot exceed $1.5 million.

There are two methods by which the tax credit can be earned, a two-year contribution plan and a one-time contribution plan. Under the two-year contribution plan, the taxpayer commits to making the same amount of contribution for two consecutive tax years. In this case, the yearly tax credit earned is equal to 90.0 percent of the total voluntary contribution made by the business entity. Under the one-time contribution plan, the business entity receives a credit equal to 75.0 percent of the total voluntary contribution that is made.

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

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	$0	0
2016 Public Service Corporation Tax	$0	0
2016 Bank Tax	$9,000	1
2016 Bank Deposits Tax	$0	0
2016 Ins Co Gross Premiums Tax	$45,000	1
2016 Personal Income Tax	$1,285,428	98
2016 Total	**$1,339,428**	**100**
2017 Business Corporation Tax	$0	0
2017 Public Service Corporation Tax	$0	0
2017 Bank Tax	$0	0
2017 Bank Deposits Tax	$0	0
2017 Ins Co Gross Premiums Tax	$45,000	1
2017 Personal Income Tax	$1,244,055	73
2017 Total	**$1,289,055**	**74**

Projection Methodology: TY 2018 amount of credit and number of taxpayers is what was reported at the November 2019 Revenue Estimating Conference by the Division of Taxation. TY 2019 forgone revenue and the number of taxpayers is equal to the 3-year average (TY 2016, TY 2017, and TY 2018) amount of revenue forgone and count of taxpayers. TY 2020 and TY 2021 are set equal to TY 2019.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	$0	0
2018 Public Service Corporation Tax	$0	0
2018 Bank Tax	$0	0
2018 Bank Deposits Tax	$0	0
2018 Ins Co Gross Premiums Tax	$0	0
2018 Personal Income Tax	$1,027,707	52
2018 Projected Total	**$1,027,707**	**52**

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2019 Business Corporation Tax	$0	0
2019 Public Service Corporation Tax	$0	0
2019 Bank Tax	$0	0
2019 Bank Deposits Tax	$0	0
2019 Ins Co Gross Premiums Tax	$30,000	1
2019 Personal Income Tax	$1,185,730	74
2019 Projected Total	**$1,215,730**	**75**
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	$30,000	1
2020 Personal Income Tax	$1,185,730	74
2020 Projected Total	**$1,215,730**	**75**
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	$30,000	1
2021 Personal Income Tax	$1,185,730	74
2021 Projected Total	**$1,215,730**	**75**

Law Comparison: Only New Hampshire has a similar provision.

New Hampshire: A tax credit is allowed against the business profits tax and/or the business enterprise tax for business organizations and business enterprises that contribute to scholarship organizations which award scholarships to be used by students to defray educational expenses. For each contribution made to a scholarship organization, a business organization or business enterprise may claim a credit equal to 85 percent of the contribution against the business profits tax…or against the business enterprise tax…or apportioned against both provided the total credit granted against both shall not exceed the maximum education tax credit allowed. No business organization or business enterprise shall receive more than 10 percent of the aggregate amount of tax credits permitted. The credit may be carried forward five years by any business organization or business enterprise but shall not exceed $1.0 million in any given year. The aggregate of tax credits issued by the commissioner of the department of revenue administration to all taxpayers claiming the credit shall not exceed $3,400,000 for the first program year and $5,100,000 for the second program year. In subsequent years, the aggregate of tax credits shall not exceed the amount allowed for the prior year, unless the amount of the total donations used for scholarships exceeds 80 percent of the current program year's tax credits allowed, the aggregate of tax credits allowed for the next program year shall increase by 25 percent.

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

9. Earned Income (Federal):

Statutory Reference: Rhode Island General Laws Sections 44-30-2.6(c)(2)(N) / Rhode Island Public Laws 2016, Chapter 142, Article 13, Section 15

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2016

Description: For tax year 2016, an eligible taxpayer's Rhode Island earned income credit equals 12.5 percent of the federal earned income credit with the excess Rhode Island credit amount to be fully refundable. For tax years beginning on or after January 1, 2017, a taxpayer entitled to a federal earned-income credit shall be allowed a Rhode Island earned-income credit equal to 15 percent of the federal earned-income credit with the excess Rhode Island credit amount 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 federal earned income tax credit is up to 45.0 percent of the first $13,930 in earned income for taxpayers with three or more eligible dependents in TY 2016.

Data Source: Rhode Island Division of Taxation, testimony provided at the May and November 2019 Revenue Estimating Conferences.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Personal Income Tax	$23,652,797	88,424
2017 Personal Income Tax	$27,859,648	86,811
2018 Personal Income Tax	$27,999,132	85,370

Projection Methodology: TY 2019 amount of credit and number of taxpayers is the average of TY 2017 and TY 2018. TY 2020 and TY 2021 are set equal to TY 2019.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2019 Personal Income Tax	$27,929,390	86,091
2020 Personal Income Tax	$27,929,390	86,091
2021 Personal Income Tax	$27,929,390	86,091

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

Connecticut: Connecticut allows for a refundable earned income tax credit equal to 23.0 percent of the federal earned income tax credit to resident taxpayers who work and earn incomes below certain levels.

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

Maine: The allowable earned income tax credit is in the amount of 5.0 percent of the federal earned income tax credit. For tax years beginning on or after January 1, 2016, the earned income tax credit is fully refundable for Maine residents and prorated for part-year residents. Effective for tax years beginning on or after January 1, 2020, the Maine earned income tax credit amount increases to 12% of the federal earned income tax credit amount for eligible taxpayers with qualifying children and to 25% of the federal earned income tax credit amount for eligible taxpayers without qualifying children. In addition, taxpayers aged 18 to 24 years without qualifying children are eligible for the Maine earned income tax credit if they are eligible for the federal earned income tax credit.

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

Massachusetts: Massachusetts' provisions include a credit against the taxes imposed if the taxpayer qualified for and claimed the federal earned income credit. Effective for tax years beginning on or after January 1, 2016, the amount of the credit is 23.0 percent of the federal credit received by the taxpayer for the taxable year. For tax years beginning on or after January 1, 2019, the credit increases to 30.0 of the federal credit. If the taxpayer claims and receives other state income tax credits, this credit must be applied last. If the amount of the credit exceeds the taxpayer's liability, the excess is treated as an overpayment, and the taxpayer will be refunded the excess, without interest. Taxpayers who are victims of domestic abuse that file a Massachusetts personal income tax return as married filing separately may be eligible for the credit, despite not being eligible for the federal earned income tax credit, if they meet certain criteria.

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

Vermont: The credit is 32.0 percent 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. For tax years beginning on and after January 1, 2018 the credit increases to 36.0 percent of the federal credit. If the credit exceeds the taxpayer's income tax liability for the year, the excess of credits over payments due shall be paid to the taxpayer. If the taxpayer's earnings come from periods of part-year residency, then the credit is prorated.

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

10. Educational Assistance and Development:

Statutory Reference: Rhode Island General Laws Sections 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 8.0 percent credit is allowed against the taxes imposed by Rhode Island General Laws Chapters 44-11, 44-13 (except § 44-13-13), 44-14 and 44-17 for contributions in excess of $10,000 made to an institution of higher education in Rhode Island (a) for the establishment or maintenance of a faculty chair, department, or program for scientific research or education; (b) for a work fellowship program that is providing training connected with scientific research or education for the students of the institution; or (c) for tangible personal property contributed for use in an educational, training, or research program for scientific research or education excluding sale discounts and sale-gift or similar arrangements for equipment.

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

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Business Corporation Tax	$0	0
2016 Public Service Corporation Tax	$0	0
2016 Bank Tax	$0	0
2016 Ins Co Gross Premiums Tax	$0	0
2016 Total	**$0**	**0**

VIII. Detail of Tax Expenditure Items - Credits

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2017 Business Corporation Tax	$0	0
2017 Public Service Corporation Tax	$0	0
2017 Bank Tax	$0	0
2017 Ins Co Gross Premiums Tax	$0	0
2017 Total	**$0**	**0**

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

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2018 Business Corporation Tax	$0	0
2018 Public Service Corporation Tax	$0	0
2018 Bank Tax	$0	0
2018 Ins Co Gross Premiums Tax	$0	0
2018 Projected Total	**$0**	**0**
2019 Business Corporation Tax	$0	0
2019 Public Service Corporation Tax	$0	0
2019 Bank Tax	$0	0
2019 Ins Co Gross Premiums Tax	$0	0
2019 Projected Total	**$0**	**0**
2020 Business Corporation Tax	$0	0
2020 Public Service Corporation Tax	$0	0
2020 Bank Tax	$0	0
2020 Ins Co Gross Premiums Tax	$0	0
2020 Projected Total	**$0**	**0**
2021 Business Corporation Tax	$0	0
2021 Public Service Corporation Tax	$0	0
2021 Bank Tax	$0	0
2021 Ins Co Gross Premiums Tax	$0	0
2021 Projected Total	**$0**	**0**

Law Comparison: Connecticut and Vermont have similar provisions.

Connecticut: Connecticut allows a corporation subject to the corporation business tax to claim a credit for expenditures made as a human capital investment. According to the Connecticut statute, "(4) donations or capital contributions to institutions of higher education in this state for improvements or advancements of technology, including physical plant improvements" are expenditures that qualify as human capital investments. The tax credit is equal to 5.0 percent of the amount paid or incurred by the corporation for a human capital investment. A credit cannot exceed the amount of corporation business tax otherwise payable, although unused amounts can be carried forward for up to five succeeding income years.

Connecticut also has a credit for land donated without any financial consideration or sold at a discounted price to a municipality of the state for educational use. The credit is 50.0 percent of the difference between the fair market value and the amount received for the donated land. The credit sunset on January 1, 2013 but unused credits may be carried forward for 15 years.

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

Vermont: For tax years 2016 and 2017, Vermont has a deduction for donations and gifts that are made to an approved organization, although the applicable deduction amount varies based on the property that is donated. For cash contributions, a deduction is allowed for up to 50.0 percent of the taxpayer's AGI. For property contributions, a deduction can be taken up to 30.0 percent of AGI. Any excess charitable contributions may be carried forward for a total of five years.

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

11. Employment − Welfare Bonus Program:

Statutory Reference: Rhode Island General Laws Sections 44-39.1-1, 40-6.3-1 and 40-6.3-4

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1985 / 1986

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

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

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Business Corporation Tax	$0	0
2016 Public Service Corporation Tax	$0	0
2016 Bank Tax	$0	0
2016 Bank Deposits Tax	$0	0
2016 Ins Co Gross Premiums Tax	$0	0
2016 Total	**$0**	**0**
2017 Business Corporation Tax	$0	0
2017 Public Service Corporation Tax	$0	0
2017 Bank Tax	$0	0
2017 Bank Deposits Tax	$0	0
2017 Ins Co Gross Premiums Tax	$0	0
2017 Total	**$0**	**0**

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

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

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2019 Business Corporation Tax	$0	0
2019 Public Service Corporation Tax	$0	0
2019 Bank Tax	$0	0
2019 Bank Deposits Tax	$0	0
2019 Ins Co Gross Premiums Tax	$0	0
2019 Projected Total	**$0**	**0**
2020 Business Corporation Tax	$0	0
2020 Public Service Corporation Tax	$0	0
2020 Bank Tax	$0	0
2020 Bank Deposits Tax	$0	0
2020 Ins Co Gross Premiums Tax	$0	0
2020 Projected Total	**$0**	**0**
2021 Business Corporation Tax	$0	0
2021 Public Service Corporation Tax	$0	0
2021 Bank Tax	$0	0
2021 Bank Deposits Tax	$0	0
2021 Ins Co Gross Premiums Tax	$0	0
2021 Projected Total	**$0**	**0**

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

12. Historic Homeownership Assistance:

Statutory Reference: Rhode Island General Law Chapter 44-33.1-3 / Public Law 2017, Chapter 302, Article 8, Section 19

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 20.0 percent of the certified costs of renovation 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 provided at the November 2019 Revenue Estimating Conference

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Personal Income Tax	n/a	n/a
2017 Personal Income Tax	$5,129	5

Projection Methodology: According to the Division of Taxation, there are 115 taxpayers with unused credits under this tax expenditure item. However, it is not possible to project the number of taxpayers who will claim unused carry-forward credits against their Rhode Island personal income tax liability. TY 2018, 2019 and 2020 projected usage is based on FY usage reported by the Division of Taxation in its May and November 2019 Revenue Estimating Conferences testimony. CY 2021 is set equal to CY 2020.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Personal Income Tax	$4,860	*No estimate possible*
2019 Personal Income Tax	$12,039	*No estimate possible*
2020 Personal Income Tax	$2,000	*No estimate possible*
2021 Personal Income Tax	$2,000	*No estimate possible*

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

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

Conn. Gen. Stat. § 10-416

Vermont: Under the Vermont Downtown and Village Center Tax Credit program, a qualified applicant of a qualified historic rehabilitation project may claim against his or her individual income tax liability a credit of 10.0 percent of the qualified rehabilitation expenditures as defined under Section 47(c) of the Internal Revenue Code and properly chargeable to the federally certified rehabilitation. To qualify for this tax credit, expenditures for the qualified project must exceed $5,000 and applicants must apply prior to completion of the qualified project. This credit is capped at $2,400,000 annually.

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

13. Historic Preservation:

Statutory Reference: Rhode Island General Laws Chapter 44-33.6-3

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 / 2016

Description: A taxpayer that incurs qualified rehabilitation expenditures for the substantial rehabilitation of a certified historic structure, provided the taxpayer is not a social club, is entitled to a credit against the taxes imposed by Rhode Island General Laws Chapters 44-11, 44-13, 44-14, 44-17 or 44-30. The credit is equal to 20.0 percent of the qualified rehabilitation expenditures for any certified historic structure or 25.0 percent of the qualified rehabilitation expenditures, provided that either (i) at least 25.0 percent of the total rentable area of the certified historic structure is available for a trade or business or (ii) the entire rentable area located on the first floor of the certified historic structure is available for a trade or business.

Tax credits are allowed for the tax year in which the structure or an identifiable portion of the structure is placed into service and, if the credits exceed the taxpayer's tax liability in a given tax year, the unused amounts can be carried forward for up to ten years from the first tax year the credits were utilized. The maximum credit cannot exceed $5.0 million for all phases of any certified rehabilitation project and the total credits authorized cannot exceed the sum of the estimated credits available in the historic preservation tax credit trust fund. No credits shall be authorized to be reserved pursuant to R.I. General Laws Chapter 44-33.6 on or after June 30, 2017 or upon the exhaustion of the maximum aggregate credits, whichever comes first. Credits may be allocated to partners, members or owners that are exempt from taxation under section 501(c)(4) or section 501(c)(6) and are listed as non-profit refund under tax type.

Data Source: Rhode Island Division of Taxation. The count of taxpayers is based on unique taxpayer IDs on a certificate. It is possible that a joint filing could have two unique taxpayer IDs. TY 2018 is based on returns processed and finalized through October 2019.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	$0	0
2016 Public Service Corporation Tax	$0	0
2016 Bank Tax	$0	0
2016 Ins Co Gross Premiums Tax	$997,387	1
2016 Personal Income Tax	$2,469,697	29
2016 Non-Profit Refund	$3,895,071	3
2016 Total	**$7,362,155**	**33**
2017 Business Corporation Tax	$0	0
2017 Public Service Corporation Tax	$0	0
2017 Bank Tax	$0	0
2017 Ins Co Gross Premiums Tax	$302,613	1
2017 Personal Income Tax	$2,344,431	32
2017 Non-Profit Refund	$3,135,658	2
2017 Total	**$5,782,702**	**35**
2018 Business Corporation Tax	$0	0
2018 Public Service Corporation Tax	$0	0
2018 Bank Tax	$0	0
2018 Ins Co Gross Premiums Tax	$8,283,862	5
2018 Personal Income Tax	$0	0
2018 Non-Profit Refund	$2,500,000	2
2018 Total	**$10,783,862**	**7**

Projection Methodology: The projection for CY 2019, CY 2020 and CY 2021 historic preservation tax credits is based on estimates prepared by the Office of Revenue Analysis for the November 2019 Revenue Estimating Conference for FY 2019, FY 2020, FY 2021 and FY 2022 for only those projects that qualify under Rhode Island General Laws Chapter 44-33.6. The allocation of the total amount of historic preservation tax credits to CY 2019, CY 2020, and CY 2021 was executed by first allocating the Division of Taxation's approved project list by estimated year of completion. The yearly total historic preservation credit estimates were then allocated to each subsequent tax year by the average amount of credit claimed each year compared to when the credit was assigned. For example, over the past 16 years, 30.6% of the assigned historic credit amount has been claimed in the year following assignment, while 52.9% of the assigned historic credit amount has been claimed in the second year following assignment. The amount of historic preservation tax credits allocated to each tax type is based on each tax type's five-year average percentage of total historic preservation tax credits redeemed. For personal income tax the percentage is 34.7 percent; for business corporation tax the percentage is 1.5 percent; for bank (financial institutions) tax the percentage is 0.0 percent; for insurance company gross premiums tax the percentage is 43.6 percent; and for non-profit refund the percentage is 20.1 percent. No company has ever used an historic preservation tax credit against the tax owed under the public service corporation tax.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2019 Business Corporation Tax	$174,667	*Unknown*
2019 Public Service Corporation Tax	$0	*Unknown*
2019 Bank Tax	$0	*Unknown*
2019 Ins Co Gross Premiums Tax	$3,703,277	*Unknown*
2019 Personal Income Tax	$4,213,823	*Unknown*
2019 Non-Profit Refund	$5,273,212	*Unknown*
2019 Projected Total	**$13,364,979**	***Unknown***
2020 Business Corporation Tax	$138,066	*Unknown*
2020 Public Service Corporation Tax	$0	*Unknown*
2020 Bank Tax	$0	*Unknown*
2020 Ins Co Gross Premiums Tax	$4,879,950	*Unknown*
2020 Personal Income Tax	$3,382,048	*Unknown*
2020 Non-Profit Refund	$4,029,750	*Unknown*
2020 Projected Total	**$12,429,813**	***Unknown***
2021 Business Corporation Tax	$110,507	*Unknown*
2021 Public Service Corporation Tax	$0	*Unknown*
2021 Bank Tax	$0	*Unknown*
2021 Ins Co Gross Premiums Tax	$3,662,518	*Unknown*
2021 Personal Income Tax	$2,639,527	*Unknown*

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2021 Non-Profit Refund	$3,921,279	*Unknown*
2021 Projected Total	**$10,333,831**	***Unknown***

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 25.0 percent of the actual rehabilitation expenditures, or 30.0 percent of the actual qualified rehabilitation expenditures for projects including affordable housing not exceeding $4.5 million. The annual limit for all taxpayers is $31.7 million. Unused credits may be carried forward for 5 years.

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

Maine: After December 31, 2007, taxpayers are allowed historic rehabilitation credits for the certified qualified rehabilitation expenditures incurred. A “substantial rehabilitation credit” is allowed against the income tax in an amount equal to 25.0 percent of the taxpayer’s certified qualified rehabilitation expenditures for which a tax credit is claimed under the Internal Revenue Code Section 47 for a certified historic structure located in Maine. The credit allowed is refundable and is also increased to 30.0 percent of certified qualified rehabilitation expenditures for a certified affordable housing project.

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

Massachusetts: Massachusetts’ provisions include a 20.0 percent credit of qualified rehabilitation expenditures incurred in the rehabilitation of a certified historic structure. The credit is not refundable, but a carryforward is allowable for five tax years. The Commissioner of the Department of Revenue, in consultation with the Massachusetts Historical Commission, will authorize credits annually until December 31, 2022 in an aggregate amount up to $50 million per year. . Effective January 1, 2018 the aggregate cap was increased annually to $55 million.

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

Vermont: Under the Vermont Downtown and Village Center Tax Credit program, a qualified applicant of a qualified historic rehabilitation project may claim against his or her individual income tax liability a credit of 10.0 percent of the qualified rehabilitation expenditures as defined under Section 47(c) of the Internal Revenue Code and properly chargeable to the federally certified rehabilitation. To qualify for this tax credit, expenditures for the qualified project must exceed $5,000 and applicants must apply prior to completion of the qualified project. This credit is capped at $2,400,000 annually.

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

14. <u>Historic Structures:</u>

<u>Statutory Reference</u>: Rhode Island General Laws Section 44-33.2-3

<u>Stated Purpose</u>: "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."

<u>Year Enacted / Last Year Amended</u>: 2001 / 2008

<u>Description</u>: A credit equal to 30.0 percent of the qualified rehabilitation expenditures (QREs) incurred to rehabilitate the historic structure is allowed against the taxes imposed by Rhode Island General Laws Chapters 44-11, 44-13, 44-14, 44-17 or 44-30 for the redevelopment and reuse of Rhode Island's historic structures. The structure must have been certified as historic by the Rhode Island Historical Preservation and Heritage Commission and placed into service prior to January 1, 2008. The credit processing fee for these projects is 2.25 percent 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 27.0 percent of the QREs incurred with a credit processing fee of 5.0 percent of the QREs incurred or 26.0 percent of the QREs incurred with a credit processing fee of 4.0 percent of the QREs incurred or 25.0 percent of the QREs incurred with a credit processing fee of 3.0 of the same.

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

<u>Data Source</u>: Rhode Island Division of Taxation. The count of taxpayers is based on unique taxpayer IDs on a certificate. It is possible that a joint filing could have two unique taxpayer IDs. TY 2018 is based on returns processed and finalized through October 2019.

<u>Reliability Index</u>: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Business Corporation Tax	$0	0
2016 Public Service Corporation Tax	$0	0
2016 Bank Tax	$0	0
2016 Ins Co Gross Premiums Tax	$1,050,000	2
2016 Personal Income Tax	$1,654,003	84
2016 Total	**$2,704,003**	**86**
2017 Business Corporation Tax	$16,357	1
2017 Public Service Corporation Tax	$0	0
2017 Bank Tax	$0	0
2017 Ins Co Gross Premiums Tax	$19,807,679	28
2017 Personal Income Tax	$2,203,050	71
2017 Total	**$22,027,086**	**100**
2018 Business Corporation Tax	$0	0
2018 Public Service Corporation Tax	$0	0
2018 Bank Tax	$0	0
2018 Ins Co Gross Premiums Tax	$3,978,983	99
2018 Personal Income Tax	$0	0
2018 Total	**$3,978,983**	**99**

Projection Methodology: The projection for CY 2019, CY 2020 and CY 2021 historic structures tax credits is based on Taxation testimony as well as estimates prepared by the Office of Revenue Analysis for the November 2019 Revenue Estimating Conference for FY 2020, FY 2021 and FY 2022 for only those projects that qualify under Rhode Island General Laws Chapter 44-33.2. The allocation of the total amount of historic structures tax credits to CY 2019, CY 2020 and CY 2021 was executed by taking the five-year average percentage of the total historic preservation and historic structures tax credits issued. The amount of historic preservation and historic structures tax credits allocated to each tax type is based on that tax type's five-year average percentage of total historic preservation and historic structures tax credits redeemed. For personal income tax the percentage is 34.7 percent; for business corporation tax the percentage is 1.5 percent; for bank (financial institutions) tax the percentage is 0.0 percent; for insurance company gross premiums tax the percentage is 43.6 percent; and for non-profit refund the percentage is 20.1 percent. No company has ever used a historic tax credit against the tax owed under the public service corporation tax. Finally, the ORA estimates of historic preservation tax credits by tax type are subtracted from the total historic preservation and historic structures tax credits by tax type estimated for CY 2019 – 2021 to arrive at estimates for historic structures tax credits.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2019 Business Corporation Tax	$63,031	*Unknown*
2019 Public Service Corporation Tax	$0	*Unknown*
2019 Bank Tax	$0	*Unknown*
2019 Ins Co Gross Premiums Tax	$4,498,390	*Unknown*
2019 Personal Income Tax	$1,260,922	*Unknown*
2019 Projected Total	**$5,822,343**	***Unknown***
2020 Business Corporation Tax	$110,054	*Unknown*
2020 Public Service Corporation Tax	$0	*Unknown*
2020 Bank Tax	$0	*Unknown*
2020 Ins Co Gross Premiums Tax	$2,203,971	*Unknown*
2020 Personal Income Tax	$2,228,672	*Unknown*
2020 Projected Total	**$4,542,697**	***Unknown***
2021 Business Corporation Tax	$119,032	*Unknown*
2021 Public Service Corporation Tax	$0	*Unknown*
2021 Bank Tax	$0	*Unknown*
2021 Ins Co Gross Premiums Tax	$3,239,103	*Unknown*
2021 Personal Income Tax	$2,647,514	*Unknown*
2021 Projected Total	**$6,005,650**	***Unknown***

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 25.0 percent of the actual rehabilitation expenditures, or 30.0 percent of the actual qualified rehabilitation expenditures for projects including affordable housing not exceeding $4.5 million. The annual limit for all taxpayers is $31.7 million. Unused credits may be carried forward for 5 years.

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

Maine: After December 31, 2007, taxpayers are allowed historic rehabilitation credits for the certified qualified rehabilitation expenditures incurred. A "substantial rehabilitation credit" is allowed against the income tax in an amount equal to 25.0 percent of the taxpayer's certified qualified rehabilitation expenditures for which a tax credit is claimed under the Internal Revenue Code Section 47 for a certified historic structure located in Maine. The credit allowed is refundable and is also increased to 30.0 percent of certified qualified rehabilitation expenditures for a certified affordable housing project.

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

Massachusetts: Massachusetts' provisions include a 20.0 percent credit of qualified rehabilitation expenditures incurred in the rehabilitation of a certified historic structure. The credit is not refundable, but a carryforward is allowable for five tax years. The Commissioner of the Department of Revenue, in consultation with the Massachusetts Historical Commission, will authorize credits annually until December 31, 2022 in an aggregate amount up to $50 million per year. Effective January 1, 2018 the aggregate cap was increased annually to $55 million.

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

Vermont: Under the Vermont Downtown and Village Center Tax Credit program, a qualified applicant of a qualified historic rehabilitation project may claim against his or her individual income tax liability a credit of 10.0 percent of the qualified rehabilitation expenditures as defined under Section 47(c) of the Internal Revenue Code and properly chargeable to the federally certified rehabilitation. To qualify for this tax credit, expenditures for the qualified project must exceed $5,000 and applicants must apply prior to completion of the qualified project. This credit is capped at $2,400,000 annually.

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

15. Hydroelectric Power:

Statutory Reference: Rhode Island General Laws Sections 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 10.0 percent of the installation costs of a small hydroelectric power production facility at an existing dam site in Rhode Island. The credit can be used against the taxes imposed by Rhode Island General Laws Chapters 44-11. This credit is limited to $500,000 in costs to develop a small hydroelectric power production facility for a maximum credit of $50,000.

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

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	$0	0
2017 Business Corporation Tax	$0	0

Projection Methodology: *Business Corporation Tax*: Amount of credit and number of taxpayers held constant with TY 2017.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	$0	0
2019 Business Corporation Tax	$0	0
2020 Business Corporation Tax	$0	0
2021 Business Corporation Tax	$0	0

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

16. Interest for Loans to Mill Building Owners:

Statutory Reference: Rhode Island General Laws Section 42-64.9-9

Stated Purpose: It is the purpose of this chapter to create economic incentives for the purpose of stimulating the redevelopment and reuse of Rhode Island's historic industrial mill structures.

Year Enacted / Last Year Amended: 2004 / 2005

Description: A tax credit of 10.0 percent of the interest earned and paid on loans made to eligible businesses, solely and exclusively for expenditures made within a certified mill building can be used against the tax imposed by Rhode Island General Laws Chapters 44-11, 44-13, 44-14 or 44-17. A taxpayer is further allowed a tax credit of 100.0 percent for interest earned on loans made solely and exclusively for the purposes of substantial rehabilitation against the tax imposed by Rhode Island General Laws Chapters 44-11, 44-13, 44-14 or 44-17.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Business Corporation Tax	$0	0
2016 Public Service Corporation Tax	$0	0
2016 Bank Tax	$0	0
2016 Ins Co Gross Premiums Tax	$0	0
2016 Total	**$0**	**0**
2017 Business Corporation Tax	$0	0
2017 Public Service Corporation Tax	$0	0
2017 Bank Tax	$0	0
2017 Ins Co Gross Premiums Tax	$0	0
2017 Total	**$0**	**0**

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

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2018 Business Corporation Tax	$0	0
2018 Public Service Corporation Tax	$0	0
2018 Bank Tax	$0	0
2018 Ins Co Gross Premiums Tax	$0	0
2018 Projected Total	**$0**	**0**
2019 Business Corporation Tax	$0	0
2019 Public Service Corporation Tax	$0	0
2019 Bank Tax	$0	0
2019 Ins Co Gross Premiums Tax	$0	0
2019 Projected Total	**$0**	**0**

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected 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 Projected Total	**$0**	**0**
2021 Business Corporation Tax	$0	0
2021 Public Service Corporation Tax	$0	0
2021 Bank Tax	$0	0
2021 Ins Co Gross Premiums Tax	$0	0
2021 Projected Total	**$0**	**0**

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

17. Investment:

Statutory Reference: Rhode Island General Laws Section 44-31-1

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1974 / 2002

Description: A credit is allowed against the tax imposed by Rhode Island General Laws Chapters 44-11, 44-14 and 44-17 for the cost of realty and tangible property in Rhode Island, which are principally used by the taxpayer in the production of goods by manufacturing, processing or assembling. General manufacturers are provided with a credit of 4.0 percent of the cost or qualified amounts for leased assets of tangible personal property and buildings and structural components of buildings provided that the assets have a useful life of at least four years. A credit equal to 10.0 percent 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 10.0 percent 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 4.0 percent credit can reduce the tax due to the amount of the corporate minimum tax, as set forth in Rhode Island General Laws Section 44-11-2(e). The 10.0 percent credit can only reduce a tax liability by 50.0 percent unless it has been applied by a high-performance manufacturer to the acquisition of buildings by purchase or by a lease of 20 years or more in which case the tax liability can be reduced to the amount of the corporate minimum tax. Credits are non-refundable and unused amounts of the credits not used in the taxable year earned can be carried forward to not more than seven succeeding tax years.

Data Source: Rhode Island Division of Taxation testimony from the November 2019 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***
2016 Business Corporation Tax	$572,971	26
2016 Bank Tax	$1,612,069	1
2016 Ins Co Gross Premiums Tax	$83,996	1
2016 Total	**$2,269,036**	**28**
2017 Business Corporation Tax	$1,157,085	38
2017 Bank Tax	$2,489,188	1
2017 Ins Co Gross Premiums Tax	$361,335	2
2017 Total	**$4,007,608**	**41**

Projection Methodology: TY 2018 amount of credit and number of taxpayers is what was reported at the November 2019 Revenue Estimating Conference by the Division of Taxation. TY 2019 forgone revenue and number of taxpayers is equal to the TY 2016 – 2017 average amount of forgone revenue and count of taxpayers. TY 2020 and TY 2021 are set equal to TY 2019.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	$253,723	16
2018 Bank Tax	$0	0
2018 Ins Co Gross Premiums Tax	$346,899	1
2018 Total	**$600,622**	**17**
2019 Business Corporation Tax	$865,028	32
2019 Bank Tax	$2,050,629	1
2019 Ins Co Gross Premiums Tax	$222,666	2
2019 Projected Total	**$3,138,322**	**35**
Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2020 Business Corporation Tax	$865,028	32
2020 Bank Tax	$2,050,629	1
2020 Ins Co Gross Premiums Tax	$222,666	2
2020 Projected Total	**$3,138,322**	**35**
2021 Business Corporation Tax	$865,028	32
2021 Bank Tax	$2,050,629	1
2021 Ins Co Gross Premiums Tax	$222,666	2
2021 Projected Total	**$3,138,322**	**35**

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

Connecticut: Connecticut allows a credit against corporation business tax equal to 5.0 percent of the amount paid or incurred by a corporation for any new fixed capital investments. Any credit not used during the income year in which the acquisition was made may be carried forward to the next five succeeding income years.

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

Maine: Maine has three credits which are similar. Maine's jobs and investment tax credit prior to January 1, 2016 was applicable to taxpayers whose property is a qualified investment of at least $5.0 million for the taxable year with a situs in Maine. The taxpayer's records must substantiate that at least 100 new jobs were created in the 24-month period following the date the property was placed in service. The amount of the credit is equal to a former federal credit and is limited to $500,000 or the amount of tax, whichever is less.

This tax credit is repealed for tax years beginning on or after January 1, 2016 but may be carried over for a period of seven years.

Maine's seed capital investment credit is eligible to an investment in a business that: a) is located in Maine; b) has gross sales of $5.0 million or less per year; c) is the full-time, professional activity of at least one of the principal owners; d) that has been determined by the authority to be a manufacturer or a value-added natural resource enterprise; and e) is a manufacturer, or a product or service provider with sales derived predominately from outside the state or to out-of-state residents, or is engaged in developing or applying advanced technologies. The Finance Authority of Maine (FAME) issues a certificate for up to 50.0 percent of the cash equity they provide to eligible Maine businesses. 25.0 percent of the authorized credit may be used for each tax year.

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

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

Massachusetts: Massachusetts provisions include only manufacturers; corporations engaged primarily in research and development; or in agriculture or commercial fishing. The credit is 3.0 percent of the cost or other basis of the property including buildings and leased tangible personalty and has a three-year carry forward of unused credit.

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

New Hampshire: An investment tax credit equal to 75.0 percent 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 $1.0 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: Prior to January 1, 2017, a person, upon obtaining the approval of the Vermont Economic Progress Council may receive a credit against its income taxes imposed in an amount equal to five to ten percent of its total investments within the state of Vermont in plants or facilities and machinery and equipment in the applicable tax year, but only if those investments exceed $150,000. This credit was repealed effective January 1, 2017.

For investments made on or after January 1, 2012, Vermont also entitles taxpayers to a credit against the tax imposed of 24.0 percent of the federal investment tax credit allowed against the federal income tax for the taxable year attributable to the Vermont-property portion of the investment.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 5930(g) and 5822(d)

18. Jobs Training:

Statutory Reference: Rhode Island General Laws Section 42-64.6

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1996 / 2018

Description: A qualified employer is allowed a credit against the taxes imposed by Rhode Island General Laws Chapters 44-11, 44-13, 44-14, and 44-17 of 50.0 percent of the qualifying expenses to provide training and/or retraining to qualifying employees. A qualified employer must be so sanctioned by the Human Resources Investment Council. A qualifying employee is certain individuals employed by the employer in Rhode Island for at least 30 hours per week and earns or will earn immediately upon completion of the training and/or retraining program 150.0 percent of the state minimum wage.

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

Data Source: Rhode Island Division of Taxation testimony provided at the November 2019 Revenue Estimating Conference

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	$1,404,970	2
2016 Public Service Corporation Tax	$0	0
2016 Bank Tax	$0	0
2016 Ins Co Gross Premiums Tax	$0	0
2016 Total	**$1,404,970**	**2**

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2017 Business Corporation Tax	$637,437	2
2017 Public Service Corporation Tax	$0	0
2017 Bank Tax	$0	0
2017 Ins Co Gross Premiums Tax	$24,141	1
2017 Total	**$661,578**	**3**

Projection Methodology: TY 2018 amount of credit and number of taxpayers is what was reported at the November 2019 Revenue Estimating Conference by the Division of Taxation and represents carry forward amounts of the credit that was not used in prior tax years. No further projection was made due to the repeal of the credit effective for tax years beginning or after January 1, 2018 and no carryover provision.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2018 Business Corporation Tax	$0	0
2018 Public Service Corporation Tax	$0	0
2018 Bank Tax	$0	0
2018 Ins Co Gross Premiums Tax	$24,140	1
2018 Total	**$24,140**	**1**

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Connecticut allows a tax credit equal to 5.0 percent of the amount paid or incurred by a corporation for human capital investments. Expenditures that may qualify as human capital investments include:

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

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

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

19. Juvenile Restitution:

Statutory Reference: Rhode Island General Laws Section 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 10.0 percent of the wages paid to the juvenile annually. The credit cannot exceed $3,000 annually and may be taken against the taxes imposed by Rhode Island General Laws Chapter 44-11.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	$0	0
2017 Business Corporation Tax	$0	0

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

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	$0	0
2019 Business Corporation Tax	$0	0
2020 Business Corporation Tax	$0	0
2021 Business Corporation Tax	$0	0

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

20. Lead Paint Abatement:

Statutory Reference: Rhode Island General Laws Sections 44-30.3-1 and 44-30.3-2

Stated Purpose: No stated purpose given in law.

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

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

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

The maximum amount of credits that can be claimed in a given fiscal year is $250,000. For tax year 2016, claimants with household incomes of $44,500 or less shall receive priority in receiving tax credit certificates. For tax years 2017 and 2018 this amount is $44,600 and $45,500, respectively.

Data Source: Office of Revenue Analysis (ORA) calculations based on TY 2016 and TY 2017 personal income tax data.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Personal Income Tax	$215,526	52
2017 Personal Income Tax	$256,290	59

Projection Methodology: Number of taxpayers held constant with TY 2017. Amount of credit is assumed to be the maximum allowed of $250,000.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Personal Income Tax	$250,000	59
2019 Personal Income Tax	$250,000	59
2020 Personal Income Tax	$250,000	59
2021 Personal Income Tax	$250,000	59

Law Comparison: Only Massachusetts has a similar provision.

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

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

21. **Motion Picture Production:**

Statutory Reference: Rhode Island General Laws Section 44-31.2-5

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

1. Immediate objectives are to:
   - i. Attract private investment for the production of motion pictures, videotape productions, and television programs, which contain substantial Rhode Island content as defined herein.
   - ii. Develop a tax infrastructure, which encourages private investment. This infrastructure will provide for state participation in the form of tax credits to encourage investment in state- certified productions.
   - 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 / 2018

Description: For tax years 2016 and 2017, a 25.0 percent tax credit based on the amount of state-certified production costs directly attributable to activities within the state may be awarded to a motion picture production company; provided that the primary locations are within the state. The credit can be used against the taxes imposed by Rhode Island General Laws Chapters 44-11, 44-14, 44-17 and 44-30. To qualify, the minimum total production budget must be at least $100,000 and the maximum credit allowed is $5.0 million per production. The credit can be transferred or sold to another Rhode Island taxpayer and unused amounts of the credit can be carried forward for not more than three succeeding tax years. Effective July 1, 2018, the credit is increased to 30.0 percent of state-certified production costs directly attributable to activities within the state. The maximum credit per production is increased from $5.0 million to $7.0 million, and the tax administrator is granted authority to waive that cap for feature-length films or TV series.

For tax years beginning on or before December 31, 2019, no more than $15.0 million in total credits may be issued for any tax year for motion picture production tax credits and/or musical and theatrical production tax credits. No specific amount shall be set aside for either type of production. In the 2019 legislative session, the motion picture production tax credit sunset was extended from July 1, 2024 to July 1, 2027. Additionally, the aggregate annual cap was increased from $15.0 million to $20.0 million for total motion picture production tax credits and/or musical and theatrical production tax credits, effective for tax years beginning after December 31, 2019.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Business Corporation Tax	$0	0
2016 Bank Tax	$0	0
2016 Ins Co Gross Premiums Tax	$222,096	1
2016 Personal Income Tax	$1,032,214	14
2016 Total	**$1,254,310**	**15**
2017 Business Corporation Tax	$1,124,973	3
2017 Bank Tax	$0	0
2017 Ins Co Gross Premiums Tax	$209,001	5
2017 Personal Income Tax	$800,187	24
2017 Total	**$2,134,162**	**32**
2018 Business Corporation Tax	$1,322,213	1
2018 Bank Tax	$0	0
2018 Ins Co Gross Premiums Tax	$348,285	4
2018 Personal Income Tax	$382,210	6
2018 Total	**$2,052,708**	**11**

Projection Methodology: The projection for CY 2019, CY 2020 and CY 2021 motion picture production tax credits is based on estimates prepared by the Office of Revenue Analysis for the November 2019 Revenue Estimating Conference for FY 2019, FY 2020, FY 2021, and FY 2022 for motion picture production projects that qualify under Rhode Island General Laws Chapter 44-31.2. This analysis assumes that the full $20.0 million of motion picture production and/or musical and theatrical production tax credits will be utilized in calendar years 2020 and 2021. The allocation of the total amount of motion picture production tax credits to CY 2019, CY 2020 and CY 2021 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 2019, FY 2020, FY 2021, and FY 2022 for the included motion picture productions. For CY 2019, the five-year average percentage for the January to June period was multiplied against the estimated FY 2019 total amount of motion picture production tax credits and the five-year average percentage for the July to December period was multiplied against the estimated FY 2020 total amount of motion picture production tax credits. A similar method was used for CY 2020 and CY 2021 and fiscal years 2020, 2021 and 2022. 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 51.1 percent; for business corporation tax the percentage is 28.2 percent; for bank (financial institutions) tax the percentage is 9.5 percent; and for insurance company gross premiums tax the percentage is 11.2 percent. No company has ever used a motion picture production tax credit against the tax owed under the franchise tax or the public service corporation tax.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2019 Business Corporation Tax	$1,311,618	*Unknown*
2019 Bank Tax	$0	*Unknown*
2019 Ins Co Gross Premiums Tax	$452,195	*Unknown*
2019 Personal Income Tax	$2,501,695	*Unknown*
2019 Projected Total	**$4,265,508**	***Unknown***
2020 Business Corporation Tax	$3,387,547	*Unknown*
2020 Bank Tax	$589,618	*Unknown*
2020 Ins Co Gross Premiums Tax	$755,312	*Unknown*
2020 Personal Income Tax	$5,410,847	*Unknown*
2020 Projected Total	**$10,143,324**	***Unknown***
2021 Business Corporation Tax	$4,338,683	*Unknown*
2021 Bank Tax	$1,327,489	*Unknown*
2021 Ins Co Gross Premiums Tax	$1,471,726	*Unknown*
2021 Personal Income Tax	$7,473,523	*Unknown*
2021 Projected Total	**$14,611,421**	***Unknown***

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 10.0 percent of production expenses or costs, between $500,000 and $1.0 million may be eligible for a credit equal to 15.0 percent of production expenses or costs, and more than $1.0 million may be eligible for a credit equal to 30.0 percent of production expenses or costs. To qualify for the credit, production companies must conduct at least 50.0 percent of the principal photography days within the state or expend at least 50.0 percent of post-production costs within the state or expend at least $1.0 million of post-production costs within the state. No expenses or costs incurred outside the state and used within the state shall be eligible for the credit. No credit may be sold, assigned or otherwise transferred, in whole or in part, more than three times. Issued credits are to be claimed in the next five income years. For income tax years commencing on or after January 1, 2019, for credits that are sold, assigned or otherwise transferred, the taxpayer may only claim 92.0 to 95.0 percent of the credit value determined by the relationship between the buyer and the seller of the credit.

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

Maine: Effective March 29, 2006, a visual media production company is allowed a nonrefundable income tax credit in an amount equal to 5.0 percent of the visual media production expenses if such expenses are $75,000 or greater. A visual media production company certified by the Department of Economic and Community Development is allowed a reimbursement equal to 12.0 percent of certified production wages paid to employees who are residents of Maine and 10.0 percent of certified production wages paid to other employees.

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

Massachusetts: Effective for taxable years beginning on or after January 1, 2007, and before January 1, 2023, a taxpayer whose production expenses exceed 50.0 percent of the total production expenses for a motion picture or who shoot at least 50.0 percent of the total principal photography days of the film in Massachusetts is entitled to an additional credit equal to 25.0 percent of all Massachusetts production expenses, excluding the payroll expenses used to claim the total aggregate payroll credit. The entire salary paid to a high salary employee that is equal to or greater than $1 million may be used to calculate the production expense credit including the portion of the salary that is less than $1 million provided that such salary is excluded from the payroll credit, for which it does not qualify. They are also allowed a credit equal to 25.0 percent of the total aggregate payroll paid by a motion picture production company that constitutes Massachusetts source income. Finally, production companies who expend over $50,000 in Massachusetts production costs during a consecutive twelve-month period are eligible for a sales tax exemption. These tax credits are refundable at 90.0 percent and may be carried forward to any of the five subsequent taxable years.

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

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

Statutory Reference: Rhode Island General Laws Section 31-36.1-15

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

Year Enacted / Last Year Amended: 1981 / 2006

Description: All motor carriers are entitled to a credit against the tax imposed by Rhode Island General Laws Chapter 31-36 on all motor fuel purchased within the state but used outside of the state for its operations, provided that the tax imposed by the laws of the State of Rhode 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 credit is refundable to the extent that the credit exceeds the amount of the motor fuel tax for which the motor carrier is liable.

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***
2016 Motor Carrier Fuel Use Tax	$5,921,129	974
2017 Motor Carrier Fuel Use Tax	$2,957,954	844
2018 Motor Carrier Fuel Use Tax	$3,409,372	918

Projection Methodology: Amount of credit and number of taxpayers held constant with TY 2018.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2019 Motor Carrier Fuel Use Tax	$3,409,372	918
2020 Motor Carrier Fuel Use Tax	$3,409,372	918
2021 Motor Carrier Fuel Use Tax	$3,409,372	918

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

23. Musical and Theatrical Production:

Statutory Reference: Rhode Island General Laws Section 44-31.3-2

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

Year Enacted / Last Year Amended: 2012 / 2019

Description: Prior to July 1, 2019, this credit is equal to 25.0 percent of the production and performance expenditures and transportation expenditures directly attributable to activities in the state for a live stage production in a qualified production facility. Effective July 1, 2019, the credit increased to 30.0 percent of production and performance expenditures and transportation expenditures directly attributable to activities in the state for a live stage production in a "qualified production facility." The credit is allowed against the taxes imposed by Rhode Island General Laws Chapters 44-11, 44-13, 44-14, 44-17 and 44-30. To qualify, the minimum production budget must be $100,000 and the maximum credit allowed is $5.0 million per production.

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

No more than $15.0 million may be issued for any tax year for the total combined motion picture production tax credits and musical and theatrical production tax credits. For tax years beginning after December 31, 2019, the cap for total combined motion picture production tax credits and musical and theatrical production tax credits increases to $20.0 million. No musical and theatrical production tax credits will be issued on or after July 1, 2024.

Data Source: Rhode Island Division of Taxation. Data is current as of January 2020.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Business Corporation Tax	$0	0
2016 Public Service Corporation Tax	$0	0
2016 Bank Tax	$0	0
2016 Ins Co Gross Premiums Tax	$0	0
2016 Personal Income Tax	$644,364	13
2016 Total	**$644,364**	**13**
2017 Business Corporation Tax	$0	0
2017 Public Service Corporation Tax	$0	0
2017 Bank Tax	$0	0
2017 Ins Co Gross Premiums Tax	$0	0
2017 Personal Income Tax	$520,959	28
2017 Total	**$520,959**	**28**
2018 Business Corporation Tax	$0	0
2018 Public Service Corporation Tax	$0	0
2018 Bank Tax	$0	0
2018 Ins Co Gross Premiums Tax	$0	0
2018 Personal Income Tax	$58,211	5
2018 Total	**$58,211**	**5**

Projection Methodology: The projection for CY 2019, CY 2020, and CY 2021 musical and theatrical production tax credits is based on estimates prepared by the Office of Revenue Analysis. For CY 2019 ORA took estimated unused credit amounts as well as credit assigned for CY 2019 reported at the 2019 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-CY 2018. ORA estimates that 26% of the credit issued is used in the year of issuance; 34% of the credit issued is used in the year immediately following issuance; 39% of the credit issued is used in the second year immediately following issuance; and 1% of the credit issued is used in the third year immediately following issuance. A similar method was used for CY 2020 and CY 2021 however, ORA estimated the amount of credit assigned by taking the average amount of credit assigned from CY 2013-CY 2018. Finally, the amount of projected credit was allocated to tax type by utilizing the average credit usage per tax type from TY 2015-TY 2018.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2019 Business Corporation Tax	$0	*Unknown*
2019 Public Service Corporation Tax	$0	*Unknown*
2019 Bank Tax	$0	*Unknown*
2019 Ins Co Gross Premiums Tax	$0	*Unknown*
2019 Personal Income Tax	$692,905	*Unknown*
2019 Projected Total	**$692,905**	***Unknown***
2020 Business Corporation Tax	$0	*Unknown*
2020 Public Service Corporation Tax	$0	*Unknown*
2020 Bank Tax	$0	*Unknown*
2020 Ins Co Gross Premiums Tax	$0	*Unknown*
2020 Personal Income Tax	$442,020	*Unknown*
2020 Projected Total	**$442,020**	***Unknown***
2021 Business Corporation Tax	$0	*Unknown*
2021 Public Service Corporation Tax	$0	*Unknown*
2021 Bank Tax	$0	*Unknown*
2021 Ins Co Gross Premiums Tax	$0	*Unknown*
2021 Personal Income Tax	$236,007	*Unknown*
2021 Projected Total	**$236,007**	***Unknown***

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

24. New Qualified Jobs Incentive Act:

Statutory Reference: Rhode Island General Laws Chapter 44-48.3 / Rhode Island Public Laws 2019, Chapter 88, Article 12, Sections 7 and 22

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 / 2019

Description: A qualifying business may receive a tax credit of at least $2,500 a year for each new full-time job created, where the employee works at least 35 hours a week and whose wages are subject to withholding. The credit can rise to $7,500 a year if the business meets certain criteria. The amount of tax credits may not exceed the reasonable W-2 withholding received by the State in that year for each new full-time job created by the recipient. Administered by the Rhode Island Commerce Corporation (CommerceRI), the program may provide tax credits to eligible businesses for a period of up to 10 years. An eligible business under the program is allowed a credit against the taxes imposed by Rhode Island General Laws Chapters 44-11, 44-13, 44-14, 44-17, and 44-30. In the 2019 legislative session, the new qualified jobs incentive tax credit sunset was extended to December 31, 2020 from June 30, 2020. For each application approved after July 1, 2019, the tax credit was capped at 75 percent of reasonable withholding received by the state for each new full-time job created or $7,500, whichever is greater.

Data Source: Rhode Island Division of Taxation testimony provided at the November 2019 Revenue Estimating Conference.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	$0	0
2016 Public Service Corporation Tax	$0	0
2016 Bank Tax	$0	0
2016 Ins Co Gross Premiums Tax	$0	0
2016 Personal Income Tax	$0	0
2016 Total	**$0**	**0**
2017 Business Corporation Tax	$0	0
2017 Public Service Corporation Tax	$0	0
2017 Bank Tax	$0	0
2017 Ins Co Gross Premiums Tax	$0	0
2017 Personal Income Tax	$40,187	1
2017 Total	**$40,187**	**1**

Projection Methodology: Tax year 2018 is based off testimony provided by the Division of Taxation at the November 2019 Revenue Estimating Conference. The Projection for CY 2019, CY 2020 and CY 2021 is based on information provided by CommerceRI in their testimony at the November 2019 Revenue Estimating Conference. CommerceRI reported future credit activity in fiscal years. ORA assumed that the amount reported in a given fiscal year was equal to the amount of credit taken in the previous calendar year. As the new qualified jobs incentive tax credit is dependent on withholding, ORA assumed all credits will be taken against the personal income tax and no credits will be assigned or sold.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2018 Personal Income Tax	$96,042	1
2019 Personal Income Tax	$1,870,412	14
2020 Personal Income Tax	$2,689,545	17
2021 Personal Income Tax	$4,609,790	22

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

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

Under the job expansion tax credit, Connecticut may allow a taxpayer who creates at least 10 new jobs in Connecticut a credit in an amount up to 60 per cent of the income tax deducted and withheld from the wages of new employees and paid over to the state. For each new employee, credits may be granted for five successive years. The credit shall be claimed in the income year in which it is earned, and any credits not used in a tax year shall expire. The commissioner shall determine whether the taxpayer is eligible for the tax credit, whether the proposed job growth is economically viable only with use of the tax credit, would provide a net benefit to economic development and employment opportunities in the state, and conforms to the state plan of conservation and development. The total amount of credits granted under the job expansion tax credit program, as well as the job creation tax credit program and vocational rehabilitation job creation tax credit program shall not exceed $20.0 million in any one fiscal year or $40.0 million dollars over the duration of the job expansion tax credit program. No credit is allowed for any new jobs created on or after January 1, 2014.

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

Massachusetts: The Economic Development Incentive Program credit provisions now include "certified job creation projects", with a credit up to $1,000 per job created or $5,000 per job created in a gateway municipality. To be certified, the Economic Assistance

Coordinating Council (EACC) must approve a project, which is subject to a cap. Criteria such as job creation or capital investment used to certify credit eligible projects are dependent upon the type of project. Credits are not transferable but may be refundable only for manufacturing retention projects or certified job creation projects. For projects certified on or after January 1, 2017, the amount of tax credit is determined by the EACC. Limitations on the maximum amount of credit awarded to particular certified projects have been eliminated. All types of projects may be certified as refundable credits, up to a maximum of $5 million per year, and the EACC may specify the timing of the refund.

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

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

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

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

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

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

To the extent a business authorized to earn employment growth incentives…experiences a 90-percent 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-percent or greater drop below its cumulative job target during the utilization period, all authority to earn and claim incentives…shall be revoked, and such business shall be subject to recapture of all incentives previously claimed, together with interest and penalty.

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

25. Property Tax Relief:

Statutory Reference: Rhode Island General Laws Section 44-33-9

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

Year Enacted / Last Year Amended: 1977 / 2006

Description: Rhode Island full-year residents with total annual household income of $30,000 or less are entitled to a credit against the tax imposed by Rhode Island General Laws Chapter 44-30 equal to the amount by which the property taxes accrued or rent constituting property taxes accrued upon the claimant's homestead for the taxable year exceeds a certain percentage of the claimant's total household income for that taxable year, which percentage is based upon income level and household size. Beginning on January 1, 2014 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	3.0 %	3.0 %
$6,001 to $9,000	4.0 %	4.0 %
$9,001 to $12,000	5.0 %	5.0 %
$12,001 to $15,000	6.0 %	5.0 %
$15,001 to $30,000	6.0 %	6.0 %

Starting July 2007, and for each year after, the credit is increased in increments of five dollars from the maximum of $300 in 2006 based on income derived from video lottery games until a maximum credit of $500 is reached. The credit maximum in TY 2016 equaled $335 while in TY 2017 the credit maximum was $350. In TY 2018 and TY 2019, the credit maximum increased to $365 and $385, respectively. The credit is refundable up to the maximum amount of credit in any given tax year.

Data Source: Rhode Island Division of Taxation's testimony at the November 2019 Revenue Estimating Conference (REC).

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Personal Income Tax	$4,124,475	15,093
2017 Personal Income Tax	$4,144,492	15,012
2018 Personal Income Tax	$3,705,073	13,918

Projection Methodology: TY 2019-20121 projected amounts of credit and number of taxpayers was held constant with TY 2018.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2019 Personal Income Tax	$3,705,073	13,918
2020 Personal Income Tax	$3,705,073	13,918
2021 Personal Income Tax	$3,705,073	13,918

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

Connecticut: For TY 2016 the tax credit is a maximum of $200 with a phase out income schedule based on filing status. For the 2017 and 2018 tax years, 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: For tax years beginning after January 1, 2014, a refundable tax credit is available for taxpayers equal to 50.0 percent of property taxes paid on a resident's homestead above 6.0 percent of income. Prior to tax year 2018, the credit is limited to $600 for taxpayers under 65 years of age or $900 for taxpayers 65 and older. For tax years beginning on or after January 1, 2018, the credit is limited to $750 for resident individuals under 65 years of age or $1,200 for resident taxpayers 65 years and older. Rent constituting property tax equals 15 percent of rent.

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

Massachusetts: Massachusetts' provisions include a credit available only to taxpayers 65 and older. The credit to an owner or renter of residential property located in Massachusetts is equal to the amount by which the real estate tax payment or 25 percent of the rent constituting the real estate tax payment exceeds 10 percent of the taxpayer's total income, not to exceed $1,100 for tax year 2018. For TY 2018 eligible taxpayers cannot have total Massachusetts income exceeding $58,000 for a single individual who is not the head of household, $73,000 for a head of household, and $88,000 for married couples filing a joint return, and with an assessed valuation of the residence that does not exceed $788,000.

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

Vermont: Vermont's provisions include an adjustment of statewide or local share property tax liability or a homestead owner or renter credit. Homeowners have a two-part calculation in determining the adjustment amount: 1) Single Threshold: 2.0 percent adjusted to reflect the district's per pupil spending, with higher thresholds for districts with higher spending. 2) Multiple Threshold: three brackets and thresholds: Lowest Bracket: 2.0 percent for income up to $9,999 Highest Bracket: 5.0 percent for income $25,000–$47,000. This includes a minimum benefit based on education taxes on up to $15,000 of house site value. Renters have a Multiple Threshold calculation: three brackets and thresholds: Lowest Bracket: 2.0 percent for income up to $9,999. Highest Bracket: 5.0 percent for income $25,000–$47,000. The maximum benefit a taxpayer may receive cannot exceed the amount of the reduced property tax or the amount of the allocable rent.

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

26. Real or Personal Property Taxed in Another State:

Statutory Reference: Rhode Island General Laws Section 44-40-3(b)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1981 / 1991

Description: To the extent that a tax is imposed on a generation-skipping transfer by Rhode Island General Laws Section 44-40-3(a) a reduction in said tax is allowed for any real property located in another state or personal property with taxable situs in another state which requires the payment of a tax for which credit is received against the federal generation-skipping transfer tax. The amount of the reduction is the ratio of the value of the property in the other state to the value of the gross generation-skipping transfer for federal tax purposes.

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

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Generation Skipping Transfer Tax	$0	0
2017 Generation Skipping Transfer Tax	$0	0

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

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Generation Skipping Transfer Tax	$0	0
2019 Generation Skipping Transfer Tax	$0	0
2020 Generation Skipping Transfer Tax	$0	0
2021 Generation Skipping Transfer Tax	$0	0

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

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

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

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

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

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

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

27. Rebuild Rhode Island:

Statutory Reference: Rhode Island General Laws Chapter 42-64.20 / Rhode Island Public Laws 2019, Chapter 88, Article 12, Sections 2-3

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 / 2019

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

The credit allowed cannot reduce the tax due for any taxable year by more than 50.0 percent of the tax liability that would be payable and for corporations to no less than the minimum tax as set in Rhode Island General Laws Section 44-11-2(e). The amount that exceeds the taxpayer's tax liability may be carried forward for credit against the taxes imposed for the succeeding four years, or until the full credit is used, whichever occurs first. Credits may also be assigned or sold. The program is administered by the Rhode Island Commerce Corporation (CommerceRI). At the discretion of CommerceRI, projects eligible for the tax credit may be exempt from sales and use tax on certain items used in the project. No credits may be authorized to be reserved after June 30, 2020. Finally, the credit recipient may also request a refund of his/her credits in whole or in part, for 90% of the credit amount.

In the 2016 Session, the credit was capped at $15 million for any qualified development project, including projects completed in phases or in multiple projects. However, projects that would develop land or buildings on the "I-195 land" as a separate qualified development project may be exempt from the maximum credit allowed of 30 percent of the total project cost if it is less than the amount needed to close a project funding gap. Additionally, the maximum aggregate credits authorized under this program was set at $150 million. In the 2019 session, the amounts awarded for any sales and use tax exemptions were incorporated under the established per project cap of $15 million and the maximum aggregate tax credits was set at $210 million, excluding credits issued for projects on the "I-195 land." The project cap for a project on "I-195 land" was set at $25 million, also inclusive of any sales and use tax exemptions. The sunset date was extended to December 31, 2020.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Business Corporation Tax	$0	0
2016 Public Service Corporation Tax	$0	0
2016 Bank Tax	$0	0
2016 Ins Co Gross Premiums Tax	$0	0
2016 Personal Income Tax	$0	0
2016 Refund Option	$0	0
2016 Total	**$0**	**0**
2017 Business Corporation Tax	$0	0
2017 Public Service Corporation Tax	$0	0
2017 Bank Tax	$0	0
2017 Ins Co Gross Premiums Tax	$0	0
2017 Personal Income Tax	$0	0
2017 Refund Option	$0	0
2017 Total	**$0**	**0**

Projection Methodology: TY 2018 projected revenue forgone was reported at the November 2019 Revenue Estimating Conference (REC) by the Division of Taxation. For TY 2019-TY 2021 CommerceRI provided testimony at the November 2019 REC. As of November 2019, 35 projects have been confirmed under this program. Because credits may be assigned or sold, the estimate of the number of taxpayers is not possible. (Actual and projected revenue forgone for the Rebuild Rhode Island sales and use tax exemption is included in the exemptions section.) The amount of Rebuild RI tax credits allocated to each tax type is based on that tax type's five-year average percentage of total historic preservation tax credits redeemed.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2018 Business Corporation Tax	$0	0
2018 Public Service Corporation Tax	$0	0
2018 Bank Tax	$0	0
2018 Ins Co Gross Premiums Tax	$0	0
2018 Personal Income Tax	$457,794	6
2018 Refund Option	$212,486	1
2018 Projected Total	**$670,280**	**7**

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2019 Business Corporation Tax	$158,743	*No estimate possible*
2019 Public Service Corporation Tax	$0	*No estimate possible*
2019 Bank Tax	$0	*No estimate possible*
2019 Ins Co Gross Premiums Tax	$4,503,231	*No estimate possible*
2019 Personal Income Tax	$3,581,631	*No estimate possible*
2019 Refund Option	$2,562,099	*No estimate possible*
2019 Projected Total	**$10,805,704**	***No estimate possible***
2020 Business Corporation Tax	$196,821	*No estimate possible*
2020 Public Service Corporation Tax	$0	*No estimate possible*
2020 Bank Tax	$0	*No estimate possible*
2020 Ins Co Gross Premiums Tax	$5,583,424	*No estimate possible*
2020 Personal Income Tax	$4,440,759	*No estimate possible*
2020 Refund Option	$3,176,671	*No estimate possible*
2020 Projected Total	**$13,397,675**	***No estimate possible***
2021 Business Corporation Tax	$329,449	*No estimate possible*
2021 Public Service Corporation Tax	$0	*No estimate possible*
2021 Bank Tax	$0	*No estimate possible*
2021 Ins Co Gross Premiums Tax	$9,345,798	*No estimate possible*
2021 Personal Income Tax	$7,433,151	*No estimate possible*
2021 Refund Option	$5,317,262	*No estimate possible*
2021 Projected Total	**$22,425,659**	***No estimate possible***

Law Comparison: Maine has a similar provision.

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

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

28. Research and Development Expense:

Statutory Reference: Rhode Island General Laws Section 44-32-3

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1994 / 1999

Description: A taxpayer is allowed a credit against the tax imposed under Rhode Island General Laws Chapters 44-11 or 44-17 for the excess, if any, of the qualified research expenses for the taxable year over the base period research expenses, where qualified and base period research expenses are as defined in 26 U.S.C. § 41. The amount of credit is equal to 22.5 percent of expenses for the first $25,000 worth of credit taken and 16.9 percent 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 50.0 percent of the tax liability that would be payable and for corporations to no less than the minimum tax as set in Rhode Island General Laws Section 44-11-2(e). Unused amounts of the credit earned in a taxable year may be carried forward to not more than seven succeeding tax years.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Business Corporation Tax	$2,085,001	107
2016 Ins Co Gross Premiums Tax	$734,292	1
2016 Total	**$2,819,293**	**108**
2017 Business Corporation Tax	$1,642,059	75
2017 Ins Co Gross Premiums Tax	$1,052,625	2
2017 Total	**$2,694,684**	**77**

Projection Methodology: TY 2018 amount of credit and number of taxpayers is what was reported at the November 2019 Revenue Estimating Conference by the Division of Taxation. It should be noted that TY 2018 data does not include any extensions or amended returns that have not yet been processed by the Division of Taxation. TY 2019 forgone revenue and number of taxpayers is equal to the TY 2016 – TY 2017 average amount of revenue forgone and count of taxpayers. TY 2020 and TY 2021 are set equal to TY 2019.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	$1,477,869	49
2018 Ins Co Gross Premiums Tax	$1,872,596	2
2018 Projected Total	**$3,350,465**	51
2019 Business Corporation Tax	$1,863,530	91
2019 Ins Co Gross Premiums Tax	$893,459	2
2019 Projected Total	**$2,756,989**	**93**
2020 Business Corporation Tax	$1,863,530	91
2020 Ins Co Gross Premiums Tax	$893,459	2
2020 Projected Total	**$2,756,989**	**93**
2021 Business Corporation Tax	$1,863,530	91
2021 Ins Co Gross Premiums Tax	$893,459	2
2021 Projected Total	**$2,756,989**	**93**

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

Connecticut: A corporation may receive a credit against its corporation business tax equal to 25.0 percent of the amount by which research and experimental expenditures, as defined in Section 174 of the Internal Revenue Code, in the current income year exceed expenditures in the preceding year. Unused credits may be carried forward for 15 years.

Connecticut also allows a credit against corporation business taxes for research and development expenditures incurred in the state. The credit increases from 1.0 percent of expenditures up to $50 million, to $500,000 plus 2 percent of the excess of expenses between over $50 million and up to $100 million, to $1.5 million plus 4 percent of the excess of expenses between over $100 million and up to $200 million, to 6.0 percent of expenditures over $200 million. Unused credits may be carried forward until fully taken.

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 65.0 percent of their value. The maximum annual refund is $1.5 million per company.

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

Maine: Maine's provisions include a credit of 5.0 percent of the excess, if any, of the qualified research expenses for the tax year over the base amount of the average spent on research expenses over the last 3 years, and 7.5 percent of the basic research payments. The credit is limited to 100.0 percent of the corporation's first $25,000 of tax and 75.0 percent of the tax in excess of $25,000 and has a 15-year carry forward.

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

Massachusetts: A credit is allowed for domestic or foreign corporations against its excise tax equal to the sum of 10.0 percent of the excess, if any, of the qualified research expenses for the taxable year over the basic amount; and 15.0 percent of the basic research payments determined under Section 41(e)(1)(A) of the Federal Revenue Code.

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

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

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

Vermont: A taxpayer of this State shall be eligible for a credit against the tax imposed in an amount equal to 27.0 percent of the amount of the federal tax credit allowed in the taxable year for eligible research and development expenditures under 26 U.S.C. § 41(a) and which are made within this State. Any unused credit may be carried forward for up to 10 years.

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

29. Research and Development Property:

Statutory Reference: Rhode Island General Laws Section 44-32-2

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1994 / 1999

Description: A taxpayer is allowed a credit against the tax imposed under Rhode Island General Laws Chapters 44-11 or 44-17 for tangible personal property and other tangible property, including buildings and structural components of buildings that is acquired, constructed or reconstructed, or erected after July 1, 1994. The property must be depreciable or a recovery property as determined under 26 U.S.C. § 167 and § 168, have a useful life of at least three years, have a situs in the state, and are used principally for purposes of research and development in the experimental or laboratory sense. The amount of credit is equal to 10.0 percent of the cost or other basis for Federal income tax purposes of the property.

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

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	$13,817	1
2016 Ins Co Gross Premiums Tax	$0	0
2016 Total	**$13,817**	**1**
2017 Business Corporation Tax	$60,142	2
2017 Ins Co Gross Premiums Tax	$0	0
2017 Total	**$60,142**	**2**

Projection Methodology: TY 2018 amount of credit and number of taxpayers is what was reported at the November 2019 Revenue Estimating Conference by the Division of Taxation. It should be noted that TY 2018 data does not include any extensions or amended returns that have not yet been processed by the Division of Taxation. TY 2019 forgone revenue and number of taxpayers is equal to the TY 2016 – TY 2017 average amount of revenue forgone and count of taxpayers. TY 2020 and TY 2021 are set equal to TY 2019.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	$0	0
2018 Ins Co Gross Premiums Tax	$0	0
2018 Projected Total	**$0**	0
2019 Business Corporation Tax	$36,980	2
2019 Ins Co Gross Premiums Tax	$0	0
2019 Projected Total	**$36,980**	**2**

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2020 Business Corporation Tax	$36,980	2
2020 Ins Co Gross Premiums Tax	$0	0
2020 Projected Total	**$36,980**	**2**
2021 Business Corporation Tax	$36,980	2
2021 Ins Co Gross Premiums Tax	$0	0
2021 Projected Total	**$36,980**	**2**

Law Comparison: Only Maine has a similar provision.

Maine: Maine has a capital investment credit equal to 7.0 percent if the taxpayer is an individual or 9.0 percent if the taxpayer is a taxable corporation, of the amount of the net increase in the depreciation deduction reported as an addition to income for the taxable year. Property placed in service in the State during a taxable year not specifically excluded in statute is allowed the credit. The credit is not refundable but any unused portions may be carried forward for a period not to exceed 20 years.

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

30. Residential Renewable Energy System:

Statutory Reference: Rhode Island General Laws Section 44-57-1

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 25.0 percent of the cost of the system against the tax imposed by Rhode Island General Laws Chapters 44-11. Eligible renewable energy systems consist of a photovoltaic system, a solar domestic hot water system, an active solar space heating system, a geothermal system or a wind-generating system that is installed in a dwelling.

The computation of the credit is subject to a maximum renewable energy system cost of $15,000 for a photovoltaic system, $7,000 for a solar domestic hot water system, $15,000 for an active solar heating system, $7,000 for a geothermal system and $15,000 for a wind-energy system. Renewable energy systems with cost in excess of these maximums will receive a credit of 25.0 percent of the maximum allowable system cost.

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

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Business Corporation Tax	$0	0
2017 Business Corporation Tax	$0	0

Projection Methodology: *Business Corporation Tax*: Amount of credit and number of taxpayers is held constant with TY 2017.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2018 Business Corporation Tax	$0	0
2019 Business Corporation Tax	$0	0
2020 Business Corporation Tax	$0	0
2021 Business Corporation Tax	$0	0

Law Comparison: Massachusetts and Vermont have similar provisions.

Massachusetts: Massachusetts provides a credit equal to the lesser of 15.0 percent of the net expenditure or $1,000. Massachusetts allows a carry-over of any excess amount for three years.

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

Vermont: A taxpayer is entitled to a 100.0 percent credit for the Vermont-property portion of the business solar energy tax credit component of the Federal investment tax credit applied against the taxpayer's Federal tax liability.

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

31. Specialized Mill Building Investment:

Statutory Reference: Rhode Island General Laws Section 42-64.9-7 and 44-31-2

Stated Purpose: "It is the purpose of this chapter to create economic incentives for the purpose of stimulating the redevelopment and reuse of Rhode Island's historic industrial mill structures." (Rhode Island General Laws Section 42-64.9-3)

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

Description: The owner of a certified mill building may be allowed a specialized investment tax credit of 10.0 percent of the rehabilitation and reconstruction costs of a certified mill building that has been substantially rehabilitated. This credit may be taken against the tax imposed by Rhode Island General Laws Chapters 44-11, 44-14 and 44-17.

Application of the tax credit cannot reduce the taxpayer's tax liability below the minimum tax required by Rhode Island law. The tax credit not refundable but unused portions of the tax credit may be carried forward no more than seven succeeding tax years.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Business Corporation Tax	$0	0
2016 Bank Tax	$0	0
2016 Ins Co Gross Premiums Tax	$0	0
2016 Total	**$0**	**0**
2017 Business Corporation Tax	$0	0
2017 Bank Tax	$0	0
2017 Ins Co Gross Premiums Tax	$0	0
2017 Total	**$0**	**0**

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

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2018 Business Corporation Tax	$0	0
2018 Bank Tax	$0	0
2018 Ins Co Gross Premiums Tax	$0	0
2018 Projected Total	**$0**	**0**

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2019 Business Corporation Tax	$0	0
2019 Bank Tax	$0	0
2019 Ins Co Gross Premiums Tax	$0	0
2019 Projected Total	**$0**	**0**
2020 Business Corporation Tax	$0	0
2020 Bank Tax	$0	0
2020 Ins Co Gross Premiums Tax	$0	0
2020 Projected Total	**$0**	**0**
2021 Business Corporation Tax	$0	0
2021 Bank Tax	$0	0
2021 Ins Co Gross Premiums Tax	$0	0
2021 Projected Total	**$0**	**0**

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

32. Stay Invested in RI Wavemaker Fellowship:

Statutory Reference: Rhode Island General Laws Chapter 42-64.26 / Rhode Island Public Laws 2019, Chapter 88, Article 12, Section 16

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 / 2019

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

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

The credit is allowed against the tax imposed by Rhode Island General Laws Chapter 44-30. The fellowship recipient may also request a refund of his/her credits in whole or in part, for 100% of the credit amount. In the 2018 legislative session, the Stay Invested in RI Wavemaker Fellowship tax credit sunset was extended from December 1, 2018 to June 30, 2020.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Personal Income Tax (Credit)	$0	0
2016 Personal Income Tax (Refund)	$0	0
2016 Total	**$0**	**0**
2017 Personal Income Tax (Credit)	$72,516	22
2017 Personal Income Tax (Refund)	$514,410	128
2017 Total	**$586,926**	**150**
2018 Personal Income Tax (Credit)	$95,474	31
2018 Personal Income Tax (Refund)	$811,185	188
2018 Total	**$906,659**	**219**

Projection Methodology: TY 2019 forgone revenue and number of taxpayers is equal to the TY 2017 – TY 2018 average amount of revenue forgone and count of taxpayers. TY 2020 and TY 2021 are set equal to TY 2019.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2019 Personal Income Tax (Credit)	$83,995	27
2019 Personal Income Tax (Refund)	$662,798	158
2019 Projected Total	**$746,793**	**185**

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2020 Personal Income Tax (Credit)	$83,995	27
2020 Personal Income Tax (Refund)	$662,798	158
2020 Projected Total	**$746,793**	**185**
2021 Personal Income Tax (Credit)	$83,995	27
2021 Personal Income Tax (Refund)	$662,798	158
2021 Projected Total	**$746,793**	**185**

Law Comparison: Connecticut and Maine have similar provisions.

Connecticut: For tax years beginning on or after January 1, 2019, Connecticut has a refundable tax credit for certain college graduates against personal income tax. Eligible taxpayers are employed in the state, receive a bachelor's, master's, or doctoral degree in a science, technology, engineering or math-related field, from an institution of higher education on or after January 1, 2019, and reside in the state or move to the state within two years of completing such degree. The credit is $500 and may be claimed for the five successive taxable years after the date of graduation provided that the employment and residency status continue.

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

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

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

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

33. Tax on Net Estate of Decedent:

Statutory Reference: Rhode Island General Laws Section 44-22-1.1

Year Enacted / Last Year Amended: 1985 / 2014

Description of Change: Provides a credit of $64,400 against the taxes owed under Rhode Island General Laws Chapter 44-22 for decedents whose death occurs on or after January 1, 2015. Beginning on January 1, 2016 and each January 1 thereafter, the Rhode Island credit amount will be adjusted by the percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as of September 30 of the prior calendar year compounded annually and rounded up to the nearest $5.00 increment. For a date of death on or after January 1, 2016 and prior to January 1, 2017 the credit amount was $64,400. For a date of death on or after January 1, 2017 and prior to January 1, 2018 the credit amount is adjusted to $65,370. For a date of death on or after January 1, 2018 and prior to January 1, 2019 the credit amount was $66,810. For a date of death on or after January 1, 2019 and prior to January 1, 2020 the credit amount is adjusted to $68,350.

For decedents whose death occurs prior to January 1, 2015, the prior law's threshold exemption "cliff" amount remains in place. For these decedents, tax is owed on the full amount of the taxable value of the estate once an estate's taxable value exceeds the threshold amount. For calendar year 2014, the threshold exemption amount below which an estate was exempt from tax was $921,655.

Data Source: Rhode Island Division of Taxation. Amount of credit and number of taxpayers was reported at the November 2019 Revenue Estimating Conference (REC) by the Division of Taxation. The number of taxpayers represents the number of Estate returns that used any portion of the credit. The amount of taxpayers' savings reported is the actual amounts of credit claimed on the returns.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Estate and Transfer Tax	$20,700,000	598
2017 Estate and Transfer Tax	$37,000,000	742
2018 Estate and Transfer Tax	$35,200,000	747

Projection Methodology: TY 2019 forgone revenue and number of taxpayers is equal to the TY 2016 – TY 2018 average amount of revenue forgone and count of taxpayers. TY 2020 and TY 2021 is set equal to TY 2019.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2019 Estate and Transfer Tax	$30,966,667	696
2020 Estate and Transfer Tax	$30,966,667	696
2021 Estate and Transfer Tax	$30,966,667	696

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

Connecticut: For decedents dying on or after January 1, 2016 if the taxable estate is not over $2.0 million than there is no estate tax owed. For anything over $2.0 million, Connecticut taxes the amount in a graduated rate schedule from 7.2 percent to 12.0 percent on the excess over $10.1 million. ORA calculates that the Rhode Island credit equivalent of such an exemption would be $99,600. For tax years 2018 through 2022, the estate tax threshold will increase annually until it matches the federal threshold (currently $11.18 million and is indexed to inflation). The threshold will be $2.6 million in TY 2018, $3.6 million in TY 2019, $5.1 million in TY 2020, $7.1 million in TY 2021, and $9.1 million in TY 2022. Connecticut is scheduled to match the federal exemption in TY 2023.

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

Maine: For estates of decedents dying on or after January 1, 2013 but before January 1, 2016 the annual Maine exclusion amount is $2.0 million. For estates of decedents dying during calendar year 2016, the exclusion amount was increased to $5.45 million. For estates of decedents dying on or after January 1, 2017 the annual exclusion amount is $5.49 million. Maine has a 3-tier tax rate system of 8.0 percent, 10.0 percent and 12.0 percent based on the amount of the value of the estate. ORA calculates that the Rhode Island credit equivalent of Maine's $5.49 million exception would be $449,600.

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

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

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

Vermont: Vermont has an independent estate tax rate schedule and exemption amount, no longer relying on the federal credit calculations repealed by Congress in 2005. Estates have an exemption amount of $2.75 million and are taxed at 16.0 percent for any value over that. ORA calculates the Rhode Island credit equivalent of such an exemption would be $160,000.

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

34. Taxes Paid to Other States:

Statutory Reference: Rhode Island General Laws Section 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 tax imposed by Rhode Island General Laws Chapter 44-30 for the aggregate of net income taxes imposed for the taxable year by other states, including the District of Columbia of the United States, provided that such taxes are imposed irrespective of the residence of the taxpayer. The credit shall not exceed the proportion of the taxpayer's Rhode Island personal income tax that the taxpayer's Rhode Island income derived from the other taxing states bears to his or her entire Rhode Island income for the same taxable year.

Data Source: Office of Revenue Analysis (ORA) calculations based on TY 2016 and TY 2017 personal income tax data.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Personal Income Tax	$182,475,753	83,645
2017 Personal Income Tax	$193,026,414	86,781

Projection Methodology: The average realized growth rate for TY 2016 and TY 2017 was applied to TY 2017 amount of forgone revenue and number of taxpayers to project TY 2018. For tax years 2019-2021, amount of credit and number of taxpayers held constant with TY 2018.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Personal Income Tax	$205,685,665	91,239
2019 Personal Income Tax	$205,685,665	91,239
2020 Personal Income Tax	$205,685,665	91,239
2021 Personal Income Tax	$205,685,665	91,239

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, which is analogous to a state of the United States; however, the other taxing jurisdiction must allow a reciprocal reduction of its tax.

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

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

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

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

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

35. Wages Paid by Employers in Mill Buildings:

Statutory Reference: Rhode Island General Laws Section 42-64.9-8

Stated Purpose: "It is the purpose of this chapter to create economic incentives for the purpose of stimulating the redevelopment and reuse of Rhode Island's historic industrial mill structures."

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

Description: A taxpayer who owns and operates an eligible business within a certified mill building that has been substantially rehabilitated is allowed a credit against the tax imposed under Rhode Island General Laws Chapters 44-11. The credit is equal to 100.0 percent of the total amount of Rhode Island salaries and wages as are paid to the same employees in excess of the prior calendar year. The maximum credit allowed per taxable year under the provision of the subsection is three thousand dollars ($3,000) per qualified employee.

The credit cannot reduce the tax liability of the taxpayer below the minimum tax required by Rhode Island law. Unused amounts of the credit cannot be carried forward to succeeding tax years. An eligible business that is also located in an enterprise zone can use the credit provided under this section or that provided in Rhode Island General Laws Section 42-64.3-6 but not both.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	$0	0
2017 Business Corporation Tax	$0	0

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

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	$0	0
2019 Business Corporation Tax	$0	0
2020 Business Corporation Tax	$0	0
2021 Business Corporation Tax	$0	0

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

DEDUCTIONS

1. Accelerated Amortization for Certain Manufacturers:

Statutory Reference: Rhode Island General Laws Section 44-11-11.3

Stated Purpose: No stated purpose given in law.

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

Description: Any taxpayer engaged in manufacturing activities in Rhode Island that has, on the average, over the five previous years annually produced goods at facilities located in Rhode Island which generate net sales of at least $10.0 million and where, on the average, at least 80.0 percent of that production has been for eventual sale to a branch of the United States armed services may, if it represents that it anticipates the need to reduce its reliance on such sales, elect to amortize the unrecovered basis of all or a portion of its depreciable assets over a 60 month period in equal monthly installments.

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

Reliability Index: 5

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2017 Business Corporation Tax	*No estimate possible*	*No estimate possible*

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

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2019 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2020 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2021 Business Corporation Tax	*No estimate possible*	*No estimate possible*

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

2. Alimony Paid (Federal):

Statutory Reference: Rhode Island General Laws Section 44-30-2.6(c)(3) / 44-30-32(a)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

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

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

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

Data Source: TY 2016 and TY 2017 Statistics of Income Bulletin, Internal Revenue Service. The federal deduction data is scaled for Rhode Island by using the ratio of total Rhode Island adjusted gross income to total federal AGI for each tax year. Revenue forgone is determined by multiplying the calculated Rhode Island value of the deduction by an effective tax rate of 2.945 percent for TY 2016 and 2.983 percent for TY 2017. Federal number of taxpayers' data is scaled for Rhode Island by using the ratio of total Rhode Island tax filers to total federal tax filers for each tax year.

Reliability Index: 4

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Personal Income Tax	$1,236,158	2,065
2017 Personal Income Tax	$1,309,202	2,058

Projection Methodology: For projected revenue forgone and projected number of taxpayers for tax years 2018-2021, ORA took the average of tax years 2016 and 2017.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Personal Income Tax	$1,272,680	2,062
2019 Personal Income Tax	$1,272,680	2,062
2020 Personal Income Tax	$1,272,680	2,062
2021 Personal Income Tax	$1,272,680	2,062

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. Alimony will continue to be deductible by the payor for divorce settlements made after December 31, 2018.

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

Vermont: For tax years beginning prior to January 1, 2018, the starting point for determining income subject to the Vermont personal income tax is federal taxable income. For tax years beginning on or after January 1, 2018, the starting point for determining income subject to the Vermont personal income tax is federal AGI. Because Vermont used an individual's federal taxable income, and now 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: Rhode Island General Laws Section 44-11-11.1

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1966 / 2000

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

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

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

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

Data Source: Rhode Island Division of Taxation, Office of Revenue Analysis Calculations. The amount of revenue forgone is derived by multiplying the deduction by the business corporation tax rate of 7.0 percent.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	<$1	4
2017 Business Corporation Tax	$762	4

Projection Methodology: The TY 2018 revenue forgone amount and the number of taxpayers is data from the Division of Taxation and utilizes a business corporation tax rate of 7.0 percent. It should be noted that TY 2018 data does not include any extensions or amended returns that have not yet been processed by the Division of Taxation. For TY 2019-2021, the amount of revenue forgone and the number of taxpayers were held constant with TY 2018.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	<$1	1
2019 Business Corporation Tax	<$1	1
2020 Business Corporation Tax	<$1	1
2021 Business Corporation Tax	<$1	1

Law Comparison: Only Massachusetts has a similar provision.

Massachusetts: Massachusetts' provisions include a deduction for 100.0 percent of the costs associated with an approved industrial air pollution control facility or industrial waste treatment facility during the taxable year of the construction, reconstruction, erection, or improvement of the facility.

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

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

Statutory Reference: Rhode Island General Laws Section 44-30-2.6(c)(3) / 44-30-32(a)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

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

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

Data Source: TY 2016 and TY 2017 Statistics of Income Bulletin, Internal Revenue Service. The federal deduction data is scaled for Rhode Island by using the ratio of total Rhode Island AGI to total federal AGI for each tax year. Revenue forgone is determined by multiplying the calculated Rhode Island value of the deduction by an effective tax rate of 2.945 percent for TY 2016 and 2.983 percent for TY 2017. Federal number of taxpayers' data is scaled for Rhode Island by using the ratio of total Rhode Island tax filers to total federal tax filers for each tax year.

Reliability Index: 4

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Personal Income Tax	$59,201	554
2017 Personal Income Tax	$74,592	516

Projection Methodology: For projected revenue forgone and projected number of taxpayers for tax years 2018-2021, ORA took the average of tax years 2016 and 2017.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Personal Income Tax	$66,896	535
2019 Personal Income Tax	$66,896	535
2020 Personal Income Tax	$66,896	535
2021 Personal Income Tax	$66,896	535

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: For tax years beginning prior to January 1, 2018, the starting point for determining income subject to the Vermont personal income tax is federal taxable income. For tax years beginning on or after January 1, 2018, the starting point for determining income subject to the Vermont personal income tax is federal AGI. Because Vermont used an individual's federal taxable income, and now 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: Rhode Island General Laws Section 44-13-1(b)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1942 / 1985

Description: All amounts paid by a corporation subject to the tax imposed under Rhode Island General Laws Section 44-13-4(4) to another corporation for connecting fees, switching charges, and carrier access charges shall be deducted from the gross earnings of the paying corporation.

Data Source: Rhode Island Division of Taxation, Office of Revenue Analysis (ORA) calculations. The amount of revenue forgone is derived by multiplying the amount of deduction by the public service corporation tax rate for telecommunications corporations of 5.0 percent. This item includes an unknown amount of uncollectable bad debt.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Public Service Corporation Tax	$3,566,229	60
2017 Public Service Corporation Tax	$3,321,434	57

Projection Methodology: The TY 2018 revenue forgone amount and the number of taxpayers is data from the Division of Taxation and utilizes a public service corporation tax rate for telecommunications corporations of 5.0 percent. It should be noted that TY 2018 data does not include any extensions or amended returns that have not yet been processed by the Division of Taxation. For projected revenue forgone and projected number of taxpayers for tax years 2019-2021, ORA took the average of tax years 2016 and 2017.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Public Service Corporation Tax	$854,052	40
2019 Public Service Corporation Tax	$3,443,831	59
2020 Public Service Corporation Tax	$3,443,831	59
2021 Public Service Corporation Tax	$3,443,831	59

Law Comparison: Only Maine has a similar provision.

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

6. Educator Expenses (Federal):

Statutory Reference: Rhode Island General Laws Section 44-30-2.6(c)(3) / 44-30-32(a)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

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

Federal AGI allows a qualified educator to deduct unreimbursed expenses incurred for books, supplies, computer equipment, other equipment, and supplementary materials used in a classroom or related to athletics. The maximum allowable deduction is $250 per eligible educator.

Data Source: TY 2016 and TY 2017, Internal Revenue Service, Statistics of Income (SOI), Table 2: Individual Income and Tax Data, by State and Size of Adjusted Gross Income. TY 2016 and TY 2017 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 revenue forgone amounts across all federal AGI categories. For TY 2016, these Rhode Island resident effective tax rates range from -0.3992% for the federal AGI category of under $25,000 to 4.5677% for the federal AGI category of $1,000,000 or more. For TY 2017, the comparable numbers are -0.6397% for the federal AGI category of under $25,000 and 4.7412% for the federal AGI category of $1,000,000 or more. The number of taxpayers is the total number reported in the IRS' SOI report for the given tax year.

Reliability Index: 2

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Personal Income Tax	$102,001	16,100
2017 Personal Income Tax	$98,924	15,550

Projection Methodology: For projected revenue forgone and projected number of taxpayers for tax years 2018-2021, ORA took the average of tax years 2016 and 2017.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Personal Income Tax	$100,463	15,825
2019 Personal Income Tax	$100,463	15,825
2020 Personal Income Tax	$100,463	15,825
2021 Personal Income Tax	$100,463	15,825

Law Comparison: Connecticut, Maine, 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

Vermont: For tax years beginning prior to January 1, 2018, the starting point for determining income subject to the Vermont personal income tax is federal taxable income. For tax years beginning on or after January 1, 2018, the starting point for determining income subject to the Vermont personal income tax is federal AGI. Because Vermont used an individual's federal taxable income, and now 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: Rhode Island General Laws Section 44-13-4(2)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1942 / 2008

Description: The transmission or sale of electricity to other public utility corporations, non-regulated power producers, or municipal utilities for resale, whether within the state or not, shall be deducted from gross earnings prior to the calculation of the tax imposed by this section.

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

Reliability Index: 5

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2017 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*

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

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2019 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2020 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2021 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*

Law Comparison: Only Connecticut has a similar provision.

Connecticut: A deduction is allowed from all sales for resale of water, steam, gas and electricity to public service corporations and municipal utilities, whether such purchasers are Connecticut public service corporations or Connecticut municipal utilities, and whether or not they are subject to the Public Service Companies Tax.

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

8. Expensing of Assets in Lieu of Depreciation, Section 179 of Internal Revenue Code:

Statutory Reference: Rhode Island General Laws Section 44-61-1.1

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2003 / 2013

Description: For purposes of the expensing of assets under Rhode Island General Laws Chapters 44-11, 44-14 and 44-30, the expense deduction for Rhode Island tax purposes shall be allowed in the same manner as is provided for under Section 179 of the Internal Revenue Code (IRC). Any remaining tax basis of the asset purchased shall be depreciated as provided for under the IRC Sections 167 and 168, excluding § 168(k).

Prior to tax years beginning on or after January 1, 2014, Rhode Island's rule regarding Section 179 Expensing was a timing difference with Rhode Island disallowing section 179 expensing of more than $25,000 in a given tax year while the federal government allowed section 179 expensing of up to $500,000 in a given tax year. In this case, taxpayers had to add back to taxable income the amount of section 179 expensing in excess of $25,000 for Rhode Island tax purposes with this difference depreciated over the useful life of the asset. In tax years subsequent to the first year in which section 179 expensing in excess of $25,000 was used for federal income tax purposes, taxpayers subtracted the depreciation value of the asset from taxable income for Rhode Island tax purposes. Thus, over the useful life of the asset, the expense allowed for Rhode Island and Federal tax purposes will be equal.

For tax years beginning after December 31, 2013, Rhode Island conformed to federal law with respect to section 179 expensing. Thus, whatever the deduction amount that was taken federally under section 179 expensing is also allowed for Rhode Island tax purposes. As a result, for assets placed in service after December 31, 2013, there is no tax expenditure associated with section 179 expensing as the deduction allowed for Rhode Island tax purposes is the same as the deduction allowed for federal tax purposes.

The Division of Taxation allows corporate tax filers to report bonus depreciation, which is disallowed by Rhode Island law, and section 179 expensing on the same line as a total. As a result, depending on the tax year, the reported amounts on Rhode Island business corporation tax returns include both bonus depreciation and section 179 expensing. Generally, after tax year 2018, it is presumed that section 179 expensing deductions will no longer be reported as they will no longer exist due to conformity with federal tax law with regard to section 179 expensing. Thus, this tax expenditure will, in general, terminate for tax years beginning after December 31, 2018.

Data Source: *Business Corporation Tax*: Rhode Island Division of Taxation, Office of Revenue Analysis (ORA) calculations. This deduction includes combined bonus depreciation and enhanced section 179 expensing for C-corporations only, and the amounts are not necessarily specific to

Rhode Island-based activity. For TY 2016 and TY 2017, 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 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, ORA calculations. This deduction includes combined bonus depreciation and enhanced Section 179 expensing, and the amounts are not necessarily specific to Rhode Island-based activity. For TY 2016 the total net modification resulted in a decrease to federal taxable income. The amount of revenue forgone is derived by multiplying the apportioned net decreasing deduction by the banking institutions excise tax rate of 9.0 percent. For TY 2017, the total net deduction amount was positive; therefore, there is no revenue forgone from this deduction in TY 2017. The number of taxpayers includes those taxpayers with a deduction that increased their federal taxable income.

Personal Income Tax: Division of Taxation, Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Deduction includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2016 and TY 2017 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the deduction for the timing of section 179 expensing 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***
2016 Business Corporation Tax	$0	7,908
2016 Bank Tax	$44,179	48
2016 Personal Income Tax	$319,493	4,591
2016 Total	**$363,672**	**12,547**
2017 Business Corporation Tax	$0	8,318
2017 Bank Tax	$0	58
2017 Personal Income Tax	$253,140	4,449
2017 Total	**$253,140**	**12,825**

Projection Methodology: *Business Corporation Tax*: TY 2018 revenue forgone amounts and the number of taxpayers is data from the Division of Taxation and utilizes a business corporation tax rate of 7.0 percent. It should be noted that TY 2018 data does not include any extensions or amended returns that have not yet been processed by the Division of Taxation. Data for this deduction includes combined bonus depreciation and enhanced Section 179 expensing for C-corporations only and the amounts are not necessarily specific to Rhode Island-based activity.

Bank Tax: TY 2018 revenue forgone amounts and the number of taxpayers is data from the Division of Taxation and utilizes a bank excise tax rate of 9.0 percent. It should be noted that TY 2018 data does not include any extensions or amended returns that have not yet been processed by the Division of Taxation. Data for this deduction includes combined bonus depreciation and enhanced Section 179 expensing for banks and the amounts are not necessarily specific to Rhode Island-based activity.

Personal Income Tax: Projected amount of modification and number of taxpayers for TY 2018 is the average of revenue forgone and number of taxpayers from TY 2016 – TY 2017.

Due to the changes in Rhode Island tax law described above, ORA does not expect there to be any deduction for the timing of section 179 expensing for tax years beginning on or after January 1, 2019.

Calendar Year / Tax Type	***Projected Forgone Revenue***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	$0	3,613
2018 Bank Tax	$207,599	11
2018 Personal Income Tax	$286,317	4,520
2018 Projected Total	**$493,915**	**8,144**

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

Connecticut: Beginning on or after January 1, 2018, individuals and corporations are required to apportion the federal deduction for the cost of qualifying (section 179) property over a five-year period. Taxpayers must add back 80 percent of the federal deduction in the first year and may deduct 25 percent of the disallowed portion of the deduction in each of the four succeeding tax years.

Connecticut Statute: Conn. Gen. Stat. §§ 12-217(b)(2)(C), 12-701(a)(20)(A)(xiv), and 12-701(a)(20)(B)(xxv)

Maine: Maine's tax laws conform to the Section 179 deduction, as included in the calculation of federal AGI.

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

Massachusetts: For both the corporate excise and the personal income tax, Massachusetts's tax laws allow taxpayers to elect to expense certain business assets purchased during the taxable year following the current code for purposes of IRC. The taxpayer is allowed the same deduction as allowed federally.

Massachusetts Statute: Mass. Gen. Laws ch. 62, §§ 1(c), 6F(c)(2)-(3)

New Hampshire: For taxable years beginning on or after January 1, 2000 and prior to January 1, 2017, New Hampshire defines the term "United States Internal Revenue Code" to mean "[f]or all tax years beginning after January 1, 2000, the United States Internal Revenue Code (IRC) of 1986 in effect on December 31, 2000." Thus, by definition, amendments to the IRC that occurred after December 31, 2000 and before January 1, 2017 are not allowable under New Hampshire's business profits tax and business taxpayers have to adjust the taxable income reported on their federal return before reporting their gross business profits on their New Hampshire business tax return. The adjustment will require: (1) The removal of the Section 179 expense allowed under the IRC in effect for the taxable year; and (2) the inclusion of only the Section 179 expense allowed under the IRC in effect on December 31, 2000.

For all taxable periods beginning on or after January 1, 2017 and prior to January 1, 2018, the definition of "United States Internal Revenue Code" was updated to reference the IRC in effect on December 31, 2015 and for all taxable periods beginning on or after January 1, 2018, the definition was updated to the IRC in effect on December 31, 2016, with some exceptions. Expense deductions, as allowed under Section 179, were capped at $100,000 for TY 2017 and for tax years beginning on or after January 1, 2018 expense deductions were capped at $500,000.

New Hampshire Statute: N.H. Rev. Stat. Ann. §§ 77-A:1(XX) and 77-A:3-a

9. Health Savings Account (Federal):

Statutory Reference: Rhode Island General Laws Section 44-30-2.6(c)(3) / 44-30-32(a)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

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

Federal AGI allows for the deduction of contributions to a qualified health savings account (HSA). For contributions to an HSA to be deductible, the taxpayer must be enrolled in a high-deductible health insurance plan and not be covered by another type of health insurance. The high deductible health insurance plan must satisfy certain criteria. The maximum deductible HSA contributions for tax years 2014 through 2018 are listed below:

Tax Year	***Single Coverage***	***Family Coverage***
2016	$3,350	$6,750
2017	$3,400	$6,750
2018	$3,450	$6,900
2019	$3,500	$7,000
2020	$3,550	$7,100

Data Source: TY 2016 and TY 2017 Statistics of Income Bulletin, Internal Revenue Service. The federal deduction data is scaled for Rhode Island by using the ratio of total Rhode Island AGI to total federal AGI for each tax year. Revenue forgone is determined by multiplying the calculated Rhode Island value of the deduction by an effective tax rate of 2.945 percent for TY 2016 and 2.983 percent for TY 2017. Federal number of taxpayers' data is scaled for Rhode Island by using the ratio of total Rhode Island tax filers to total federal tax filers for each tax year.

Reliability Index: 4

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Personal Income Tax	$485,788	6,063
2017 Personal Income Tax	$521,382	6,520

Projection Methodology: For projected revenue forgone and projected number of taxpayers for tax years 2018-2021, ORA took the average of tax years 2016 and 2017.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Personal Income Tax	$503,585	6,292
2019 Personal Income Tax	$503,585	6,292
2020 Personal Income Tax	$503,585	6,292
2021 Personal Income Tax	$503,585	6,292

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: For tax years beginning prior to January 1, 2018, the starting point for determining income subject to the Vermont personal income tax is federal taxable income. For tax years beginning on or after January 1, 2018, the starting point for determining income subject to the Vermont personal income tax is federal AGI. Because Vermont used an individual's federal taxable income, and now federal AGI as the starting point for calculating Vermont income tax liability, the federal treatment of HSA contributions is adopted.

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

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

Statutory Reference: Rhode Island General Laws Section 44-30-2.6(c)(3) / 44-30-32(a)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

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

Federal AGI includes a deduction for contributions to traditional individual retirement arrangements. For tax years 2016 through 2018, contributions were or will be subject to maximum amount of $5,500 for taxpayers less than 50 years old and $6,500 for taxpayers 50 years old or more. For tax years 2019 and 2020, the comparable figures are $6,000 and $7,000, respectively.

This deduction is subject to a phase-out at the federal level based on the taxpayer's modified AGI. The table below lists the phase-out ranges for single and head of household filers who are covered by a workplace retirement plan, the income phase-out ranges for married couples filing jointly where the spouse making the IRA contribution is covered by a workplace retirement plan, and the phase-out ranges for married couples filing jointly where the IRA contributor is not covered by a workplace retirement plan but is married to someone who is covered for tax years 2016 through 2020. 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 2016 through 2020 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*
2016	$61,000 - $71,000	$98,000 - $118,000	$183,000 - $193,000
2017	$62,000 - $72,000	$99,000 - $119,000	$186,000 - $196,000
2018	$63,000 - $73,000	$101,000 - $121,000	$189,000 - $199,000
2019	$64,000 - $74,000	$103,000 - $123,000	$193,000 - $203,000
2020	$65,000 - $75,000	$104,000 - $124,000	$196,000 - $206,000

Data Source: TY 2016 and TY 2017, Internal Revenue Service, Statistics of Income (SOI), Table 2: Individual Income and Tax Data, by State and Size of Adjusted Gross Income. TY 2016 and TY 2017 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 revenue forgone amounts across all federal AGI categories. For TY 2016, these Rhode Island resident effective tax rates range from -0.3992% for the federal AGI category of under $25,000 to 4.5677% for the federal AGI category of $1,000,000 or more. For TY 2017, the comparable numbers are -0.6397% for the federal AGI category of under $25,000 and 4.7412% for the federal AGI category of $1,000,000 or more. The number of taxpayers is the total number reported in the IRS' SOI report for the given tax year.

Reliability Index: 2

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Personal Income Tax	$1,122,404	9,870
2017 Personal Income Tax	$1,088,279	9,650

Projection Methodology: For projected revenue forgone and projected number of taxpayers for tax years 2018-2021, ORA took the average of tax years 2016 and 2017.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2018 Personal Income Tax	$1,105,342	9,760
2019 Personal Income Tax	$1,105,342	9,760
2020 Personal Income Tax	$1,105,342	9,760
2021 Personal Income Tax	$1,105,342	9,760

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: For tax years beginning prior to January 1, 2018, the starting point for determining income subject to the Vermont personal income tax is federal taxable income. For tax years beginning on or after January 1, 2018, the starting point for determining income subject to the Vermont personal income tax is federal AGI. Because Vermont used an individual's federal taxable income, and now 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)

11. Keogh Plan and Simplified Employee Pension Plan Contributions (Federal):

Statutory Reference: Rhode Island General Laws Section 44-30-2.6(c)(3) / 44-30-32(a)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

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

Federal AGI includes a deduction for contributions to a Keogh plan and a Simplified Employee Pension (SEP) plan. The deduction is limited to the lesser of total contributions made to the business' defined-contribution Keogh or SEP plan, including any excess contributions carryover, or 25.0 percent 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 25.0 percent of the employee's compensation or a specific maximum deduction, whichever is less. The allowable compensation to be included in the calculation of the 25.0 percent 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***
2016	$265,000	$53,000
2017	$270,000	$54,000
2018	$275,000	$55,000
2019	$280,000	$56,000

Data Source: TY 2016 and TY 2017, Internal Revenue Service, Statistics of Income (SOI), Table 2: Individual Income and Tax Data, by State and Size of Adjusted Gross Income. TY 2016 and TY 2017 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 revenue forgone amounts across all federal AGI categories. For TY 2016, these Rhode Island resident effective tax rates range from -0.3992% for the federal AGI category of under $25,000 to 4.5677% for the federal AGI category of $1,000,000 or more. For TY 2017, the comparable numbers are -0.6397% for the federal AGI category of under $25,000 and 4.7412% for the federal AGI category of $1,000,000 or more. The number of taxpayers is the total number reported in the IRS' SOI report for the given tax year.

Reliability Index: 2

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Personal Income Tax	$3,098,195	4,140
2017 Personal Income Tax	$3,333,140	4,150

Projection Methodology: For projected revenue forgone and projected number of taxpayers for tax years 2018-2021, ORA took the average of tax years 2016 and 2017.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Personal Income Tax	$3,215,668	4,145
2019 Personal Income Tax	$3,215,668	4,145
2020 Personal Income Tax	$3,215,668	4,145
2021 Personal Income Tax	$3,215,668	4,145

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

Connecticut: Connecticut's income-based 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 25.0 percent 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), (3)(d)(1)(D)

Vermont: For tax years beginning prior to January 1, 2018, the starting point for determining income subject to the Vermont personal income tax is federal taxable income. For tax years beginning on or after January 1, 2018, the starting point for determining income subject to the Vermont personal income tax is federal AGI. Because Vermont used an individual's federal taxable income, and now 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)

12. Merchandise Sold:

Statutory Reference: Rhode Island General Laws Section 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 illuminating (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: Division of Taxation, data current as of December 2019.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Public Service Corporation Tax	$0	0
2017 Public Service Corporation Tax	$0	0

Projection Methodology: The TY 2018 revenue forgone amounts and the number of taxpayers is data provided by the Division of Taxation. It should be noted that TY 2018 data does not include any extensions or amended returns that have not yet been processed by the Division of Taxation. Revenue forgone and number of taxpayers for tax years 2019 - 2021 is the average revenue forgone and number of taxpayers from TY 2016 and TY 2017.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Public Service Corporation Tax	$0	0
2019 Public Service Corporation Tax	$0	0
2020 Public Service Corporation Tax	$0	0
2021 Public Service Corporation Tax	$0	0

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Connecticut's provisions allow the deduction from the Utilities Companies' Tax for sales of appliances, which use water, steam, gas or electricity for the net invoice price plus transportation costs of such appliances.

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

13. Moving Expenses (Federal):

Statutory Reference: Rhode Island General Laws Section 44-30-2.6(c)(3) / 44-30-32

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

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

Federal AGI includes a deduction for moving expenses provided that the expenses are incurred within one year from the date that the taxpayer has reported to work in the new location, the new main job location is at least 50 miles farther from your former home than your 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. This act effectively eliminates this tax expenditure item for Rhode Island personal income tax purposes beginning in Tax Year 2018.

Data Source: TY 2016 and TY 2017 Statistics of Income Bulletin, Internal Revenue Service. The federal deduction data is scaled for Rhode Island by using the ratio of total Rhode Island AGI to total federal AGI for each tax year. Revenue forgone is determined by multiplying the calculated Rhode Island value of the deduction by an effective tax rate of 2.945% for TY 2016 and 2.983% for TY 2017. Federal number of taxpayers' data is scaled for Rhode Island by using the ratio of total Rhode Island tax filers to total federal tax filers for each tax year.

Reliability Index: 4

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Personal Income Tax	$341,012	3,927
2017 Personal Income Tax	$337,835	3,799

Projection Methodology: ORA projects no revenue forgone for tax years 2018 through 2021 due to the elimination of the federal deduction for all but military-related moving expenses. If military-related moving expenses are reported in the future, forecasts of forgone revenue will be included in future Tax Expenditures Reports.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Personal Income Tax	$0	0
2019 Personal Income Tax	$0	0
2020 Personal Income Tax	$0	0
2021 Personal Income Tax	$0	0

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, § 5125

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 in regards to this issue. Thus, this deduction will be allowed in the calculation of Massachusetts taxable income.

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

Vermont: The starting point for determining every individual's taxable income subject to Vermont income tax is federal taxable income for tax years beginning prior to January 1, 2018. Because Vermont uses an individual's federal taxable income as the starting point for calculating Vermont income tax liability, the federal treatment of deductions for moving expenses is adopted.

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

14. Net Operating Losses:

Statutory Reference: Rhode Island General Laws Section 44-11-11(b)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1938 / 2007

Description: A taxpayer subject to the tax imposed by Rhode Island General Laws Chapter 44-11 is allowed a net operating loss deduction that is the same as that allowed under 26 U.S.C. § 172, subject to the specific determinative criteria outlined in Rhode Island General Laws Section 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, Office of Revenue Analysis (ORA) calculations. This modification includes amounts that are not necessarily specific to Rhode Island-based activity. The amount of revenue forgone is derived by multiplying the apportioned deduction by the business corporation tax rate of 7.0 percent. 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*
2016 Business Corporation Tax	$25,897,264	2,232
2017 Business Corporation Tax	$19,560,161	2,095

Projection Methodology: TY 2018 revenue forgone amounts and number of taxpayers is data from the Division of Taxation and utilizes a business corporation tax rate of 7.0 percent. It should be noted that TY 2018 data does not include any extensions or amended returns that have not yet been processed by the Division of Taxation. TY 2019 - TY 2021 revenue forgone amounts and number of taxpayers are the average of the revenue forgone amounts and number of taxpayers from TY 2016 - TY 2018.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	$18,228,921	1,290
2019 Business Corporation Tax	$21,228,782	1,872
2020 Business Corporation Tax	$21,228,782	1,872
2021 Business Corporation Tax	$21,228,782	1,872

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

Connecticut: Connecticut has a specific statutory provision allowing a net operating loss carryover deduction and does not simply follow the Internal Revenue Code Section 172 (26 U.S.C. § 172). The Connecticut statute provides any excess of allowable deductions over the gross income in the same year, or the amount of such excess apportioned to Connecticut under Conn. Gen. Stat. § 12-218, is an operating loss and is deductible as an operating loss carryover for operating losses incurred in income years commencing on or after January 1, 2000, in each of the 20 income years following the loss year. For tax years beginning on or after January 1, 2015, carryforwards are limited to 50 percent 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: Maine generally conforms to the Internal Revenue Code as of a specific date but requires several modifications to federal taxable income related to net operating losses in order to arrive at Maine net income. For each taxable year beginning on or after January 1, 2002 and prior to January 1, 2008, subsequent to the year of the loss, a subtraction modification is allowed for an amount equal to the absolute value of the amount of any net operating loss for which federal adjusted gross income was increased under Me. Rev. Stat. Ann. tit. 36, § 5200-A(1)(H), and that, pursuant to 26 U.S.C. § 172, was carried back for federal income tax purposes, less the absolute value of loss used in the taxable year of loss to offset any addition modification required by Me. Rev. Stat. Ann. tit. 36, § 5200-A(1). The carryforward period for Maine conforms to the federal carryforward period. For taxable years beginning in 2008, the amount of loss carried forward cannot exceed $100,000, and for taxable years 2009, 2010, and 2011 the modification under paragraph 2 cannot be claimed. The amount not deducted as a result of the restriction in 2009, 2010, and 2011 can be deducted in tax years beginning after December 31, 2011, but only if Maine taxable income is not reduced to zero, the amount has not been previously used as a modification, and the taxable year is within the allowable federal period for carryover plus the number of years that the net operating loss carryover adjustment was not deducted as a result of the restriction with respect to tax years beginning in 2009, 2010, or 2011.

For tax years beginning on or after January 1, 2018, an income addition modification is required in an amount equal to the net operating loss carryforward claimed as a federal deduction for the same tax year.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 5122(1)(LL) and (PP), 5200-A(1) and (2)

Massachusetts: Corporations are allowed a deduction for net operating losses computed under Massachusetts' law. The Massachusetts net operating loss is the amount by which the sum of the deductions allowed to arrive at net income, excluding the deductions for net operating loss and the dividends-received deduction exceeds gross income for the taxable year. The number of years for which such a loss may be carried forward is five taxable years for losses incurred in taxable years beginning prior to January 1, 2010 or for 20 taxable years for losses incurred in taxable years beginning on or after January 1, 2010. Net operating losses cannot be carried back, and capital losses cannot be carried forward or back.

Massachusetts Statute: Mass. Gen. Laws ch. 63, § 30(5)(b)

New Hampshire: New Hampshire allows a deduction for the amount of the net operating loss carryover determined under 26 U.S.C. § 172 in effect on December 31, 1996, except for the requirement to carryback the loss and the limitation to 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, by defining "Vermont net operating loss" (VNOL) as any negative income after allocation and apportionment of Vermont net income. The VNOL is allowed as a carryforward in the 10 years following the loss year.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 5811(25), 5888(4)(B)

15. One-Half of Self-Employment Tax (Federal):

Statutory Reference: Rhode Island General Laws Section 44-30-2.6(c)(3) / 44-30-32

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

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

Federal AGI includes a deduction for one-half of the amount of self-employment tax paid by self-employed taxpayers. Self-employed individuals, those taxpayers who are sole proprietors, independent contractors, partners in a partnership, and members in a single member LLC, must pay a tax on net earnings from self-employment for Social Security and Medicare. Because taxpayers that are employees are responsible for only one-half of the Social Security and Medicare taxes assessed, the other half being paid by the employer, self-employed taxpayers are allowed to deduct one-half of the self-employment tax paid to Social Security and Medicare.

Data Source: TY 2016 and TY 2017 Statistics of Income Bulletin, Internal Revenue Service. The federal deduction data is scaled for Rhode Island by using the ratio of total Rhode Island AGI to total federal AGI for each tax year. Revenue forgone is determined by multiplying the calculated Rhode Island value of the deduction by an effective tax rate of 2.945% for TY 2016 and 2.983% for TY 2017. Federal number of taxpayers' data is scaled for Rhode Island by using the ratio of total Rhode Island tax filers to total federal tax filers for each tax year.

Reliability Index: 4

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Personal Income Tax	$2,921,026	68,987
2017 Personal Income Tax	$3,109,687	70,418

Projection Methodology: For projected revenue forgone and projected number of taxpayers for tax years 2018-2021, ORA took the average of tax years 2016 and 2017.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Personal Income Tax	$3,015,356	69,702
2019 Personal Income Tax	$3,015,356	69,702
2020 Personal Income Tax	$3,015,356	69,702
2021 Personal Income Tax	$3,015,356	69,702

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

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

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

Maine: Maine's personal income tax base is federal AGI, as defined by federal law, which by application allows a deduction for one-half of the self-employment tax paid.

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

Massachusetts: Massachusetts' provisions include a deduction of up to $2,000 for self-employment tax payments.

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

Vermont: For tax years beginning prior to January 1, 2018, the starting point for determining income subject to the Vermont personal income tax is federal taxable income. For tax years beginning on or after January 1, 2018, the starting point for determining income subject to the Vermont personal income tax is federal AGI. Because Vermont used an individual's federal taxable income, and now federal AGI, as the starting point for calculating Vermont income tax liability, the federal treatment of deductions for one-half of the self- employment tax is adopted.

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

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

Statutory Reference: Rhode Island General Laws Section 44-30-2.6(c)(3) / 44-30-32(a)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

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

Federal AGI allows a deduction for the 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 2016 and TY 2017 Statistics of Income Bulletin, Internal Revenue Service. The federal deduction data is scaled for Rhode Island by using the ratio of total Rhode Island AGI to total federal AGI for each tax year. Revenue forgone is determined by multiplying the calculated Rhode Island value of the deduction by an effective tax rate of 2.945% for TY 2016 and 2.983% for TY 2017. Federal number of taxpayers' data is scaled for Rhode Island by using the ratio of total Rhode Island tax filers to total federal tax filers for each tax year.

Reliability Index: 4

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Personal Income Tax	$10,560	1,464
2017 Personal Income Tax	$12,075	1,442

Projection Methodology: For projected revenue forgone and projected number of taxpayers for tax years 2018-2021, ORA took the average of tax years 2016 and 2017.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Personal Income Tax	$11,317	1,453
2019 Personal Income Tax	$11,317	1,453
2020 Personal Income Tax	$11,317	1,453
2021 Personal Income Tax	$11,317	1,453

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: For tax years beginning prior to January 1, 2018, the starting point for determining income subject to the Vermont personal income tax is federal taxable income. For tax years beginning on or after January 1, 2018, the starting point for determining income subject to the Vermont personal income tax is federal AGI. Because Vermont used an individual's federal taxable income, and now federal AGI, as the starting point for calculating Vermont income tax liability, the federal treatment of the penalty on the early withdrawal of monies from time deposit savings accounts is adopted.

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

17. Qualifying Investment in a Certified Venture Capital Partnership:

Statutory Reference: Rhode Island General Laws Section 44-43-2

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1987 / N/A

Description: A deduction reducing net income or net worth, gross earnings, or gross premiums for making a qualifying investment in a certified venture capital partnership shall be allowed for the amount of the qualifying investment in the year in which the taxpayer first makes such an investment prior to computing the tax owed under Rhode Island General Laws Chapters 44-11, 44-13, 44-14, or 44-17. A modification reducing federal AGI shall be allowed prior to computing the tax owed under Rhode Island General Laws Chapter 44-30 and is included in the modifications section of this report.

Data Source: *Business Corporation:* Rhode Island Division of Taxation, Office of Revenue Analysis (ORA) calculations. The amount of revenue forgone is derived by multiplying the deduction by the business corporation tax rate of 7.0 percent. The number of taxpayers includes C-corporations that had a deduction decreasing federal taxable income.

Public Service Corporation Taxes: Rhode Island Division of Taxation, ORA calculations. The amount of revenue forgone is derived by multiplying the deduction amount by an average public service corporation gross earnings tax rate of 4.0 percent.

Bank Taxes: Rhode Island Division of Taxation

Insurance Company Gross Premiums Tax: Rhode Island Division of Taxation, ORA calculations. The amount of revenue forgone is derived by multiplying the deduction amount by the insurance company gross premiums tax rate of 2.0 percent.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	$36	8
2016 Public Service Corporation Tax	$0	0
2016 Bank Tax	$0	0
2016 Ins Co Gross Premiums Tax	$0	0
2016 Total	**$36**	**8**
2017 Business Corporation Tax	$32	3
2017 Public Service Corporation Tax	$13,505	1
2017 Bank Tax	$0	0
2017 Ins Co Gross Premiums Tax	$<1	1
2017 Total	**$13,537**	**5**

Projection Methodology: TY 2018 revenue forgone and number of taxpayers for all tax types is data from the Division of Taxation. It should be noted that TY 2018 data does not include any extensions or amended returns that have not yet been processed by the Division of Taxation.

Bank, Business Corporation, and Insurance Company Gross Premiums Taxes: TY 2019-TY 2021 revenue forgone amounts and number of taxpayers is the average revenue forgone and number of taxpayers from TY 2016-TY 2017.

Public Service Corporation Taxes: TY 2019-TY 2021 revenue forgone amounts and number of taxpayers were held constant with TY 2018.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	$0	0
2018 Public Service Corporation Tax	$0	0
2018 Bank Tax	$0	0
2018 Ins Co Gross Premiums Tax	$0	0
2018 Projected Total	**$0**	**0**
2019 Business Corporation Tax	$34	6
2019 Public Service Corporation Tax	$0	0
2019 Bank Tax	$0	0
2019 Ins Co Gross Premiums Tax	$0	0
2019 Projected Total	**$34**	**6**
2020 Business Corporation Tax	$34	6
2020 Public Service Corporation Tax	$0	0
2020 Bank Tax	$0	0
2020 Ins Co Gross Premiums Tax	$0	0
2020 Projected Total	**$34**	**6**
2021 Business Corporation Tax	$34	6
2021 Public Service Corporation Tax	$0	0
2021 Bank Tax	$0	0
2021 Ins Co Gross Premiums Tax	$0	0
2021 Projected Total	**$34**	**6**

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

18. Return or Unabsorbed Premiums or Premiums for Reinsurance Assumed:

Statutory Reference: Rhode Island General Laws Sections 27-3-38(d) and 44-17-2

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1896 / 2007

Description: Taxpayers subject to the tax imposed by Rhode Island General Laws Chapter 44-17 are allowed to 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

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Ins Co Gross Premiums Tax	*No estimate possible*	*No estimate possible*
2017 Ins Co Gross Premiums Tax	*No estimate possible*	*No estimate possible*

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

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Ins Co Gross Premiums Tax	*No estimate possible*	*No estimate possible*
2019 Ins Co Gross Premiums Tax	*No estimate possible*	*No estimate possible*
2020 Ins Co Gross Premiums Tax	*No estimate possible*	*No estimate possible*
2021 Ins Co Gross Premiums Tax	*No estimate possible*	*No estimate possible*

Law Comparison: All New England states have similar provisions.

Connecticut: Connecticut levies a tax on net direct premiums on domestic and nonresident and foreign insurance companies. Net direct premiums include all receipts of premiums from policyholders and applicants for policies, whether received in the form of money or other valuable consideration but excluding annuity premiums and considerations and premiums received for reinsurances assumed from other insurance companies, less returned or canceled premiums and dividends paid to policyholders on direct business.

Connecticut Statute: Conn. Gen. Stat. §§ 12-201(7), (8)

Maine: The Maine insurance premiums tax is measured by the full amount of gross insurance premiums, reduced by all direct return premiums on the gross direct premiums, and all dividends paid to policy holders on direct premiums. Except when direct return premiums are returned in the same tax year that the premium was paid, the deduction allowed may be taken only if the tax has been paid.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 2515

Massachusetts: In determining the tax payable by insurance companies, all premiums on policies written but not taken or canceled through default of payment and all premiums returned or credited 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, 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 resident or 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), 405:29(I)

Vermont: From the full amount of insurance company premiums and assessments, there is a deduction for all sums paid for return premiums on canceled policies upon risk located in the state and dividends actually paid or allowed to policyholders residing in the state.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 5035(a), 5036(d), 8554

19. Self-Employed Health Insurance (Federal):

Statutory Reference: Rhode Island General Laws Section 44-30-2.6(c)(3) / 44-30-32(a)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

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

Federal AGI includes a deduction for the premiums paid for medical, dental, and qualified long-term care insurance for the taxpayer, the taxpayer's spouse, and the taxpayer's dependents if the taxpayer is a self-employed individual with a net profit, a partner with net earnings from self-employment, or a shareholder owning more than 2.0 percent 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 2016 and TY 2017, Internal Revenue Service, Statistics of Income (SOI), Table 2: Individual Income and Tax Data, by State and Size of Adjusted Gross Income. TY 2016 and TY 2017 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 revenue forgone amounts across all federal AGI categories. For TY 2016, these Rhode Island resident effective tax rates range from -0.3992% for the federal AGI category of under $25,000 to 4.5677% for the federal AGI category of $1,000,000 or more. For TY 2017, the comparable numbers are -0.6397% for the federal AGI category of under $25,000 and 4.7412% for the federal AGI category of $1,000,000 or more. The number of taxpayers is the total number reported in the IRS' SOI report for the given tax year.

Reliability Index: 2

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Personal Income Tax	$3,438,573	14,110
2017 Personal Income Tax	$3,510,088	14,140

Projection Methodology: For projected revenue forgone and projected number of taxpayers for tax years 2018-2021, ORA took the average of tax years 2016 and 2017.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Personal Income Tax	$3,474,330	14,125
2019 Personal Income Tax	$3,474,330	14,125
2020 Personal Income Tax	$3,474,330	14,125
2021 Personal Income Tax	$3,474,330	14,125

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: For tax years beginning prior to January 1, 2018, the starting point for determining income subject to the Vermont personal income tax is federal taxable income. For tax years beginning on or after January 1, 2018, the starting point for determining income subject to the Vermont personal income tax is federal AGI. Because Vermont used an individual's federal taxable income, and now 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: Rhode Island General Laws Section 44-30-2.6(c)(3)(B)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

Description: Rhode Island allows a basic standard deduction from modified adjusted gross income (AGI). The standard deduction values are adjusted for inflation as specified by Rhode Island General Laws Section 44-30-2.6(c)(2)(J).

The table below lists the standard deduction for single, married filing separately, head of household, married filing jointly, and qualifying widow(er) personal income tax filers. For taxpayers with a modified federal adjusted gross income (AGI) greater than a specified amount in each tax year, regardless of filing status, there is a phase-out in the deduction amount allowed to be taken. For example, for each $5,500 increase, or part thereof, in modified AGI, a reduction of 20.0 percent in allowable standard deduction amount was imposed in TY 2016. 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*
2016	$8,300	$12,450	$16,600	$193,600 - $215,800
2017	$8,375	$12,550	$16,750	$195,000 - $217,350
2018	$8,525	$12,800	$17,050	$199,000 - $221,800
2019	$8,750	$13,100	$17,500	$203,850 - $227,050

Data Source: Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2016 and 2017 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. Revenue forgone is determine by taking the difference the two tax liability calculations. Number of taxpayers includes all taxpayers that claimed the standard deduction to reduce their personal tax liability. It should be noted that ORA changed the methodology for the calculation of the revenue forgone and the number of taxpayers for this deduction to not include taxpayers who did not claim the standard deduction but were eligible to do so based on federal AGI.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Personal Income Tax	$198,054,375	536,024
2017 Personal Income Tax	$197,694,885	532,615

Projection Methodology: Due to changes in the calculation methodology, the revenue forgone amounts and number of taxpayers were held constant for tax years 2018 through 2021.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2018 Personal Income Tax	$197,694,885	532,615
2019 Personal Income Tax	$197,694,885	532,615
2020 Personal Income Tax	$197,694,885	532,615
2021 Personal Income Tax	$197,694,885	532,615

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

Connecticut: Connecticut does not allow any standard or itemized deductions from Connecticut adjusted gross income in determining the taxpayer's Connecticut tax liability. Connecticut allows only exemption amounts to be deducted from Connecticut AGI when determining the taxpayer's Connecticut tax liability. These exemption amounts depend on the filing status of the taxpayer and phase-out as Connecticut AGI increases.

Connecticut Statute: Conn. Gen. Stat. §§ 12-701(a)(20) and 12-702

Maine: For tax years beginning on or after January 1, 2016, the basic standard deduction for resident individuals filing as a single individual or a married person filing a separate return is $11,600. For persons filing as heads of household, the basic standard deduction is $17,400. For married persons filing joint returns or surviving spouses, the basic standard deduction is $23,200. Maine also provides for an additional standard deduction for age and blindness equal to the amount allowed under the Internal Revenue Code Section 63(c)(3). Maine includes a phase-out for the value of the standard deduction beginning for taxpayers whose adjusted gross income exceeds $70,000 for single individuals and married persons filing separate returns, $105,000 for heads of households, and $140,000 for married persons filing jointly or for surviving spouses. The deductions amount is fully phased out for taxpayers whose adjusted gross income is $145,000 for single filers and married persons filing separately, $217,500 for heads of households, and $290,000 for married individuals filing jointly or for surviving spouses. For tax years beginning in 2018 and thereafter, the standard deduction is equal to the federal standard deduction, including the additional standard deduction amount for age and blindness.

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

Vermont: For tax years beginning prior to January 1, 2018, Vermont used federal income tax liability as the starting point for calculating Vermont personal income tax liability, the federal standard deduction, which is adjusted annually for inflation, and itemized deductions are used in calculating an individual's Vermont income tax liability. The amount is also increased for those who are 65 years and older and/or blind. For tax years beginning on or after January 1, 2018, Vermont has a state-defined standard deduction of $6,000 for single filers, $9,000 for head of household filers, and $12,000 for married filing jointly or surviving spouses. There is an additional deduction of $1,000 for taxpayers who are 65 years and older and/or blind and who qualified and received the deduction at the federal level. All deduction amounts are subject to inflation on an annual basis.

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

21. Student Loan Interest (Federal):

Statutory Reference: Rhode Island General Laws Section 44-30-2.6(c)(3) / 44-30-32(a)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

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

Federal AGI allows a deduction for the interest paid on a qualified student loan. A qualified student loan is a loan that was taken out solely to pay qualified education expenses. For tax years 2016 through 2020, the maximum deduction amount for student loan interest is $2,500 per return. Beginning in TY 2016, the amount of student loan interest deduction is phased 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***
2016	$2,500	$65,000 - $80,000	$2,500	$130,000 - $160,000
2017	$2,500	$65,000 - $80,000	$2,500	$135,000 - $165,000
2018	$2,500	$65,000 - $80,000	$2,500	$135,000 - $165,000
2019	$2,500	$70,000 - $85,000	$2,500	$140,000 - $170,000
2020	$2,500	$70,000 - $85,000	$2,500	$140,000 - $170,000

Data Source: TY 2016 and TY 2017, Internal Revenue Service, Statistics of Income (SOI), Table 2: Individual Income and Tax Data, by State and Size of Adjusted Gross Income. TY 2016 and TY 2017 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, after adjusting for married filing separately and dependent returns, and then summing the revenue forgone amounts across all federal AGI categories. For TY 2016, these Rhode Island resident effective tax rates range from -0.5384% for the federal AGI category of under $25,000 to 2.9163% for the federal AGI category of $100,000 to $200,000. For TY 2017, the comparable numbers are -0.8403% for the federal AGI category of under $25,000 and 2.9306% for the federal AGI category of $100,000 to $200,000. The number of taxpayers is the total number reported in the IRS' SOI report for the given tax year.

Reliability Index: 2

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Personal Income Tax	$908,601	50,140
2017 Personal Income Tax	$900,638	50,740

Projection Methodology: For projected revenue forgone and projected number of taxpayers for tax years 2018-2021, ORA took the average of tax years 2016 and 2017.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Personal Income Tax	$904,620	50,440
2019 Personal Income Tax	$904,620	50,440
2020 Personal Income Tax	$904,620	50,440
2021 Personal Income Tax	$904,620	50,440

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

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

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

Maine: Maine's personal income tax base is federal AGI, as defined by federal law, which by application allows a deduction for interest paid on a student loan up to $2,500.

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

Massachusetts: Massachusetts' provisions follow the federal deduction for interest paid by the taxpayer for a qualified education loan for graduate or undergraduate education, subject to taxpayer income limitations.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(d)(1) and 3(B)(a)(12)

Vermont: For tax years beginning prior to January 1, 2018, the starting point for determining income subject to the Vermont personal income tax is federal taxable income. For tax years beginning on or after January 1, 2018, the starting point for determining income subject to the Vermont personal income tax is federal AGI. Because Vermont used an individual's federal taxable income, and now 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: Rhode Island General Laws Chapter 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 shall receive a deduction from the corporate income, gross earnings, bank, bank deposits, or gross premiums subject to the taxes imposed by Rhode Island General Laws Chapters 44-11, 44-13, 44-14, 44-15 and 44-17. The deduction is equal to 40.0 percent of the eligible employee's first year wages, up to a maximum $2,400 per eligible employee. A modification reducing income subject to the tax imposed by Rhode Island General Laws Chapter 44-30 shall apply to eligible businesses and is listed in the modification section of this report.

Data Source: *Business Corporation:* Rhode Island Division of Taxation, Office of Revenue Analysis (ORA) calculations. The amount of revenue forgone is derived by multiplying the apportioned deduction by the business corporation tax rate of 7.0 percent. The number of taxpayers includes C-corporations that had a deduction decreasing federal taxable income.

Bank Tax: Rhode Island Division of Taxation, Office of Revenue Analysis (ORA) calculations. The amount of revenue forgone is derived by multiplying the apportioned deduction by the bank excise tax rate of 9.0 percent.

Bank Deposits Tax: No reliable data exists for this tax expenditure item.

Insurance Company Gross Premiums Taxes, Rhode Island Division of Taxation, ORA calculations. The amount of revenue forgone is derived by multiplying the deduction by the insurance company gross premiums tax of 2.0 percent.

Public Service Corporation Tax: No reliable data exists for this tax expenditure item.

Reliability Index: *Bank, Business Corporation, and Insurance Company Gross Premiums Taxes,* 1*; Public Service Corporation, Bank Deposits Taxes*, 5

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	$1,294	19
2016 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2016 Bank Tax	$0	0
2016 Bank Deposits Tax	*No estimate possible*	*No estimate possible*
2016 Ins Co Gross Premiums Tax	$0	0
2016 Total	**$1,294**	**19**

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2017 Business Corporation Tax	$138,020	33
2017 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2017 Bank Tax	$0	0
2017 Bank Deposits Tax	*No estimate possible*	*No estimate possible*
2017 Ins Co Gross Premiums Tax	$1	2
2017 Total	**$138,020**	**35**

Projection Methodology: TY 2018 revenue forgone amounts and number of taxpayers from all tax types is preliminary data from the Division of Taxation. It should be noted that TY 2018 data does not include any extensions or amended returns that have not yet been processed by the Division of Taxation.

Business Corporation: TY 2019-TY 2021 revenue forgone amounts and number of taxpayers is the average revenue forgone and number of taxpayers from TY 2016-TY 2018.

Bank Tax: TY 2019-TY 2021 revenue forgone amounts and number of taxpayers is the average revenue forgone and number of taxpayers from TY 2016-TY 2018.

Insurance Company Gross Premiums Taxes: TY 2019-TY 2021 revenue forgone amounts and number of taxpayers is the average revenue forgone and number of taxpayers from TY 2016-TY 2018.

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***
2018 Business Corporation Tax	$977	13
2018 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2018 Bank Tax	$0	0
2018 Bank Deposits Tax	*No estimate possible*	*No estimate possible*
2018 Ins Co Gross Premiums Tax	$0	0
2018 Projected Total	**$977**	**13**

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2019 Business Corporation Tax	$46,763	22
2019 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2019 Bank Tax	$0	0
2019 Bank Deposits Tax	*No estimate possible*	*No estimate possible*
2019 Ins Co Gross Premiums Tax	$0	1
2019 Projected Total	**$46,763**	**23**
2020 Business Corporation Tax	$46,763	22
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	1
2020 Projected Total	**$46,763**	**23**
2021 Business Corporation Tax	$46,763	22
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	1
2021 Projected Total	**$46,763**	**23**

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

23. Tuition and Fees (Federal):

Statutory Reference: Rhode Island General Laws Section 44-30-2.6(c)(3) / 44-30-32(a)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

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

Federal AGI allows a deduction for tuition and fees. Tuition and fees are defined as qualified expenses for higher education. The maximum amount of tuition and fees that can be deducted is $4,000. The qualified higher education expenses can be for the taxpayer, the taxpayer's spouse, or a dependent of the taxpayer. For tax years 2016 and 2017, the tuition and fees deduction can only be taken by single filers with modified AGI of not more than $80,000 and married joint filers with modified AGI of not more than $160,000. Taxpayers who are married filing separately or who can be claimed as a dependent are ineligible for this deduction. The tuition and fees deduction expired on December 31, 2017 and may not be taken for tax years beginning on or after January 1, 2018. It should be noted that the tuition and fees deduction expired on December 31, 2016 but was retroactively extended for TY 2017 by Congress on February 9, 2018, which was after the TY 2017 filing season began. It is possible not all taxpayers eligible for the tuition and fees deduction that had already filed their federal tax return chose to file an amended return.

Data Source: TY 2016 and TY 2017, Internal Revenue Service, Statistics of Income, Table 2: Individual Income and Tax Data, by State and Size of Adjusted Gross Income. TY 2016 and TY 2017 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, after adjusting for married filing separately and dependent returns, and then summing the revenue forgone amounts across all federal AGI categories. For TY 2016, these Rhode Island resident effective tax rates range from -0.5384% for the federal AGI category of under $25,000 to 2.9163% for the federal AGI category of $100,000 to $200,000. For TY 2017, the comparable numbers are -0.8403% for the federal AGI category of under $25,000 and 2.9306% for the federal AGI category of $100,000 to $200,000. The number of taxpayers is the total number reported in the IRS' SOI report for the given tax year.

Reliability Index: 2

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Personal Income Tax	$155,512	5,760
2017 Personal Income Tax	$94,140	3,530

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 tuition and fees paid for qualified higher education.

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

Massachusetts: Effective January 1, 2006, Massachusetts' provisions does not follow the federal deduction for tuition payments paid by the taxpayer for a qualified education expenses. However, there is a separate Massachusetts deduction for undergraduate tuition if the total paid exceeds 25.0 percent of the taxpayer's Massachusetts AGI. Effective January 1, 2017, nonresidents and part-year residents are no longer eligible for the tuition deduction.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 3(B)(a)(11)

Vermont: The starting point for determining every individual's taxable income subject to Vermont income tax is federal taxable income for tax years beginning prior to January 1, 2018. Because Vermont used an individual's federal taxable income as the starting point for calculating Vermont income tax liability during that time, the federal treatment of tuition and fees paid for qualified higher education was adopted.

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

EXCLUSIONS

1. Biodiesel Portion of Blended Gallon of Diesel Fuel:

Statutory Reference: Rhode Island General Laws Section 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 in Rhode Island at a fixed location at a manufacturing facility for biodiesel fuel."

Data Source: Excise Tax Section, Rhode Island Division of Taxation. Total biodiesel gallons are summed and multiplied by the motor fuel tax rate of $0.33 per gallon for FY 2016, FY 2017 and FY 2018 and the motor fuel tax rate of $0.34 per gallon for FY 2019.

Reliability Index: 1

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Motor Fuel Tax	$1,036,257	1
2017 Motor Fuel Tax	$1,485,727	1
2018 Motor Fuel Tax	$2,120,414	1
2019 Motor Fuel Tax	$2,491,881	1

Projection Methodology: Amount of exclusion and number of taxpayers held constant with FY 2019.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2020 Motor Fuel Tax	$2,491,881	1
2021 Motor Fuel Tax	$2,491,881	1

Law Comparison: Only Massachusetts has a similar provision.

Massachusetts: For fuel consisting of eligible cellulosic biofuel or of a blend of gasoline and eligible cellulosic biofuel, the tax per gallon shall be reduced in proportion to the percentage of the fuel content consisting of eligible cellulosic biofuel, measured by available energy content, as determined by the department of energy resources.

Massachusetts Statute: Mass. Gen. Laws ch. 64A, § 1A

2. Conveyance of Mobile/Manufactured Homes for Consideration of $100 or Less:

Statutory Reference: Rhode Island General Laws Section 31-44-20(a)

Stated Purpose: No stated purpose given in law.

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

Description: The tax imposed by Rhode Island General Laws Section 31-44-20 applies only to mobile and manufactured homes that are conveyed for a consideration of more than $100. In the event that 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

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Real Estate Conveyance Tax	*No estimate possible*	*No estimate possible*
2017 Real Estate Conveyance Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Real Estate Conveyance Tax	*No estimate possible*	*No estimate possible*
2019 Real Estate Conveyance Tax	*No estimate possible*	*No estimate possible*
2020 Real Estate Conveyance Tax	*No estimate possible*	*No estimate possible*
2021 Real Estate Conveyance Tax	*No estimate possible*	*No estimate possible*

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

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

Statutory Reference: Rhode Island General Laws Section 44-25-1(a) and 44-25-1(b)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1968 / 2004

Description: The tax imposed by Rhode Island General Laws Section 44-25-1 applies only to "lands, tenements or other realty" that are conveyed for a consideration of more than $100. In the event that no consideration is paid for the conveyance of the lands, tenements or other realty, no documentary stamps are required on the instrument of conveyance.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Real Estate Conveyance Tax	*No estimate possible*	*No estimate possible*
2017 Real Estate Conveyance Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Real Estate Conveyance Tax	*No estimate possible*	*No estimate possible*
2019 Real Estate Conveyance Tax	*No estimate possible*	*No estimate possible*
2020 Real Estate Conveyance Tax	*No estimate possible*	*No estimate possible*
2021 Real Estate Conveyance Tax	*No estimate possible*	*No estimate possible*

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

Connecticut: Connecticut's provisions include exclusion for conveyance of property when the consideration is less than $2,000.

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

Massachusetts: Massachusetts' provisions include exclusion for conveyance where the consideration is not more than $100.

Massachusetts Statute: Mass. Gen. Laws ch. 64D, § 1

New Hampshire: New Hampshire's provisions include exclusion for conveyance where the consideration is $4,000 or less at which time a minimum fee of $20 is imposed.

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

Vermont: Vermont's provisions include 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 and tax at the rate of one and one-quarter percent shall be imposed on the value of that property in excess of $110,000 a guarantee fee is paid to the Vermont Home Mortgage Guaranty Program. Otherwise, Vermont does not have an exclusion and instead has a minimum tax of $1.00.

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

4. Conveyance of Real Estate Relating to the Capitol Center Project:

Statutory Reference: Rhode Island General Laws Section 44-25-2(c)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1968 / 2000

Description: The tax imposed by Rhode Island General Laws Section 44-25-1 "does not apply to any deed, instrument, or writing which has or shall be executed, delivered, accepted, or presented for recording…certain master property conveyance contract dated December 29, 1982, and recorded in the land evidence records of the city of Providence on January 27, 1983, at 1:30 p.m. in book 1241 at page 849" that relates to the Capitol Center Project in the City of Providence.

Data Source: Rhode Island Department of Revenue.

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Real Estate Conveyance Tax	$0	0
2017 Real Estate Conveyance Tax	$0	0
2018 Real Estate Conveyance Tax	$0	0
2019 Real Estate Conveyance Tax	$0	0

Projection Methodology: Amount of exclusion and number of taxpayers held constant with FY 2017.

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

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

5. Corporations Exempt from Taxation by Charter:

Statutory Reference: Rhode Island General Laws Section 44-11-1(4)(vi)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1938 / 1994

Description: By definition, "[a]ny corporation expressly exempt from taxation by charter" is excluded from the base of taxpayers subject to the tax imposed by Rhode Island General Laws Chapter 44-11.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2017 Business Corporation Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2019 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2020 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2021 Business Corporation Tax	*No estimate possible*	*No estimate possible*

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

6. Corporations Not Doing Business for Profit:

Statutory Reference: Rhode Island General Laws Section 44-11-1(4)(iv)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1938 / 1994

Description: By definition, "[c]orporations specified in § 7-6-4, incorporated hospitals, schools, colleges, and other institutions of learning not organized for business purposes and not doing business for profit and no part of the net earnings of which inures to the benefit of any private stockholder or individual," are excluded from the base of taxpayers subject to the tax imposed by Rhode Island General Laws Chapter 44-11.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2017 Business Corporation Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2019 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2020 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2021 Business Corporation Tax	*No estimate possible*	*No estimate possible*

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

Connecticut: Connecticut's provisions include exclusion for companies exempt by the federal corporation net income tax law or under any other section of the Internal Revenue Code; however, such organizations are likewise taxed on their unrelated business income.

Connecticut Statute: Conn. Gen. Stat. § 12-214(a)(2)(B)

Maine: Maine's provisions include a general exclusion for a corporation, which is exempt from federal income tax from the Maine corporate income tax by definition. Maine also exempts associations, trusts, or other unincorporated organizations which by reason of its purposes or activities is exempt from federal income tax with respect to its unrelated business taxable income.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 5102(6) and 5162(2)

Massachusetts: Massachusetts' provisions include exclusion for corporations, which are tax exempt for federal income tax purposes under Section 501 of the Internal Revenue Code.

Massachusetts Statute: Mass. Gen. Laws ch. 63, §§ 30(1) and 30(2)

New Hampshire: New Hampshire's provisions include exclusion from the business enterprise tax for organizations exempt from federal tax under Section 501(c)(3) of the Internal Revenue Code and regulated investment companies.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 77-A:1, I

Vermont: For corporations that are organized for religious, charitable, scientific or educational purposes for which no part of the net earnings inures to the benefit of any private stockholder or individual member are exempt from corporate income tax.

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

7. Corporations that Maintain and Manage Intangible Investments:

Statutory Reference: Rhode Island General Laws Section 44-11-1(4)(vii)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1938 / 1994

Description: Corporation is defined in Rhode Island General Laws Section 44-11-1(4). By definition "[c]orporations which together with all corporations under direct or indirect common ownership that employ not less than five full-time equivalent employees in the state, which maintain an office in the state, and activities within the state are confined to the maintenance and management of their intangible investments and the collection and distribution of the income from those investments or from tangible property physically located outside the state." are excluded from the base of taxpayers subject to the tax imposed by Rhode Island General Laws Chapter 44-11.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2017 Business Corporation Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2019 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2020 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2021 Business Corporation Tax	*No estimate possible*	*No estimate possible*

Law Comparison: Connecticut and Massachusetts have similar provisions.

Connecticut: Passive investment companies are exempt from the corporation business tax. In addition, dividends received, directly or indirectly, from such companies do not constitute gross income for corporation business tax purposes.

Connecticut Statute: Conn. Gen. Stat. § 12-213(a)(9)(D)

Massachusetts: Corporate Regulated Investment Companies are exempt from the corporate excise.

Massachusetts Statute: Mass. Gen. Laws ch. 63, §§ 30 and 38B

8. Dividends Received From Shares of Stock:

Statutory Reference: Rhode Island General Laws Sections 44-11-12(1) and 44-14-15

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1938 / 1989

Description: Dividends received from the shares of stock of any business entity subject to the tax imposed by Rhode Island General Laws Chapters 44-11, 44-13 or 44-14 shall be excluded from a taxpayer's net income.

Data Source: *Business Corporation Tax*: Rhode Island Division of Taxation. Amount of exempt interest and dividends was multiplied by the taxpayer's apportionment factor in each tax year for any taxpayer that took this exclusion. The amount of revenue forgone is derived by multiplying the apportioned dividends received by the business corporation tax rate of 7.0 percent for TY 2016 and TY 2017.

Bank Tax: Rhode Island Division of Taxation. Amount of exempt interest and dividends was multiplied by the taxpayer's apportionment factor in each tax year for any taxpayer that took this exclusion. The amount of revenue forgone is derived by multiplying the apportioned dividends received by the banking institution excise tax rate of 9.0 percent for TY 2016 and TY 2017.

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***
2016 Business Corporation Tax	$19,696,505	1,348
2016 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2016 Bank Tax	$1,448,000	25
2016 Total	**$21,144,505**	**1,373**
2017 Business Corporation Tax	$29,681,391	1,445
2017 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2017 Bank Tax	$1,694,651	30
2017 Total	**$31,376,042**	**1,475**

Projection Methodology: *Business Corporation Tax*: TY 2018 revenue forgone, and number of taxpayers is data provided by the Division of Taxation and utilizes a business corporation tax rate of 7.0 percent. It should be noted that TY 2018 data does not include any extensions or amended returns that have not yet been processed by the Division of Taxation. TY 2019-TY 2021 is the average number of taxpayers and revenue forgone from TY 2016-TY 2017.

Bank Tax: TY 2018 revenue forgone, and number of taxpayers is data from the Division of Taxation and utilizes a banking institution excise tax rate of 9.0 percent. It should be noted that TY 2018 data does not include any extensions or amended returns that have not yet been processed by the Division of Taxation. TY 2019-TY 2021 is the average number of taxpayers and revenue forgone from TY 2016-TY 2017.

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***
2018 Business Corporation Tax	$30,291,304	472
2018 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2018 Bank Tax	$51,045	6
2018 Projected Total	**$30,342,349**	**478**
2019 Business Corporation Tax	$24,688,948	1,397
2019 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2019 Bank Tax	$1,571,326	28
2019 Projected Total	**$26,260,274**	**1,425**

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2020 Business Corporation Tax	$24,688,948	1,397
2020 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2020 Bank Tax	$1,571,326	28
2020 Projected Total	**$26,260,274**	**1,425**
2021 Business Corporation Tax	$24,688,948	1,397
2021 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2021 Bank Tax	$1,571,326	28
2021 Projected Total	**$26,260,274**	**1,425**

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

Connecticut: "In arriving at net income… whether or not the taxpayer is taxable under the federal corporation net income tax, there shall be deducted from gross income… in the case of all taxpayers, all dividends as defined in the Internal Revenue Code effective and in force on the last day of the income year not otherwise deducted from gross income, …other than thirty per cent of dividends received from a domestic corporation in which the taxpayer owns less than twenty per cent of the total voting power and value of the stock of such corporation."

Connecticut Statute: Conn. Gen. Stat. § 12-217(a)(1)(D)

Maine: The taxable income of the taxpayer under the laws of the United States shall be decreased by…[f]ifty percent of the apportionable dividend income the taxpayer received during the taxable year from an affiliated corporation that is not included with the taxpayer in a Maine combined report.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5200-A.2.G

Massachusetts: "Net income…adjusted as follows shall constitute taxable net income: (1) 95.0 percent of dividends exclusive of distributions in liquidation, included therein shall be deducted other than dividends from or on account of the ownership of… (iii) any class of stock, if the corporation owns less than fifteen per cent of the voting stock of the corporation paying such dividend."

Massachusetts Statute: Mass. Gen. Laws ch. 63, § 38(a)(1)

9. Financial Institutions:

Statutory Reference: Rhode Island General Laws Sections 44-11-1(4)(i)

Stated Purpose: No stated purpose given in law.

<u>Year Enacted / Last Year Amended</u>: 1938 / 1994

<u>Description</u>: By definition, "[s]tate banks, mutual savings banks, federal savings banks, trust companies, national banking associations, building and loan associations, credit unions, and loan and investment companies" are excluded from the base of taxpayers that are subject to the tax imposed by Rhode Island General Laws Chapter 44-11. These financial institutions are taxable under Rhode Island General Law Chapters 44-14 or 44-15.

<u>Data Source</u>: No reliable data exists for this tax expenditure item.

<u>Reliability Index</u>: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2017 Business Corporation Tax	*No estimate possible*	*No estimate possible*

<u>Projection Methodology</u>: No projection is made due to lack of reliable data.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2019 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2020 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2021 Business Corporation Tax	*No estimate possible*	*No estimate possible*

<u>Law Comparison</u>: Connecticut, Maine, Massachusetts and Vermont have similar provisions.

<u>Connecticut</u>: There is an exemption from the corporation business tax for qualified banks, insurers and investment companies located in a designated insurance and financial services export zone within the City of Hartford.

Connecticut Statute: Conn. Gen. Stat. § 32-531

<u>Maine</u>: 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)

<u>Massachusetts</u>: In lieu of the corporate excise tax, every financial institution engaged in business in Massachusetts is subject to an excise tax for financial institutions measured by taxable net income.

Massachusetts Statute: Mass. Gen. Laws ch. 63, § 2(a)

Vermont: Banking corporations and loan associations are exempt from the corporation income tax. Instead, they are subject to a franchise tax on the privilege of doing business in Vermont. The tax is imposed on every corporation that is a bank, savings bank, savings institution, trust company, savings and loan association, and building and loan association located in Vermont.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5836(g)

10. Fraternal Beneficiary Societies:

Statutory Reference: Rhode Island General Laws Section 44-11-1(4)(v)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1938 / 1994

Description: Fraternal beneficiary societies, as defined in Rhode Island General Laws Section 27-25-1, are excluded from the base of taxpayers subject to the tax imposed by Rhode Island General Laws Chapter 44-11.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2017 Business Corporation Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2019 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2020 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2021 Business Corporation Tax	*No estimate possible*	*No estimate possible*

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

Connecticut: Fraternal benefit societies that are operated under the lodge system and designed to provide benefits to members and their dependents and other domestic fraternal societies operated under the lodge system, which devote their net earnings to charitable purposes are exempt from federal income tax under Internal Revenue Code Sections 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 Section 501 may be subject to the Connecticut tax on unrelated business income, under appropriate circumstances.

Connecticut Statute: Conn. Gen. Stat. § 12-543(b)(3)

Maine: Maine's provisions include a general exclusion for a corporation, which is exempt from federal income tax from the Maine corporate income tax by definition. Maine also exempts associations, trusts, or other unincorporated organizations which by reason of its purposes or activities is exempt from federal income tax with respect to its unrelated business taxable income.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 5102(6) and 5162(2)

Massachusetts: Massachusetts' provisions include exemption for those corporations, which are tax exempt for federal income tax purposes under Section 501 of the Internal Revenue Code.

Massachusetts Statute: Mass. Gen. Laws ch. 63, §§ 30(1) and 30(2)

Vermont: For corporations that are organized for religious, charitable, scientific or educational purposes for which no part of the net earnings inures to the benefit of any private stockholder or individual member are exempt from corporate income tax.

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

11. Fraternal Benefit Societies:

Statutory Reference: Rhode Island General Laws Section 44-17-1(a)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1896 / 2010

Description: Insurers that are organized as fraternal benefit societies, as defined in Rhode Island General Laws Section 27-25-1, are excluded from the base of taxpayers subject to the tax imposed by Rhode Island General Laws Chapter 44-17.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Ins Co Gross Premiums Tax	*No estimate possible*	*No estimate possible*
2017 Ins Co Gross Premiums Tax	*No estimate possible*	*No estimate possible*

<u>Projection Methodology</u>: No projection is made due to lack of reliable data.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Ins Co Gross Premiums Tax	*No estimate possible*	*No estimate possible*
2019 Ins Co Gross Premiums Tax	*No estimate possible*	*No estimate possible*
2020 Ins Co Gross Premiums Tax	*No estimate possible*	*No estimate possible*
2021 Ins Co Gross Premiums Tax	*No estimate possible*	*No estimate possible*

<u>Law Comparison</u>: No similar provisions found in the other New England states.

12. <u>Gain or Loss on Sale of Any Property Other Than Securities:</u>

<u>Statutory Reference</u>: Rhode Island General Laws Section 44-14-11

<u>Stated Purpose</u>: No stated purpose given in law.

<u>Year Enacted / Last Year Amended</u>: 1942 / 1956

<u>Description</u>: By definition, taxpayers subject to the tax imposed by Rhode Island General Laws Chapter 44-14 exclude gains and losses from the sale or other disposition of any property other than securities from gross income.

<u>Data Source</u>: No reliable data exists for this tax expenditure item.

<u>Reliability Index</u>: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Bank Tax	*No estimate possible*	*No estimate possible*
2017 Bank Tax	*No estimate possible*	*No estimate possible*

<u>Projection Methodology</u>: No projection is made due to lack of reliable data.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Bank Tax	*No estimate possible*	*No estimate possible*
2019 Bank Tax	*No estimate possible*	*No estimate possible*
2020 Bank Tax	*No estimate possible*	*No estimate possible*
2021 Bank Tax	*No estimate possible*	*No estimate possible*

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

13. Income from Sale of International Investment Management Services:

Statutory Reference: Rhode Island General Laws Section 44-11-14.5 / Rhode Island Regulation 280-RICR-20-25-9.11

Stated Purpose: No stated purpose given in law.

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

Description: A taxpayer located in Rhode Island that employs, separately or as part of a consolidated tax return, an average of not less than 500 full-time equivalent employees in the state shall exclude from its net income subject to tax under Rhode Island General Laws Chapter 44-11 any income derived from the sale of international investment management services to non-U.S. persons or non-U.S. investment funds.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2017 Business Corporation Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2019 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2020 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2021 Business Corporation Tax	*No estimate possible*	*No estimate possible*

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Earnings from international banking facilities are allowed to be deducted under the net income base.

Connecticut Statute: Conn. Gen. Stat. § 12-217(a)(1)(C)

14. Insurance and Surety Companies:

Statutory Reference: Rhode Island General Laws Section 44-11-1(4)(iii)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1938 / 1994

Description: By definition, insurance and surety companies are excluded from the base of taxpayers subject to the tax imposed by Rhode Island General Laws Chapter 44-11. These companies are subject to the tax imposed under Rhode Island General Laws Chapter 44-17.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2017 Business Corporation Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2019 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2020 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2021 Business Corporation Tax	*No estimate possible*	*No estimate possible*

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

Connecticut: Connecticut's provisions include exclusion from the corporation business tax for domestic insurance companies or those organized or incorporated under the laws of any other state or foreign government.

Connecticut Statute: Conn. Gen. Stat. § 12-214(2)(A)

Maine: Maine's provisions include exclusion from the Maine corporate income tax for insurance companies by definition.

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

Massachusetts: Massachusetts' provisions include exclusion for insurance companies from the corporate excise tax but provide that such companies are subject to a tax on premiums.

Massachusetts Statute: Mass. Gen. Laws ch. 63, §§ 20, 22, 23, 30(1), and 30(2)

Vermont: Insurance companies are excluded from the corporate income tax in Vermont.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5811(3)(A)

15. Interest Received from Debt Instruments Issued by Public Service Corporations:

Statutory Reference: Rhode Island General Laws Section 44-11-12(2)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1938 / 1989

Description: Interest received from the debt instruments or the distributive share of the taxable income of any company subject to the tax imposed by Rhode Island General Laws Chapter 44-13 are excluded from a taxpayer's net income that is subject to the tax imposed under Rhode Island General Laws Chapter 44-11.

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

Reliability Index: 5

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2017 Business Corporation Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2018 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2019 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2020 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2021 Business Corporation Tax	*No estimate possible*	*No estimate possible*

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

16. Long-Term Gain from Capital Investment in Small Business:

Statutory Reference: Rhode Island General Laws Section 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 entity which at the time the interest was acquired was a “qualifying business entity” is excluded from the determination of income that is subject to the tax imposed by Rhode Island General Laws Chapters 44-11, 44-13, 44-14 or 44-30.

A “qualifying business entity” is a business entity that has average annual gross revenue less than $2.5 million; has been in business for less than 4 years; expends to establish, expand or increase its operations at a regular place of business in Rhode Island; and has received certification from the Rhode Island Economic Development Corporation.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2016 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2016 Bank Tax	*No estimate possible*	*No estimate possible*
2016 Personal Income Tax	*No estimate possible*	*No estimate possible*
2016 Total	***No estimate possible***	***No estimate possible***
2017 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2017 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2017 Bank Tax	*No estimate possible*	*No estimate possible*
2017 Personal Income Tax	*No estimate possible*	*No estimate possible*
2017 Total	***No estimate possible***	***No estimate possible***

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2018 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2018 Bank Tax	*No estimate possible*	*No estimate possible*
2018 Personal Income Tax	*No estimate possible*	*No estimate possible*
2018 Projected Total	***No estimate possible***	***No estimate possible***
2019 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2019 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2019 Bank Tax	*No estimate possible*	*No estimate possible*
2019 Personal Income Tax	*No estimate possible*	*No estimate possible*
2019 Projected Total	***No estimate possible***	***No estimate possible***
2020 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2020 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2020 Bank Tax	*No estimate possible*	*No estimate possible*
2020 Personal Income Tax	*No estimate possible*	*No estimate possible*
2020 Projected Total	***No estimate possible***	***No estimate possible***

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2021 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2021 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2021 Bank Tax	*No estimate possible*	*No estimate possible*
2021 Personal Income Tax	*No estimate possible*	*No estimate possible*
2021 Projected Total	***No estimate possible***	***No estimate possible***

Law Comparison: Only Vermont has a similar provision.

Vermont: An exclusion from taxable income for the first $5,000 of adjusted net long-term capital gains. Gains from the sale of standing timber and farms retained the previous 40.0 percent exclusion.

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

17. Lubricating Oils, Marine Diesel Fuel, Aviation Fuel and Heating Oil:

Statutory Reference: Rhode Island General Laws Section 31-36-1(4)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1925 / 2009

Description: Lubricating oils, marine diesel fuel, aviation fuel, and heating oil are excluded from the list of fuels that are suitable to use in the operation and propulsion of motor vehicles with internal combustion engines that are subject to the tax imposed by Rhode Island General Laws Chapter 31-36.

Data Source: Annual Energy Outlook, Independent Statistics and Analysis, U.S. Energy Information Administration; U.S. Department of Energy. FY 2016, FY 2017, FY 2018, and FY 2019 Other non-taxable distribution (gallons), jet fuel, and marine diesel fuel, Excise Tax Section, Rhode Island Division of Taxation. Total gallons of residential fuel oil and other non-taxable fuel are summed and multiplied by the motor fuel tax rate of $0.33 per gallon for FY 2016, FY 2017 and FY 2018 and $0.34 per gallon in FY 2019 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***
2016 Motor Fuel Tax	$178,685,196	*No estimate possible*
2017 Motor Fuel Tax	$214,812,408	*No estimate possible*
2018 Motor Fuel Tax	$214,888,245	*No estimate possible*
2019 Motor Fuel Tax	$255,893,225	*No estimate possible*

Projection Methodology: Amount of exclusion for FY 2020 and FY 2021 is held constant with FY 2019. 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***
2020 Motor Fuel Tax	$255,893,225	*No estimate possible*
2021 Motor Fuel Tax	$255,893,225	*No estimate possible*

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

Connecticut: Connecticut's motor vehicle fuels tax excludes lubricating oils from the definition of "fuels."

Connecticut Statute: Conn. Gen. Stat. § 12-455a

Maine: Maine's provisions exclude lubricating oils from the definition of internal combustion engine fuel. Aircraft users are entitled to a reimbursement in the amount of the tax paid, less 4 cents per gallon upon presenting to the State Tax Assessor a refund application accompanied by the original invoices showing those purchases.

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

Massachusetts: Massachusetts' provisions exclude lubricating oils from the definition of fuel in the taxation of gasoline law cite.

Massachusetts Statute: Mass. Gen. Laws ch. 64A, § 1

Vermont: Vermont's law excludes lubricating oils from the gasoline tax definition. Gasoline or other motor fuel is defined to mean any type of fuel, by whatever name it may be called, used in an internal combustion engine to generate power to propel a motor vehicle upon a highway.

Vermont Statute: Vt. Stat. Ann. tit. 23, § 3173

18. Maximum Tax of $0.50 per Cigar:

Statutory Reference: Rhode Island General Laws Section 44-20-13.2(a)(2)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1992 / 2009

Description: The tax imposed by Rhode Island General Laws Section 44-20-13.2(a)(1) is placed on all smokeless tobacco, cigars, and pipe tobacco products sold or held for sale in the state by any person. The tax is imposed at a rate of 80.0 percent of the wholesale cost of cigars, pipe tobacco products and smokeless tobacco other than snuff. Notwithstanding the 80.0 percent rate, the tax on cigars shall not exceed $0.50 for each cigar.

Data Source: Excise Tax Section, Rhode Island Division of Taxation. The total number of individual cigars with a wholesale cost greater than $0.63 was 1,566,179 in FY 2016; 1,732,712 in FY 2017; 3,172,076 in FY 2018 and 3,340,148 in FY 2019. The Office of Revenue Analysis used data for the January through March 2009 period and the January through March 2010 period to determine that 34.23 percent of the total number of cigars in each tax year with a wholesale cost greater than $0.63 per cigar had an average wholesale cost greater than $1.25 per cigar. Based on information provided by New York State in a 2011 fiscal note, ORA assumed that these "premium cigars" had an average wholesale cost of $2.53 per cigar. The remaining 65.77 percent of cigars with an average wholesale price of more than $0.63 and less than or equal to $1.25 per cigar were assumed to have an average wholesale cost of $0.94 per cigar (the midpoint between $0.63 and $1.25). Revenue forgone is based on the difference between taxes estimated using 80.0 percent of the projected wholesale value, computed using these assumptions, 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***
2016 Cigarette Tax	$1,076,652	*No estimate possible*
2017 Cigarette Tax	$1,191,134	*No estimate possible*
2018 Cigarette Tax	$2,180,609	*No estimate possible*
2019 Cigarette Tax	$2,296,149	*No estimate possible*

Projection Methodology: Amount of exclusion is the average of revenue forgone from FY 2017 through FY 2019. 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***
2020 Cigarette Tax	$1,889,297	*No estimate possible*
2021 Cigarette Tax	$1,889,297	*No estimate possible*

Law Comparison: Connecticut and Vermont have similar provisions.

Connecticut: Effective July 1, 2011, the tax on all tobacco products is 50.0 percent of the wholesale price but in the case of cigars the tax shall not exceed fifty cents per cigar.

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

Vermont: The tax on cigars is 92.0 percent of the wholesale price for cigars with a wholesale price greater than $2.17 per cigar, or $4.00 per cigar for cigars with a wholesale price of $10.00 or more per cigar.

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

19. Net Taxable Estate Amount:

Statutory Reference: Rhode Island General Laws Sections 44-22-1 and 44-22-1.1

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1985 / 2009

Description: The Rhode Island estate tax is imposed upon the transfer of the net estate of every resident or non-resident decedent. For decedents whose death occurs on or after January 1, 2010, the net taxable estate amount excluded from the Rhode Island estate tax is $850,000. Beginning on January 1, 2011 and each January 1 thereafter, the exclusion amount will be adjusted by the percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as of September 30 of the prior calendar year compounded annually and rounded up to the nearest $5.00 increment. For decedents whose death occurs on or after January 1, 2011, the net taxable estate exclusion amount was $859,350; on or after January 1, 2012, the net taxable estate exclusion amount is $892,865; on or after January 1, 2013, the net taxable estate exclusion amount is $910,725; and on or after January 1, 2014, the net taxable estate exclusion amount is $921,655. Prior to January 1, 2010, the net taxable estate exclusion amount was $675,000.

For decedents whose death occurs on or after January 1, 2015, a Rhode Island credit shall be allowed against any tax so determined in the amount of $64,400. Beginning on January 1, 2016 and each January 1 thereafter, the Rhode Island credit amount will be adjusted by the percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as of September 30 of the prior calendar year compounded annually and rounded up to the nearest $5.00 increment.

Data Source: No reliable data exists for this tax expenditure item. This expenditure item will only be utilized by decedents whose death occurred prior to January 1, 2015.

Reliability Index: 5

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Estate and Transfer Tax	*No estimate possible*	*No estimate possible*
2017 Estate and Transfer Tax	*No estimate possible*	*No estimate possible*

Law Comparison: Connecticut, Maine, Massachusetts and Vermont have similar provisions. The full comparison of these states can be found in the credits section of the report, item number 34, "Tax on Net Estate of Decedent".

20. Possession of Ten Packs of Cigarettes with Out-of-State Tax Stamps:

Statutory Reference: Rhode Island General Laws Section 44-20-16

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1948 / 1991

Description: The provisions of Rhode Island General Laws Sections 44-20-13 through 44-20-17 do not apply to the use or storage of cigarettes up to a maximum of 10 packs as "ordinarily defined by the practice of the trade" which have been brought into the state on the person.

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

Reliability Index: 5

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Cigarette Tax	*No estimate possible*	*No estimate possible*
2017 Cigarette Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2018 Cigarette Tax	*No estimate possible*	*No estimate possible*
2019 Cigarette Tax	*No estimate possible*	*No estimate possible*
2020 Cigarette Tax	*No estimate possible*	*No estimate possible*
2021 Cigarette Tax	*No estimate possible*	*No estimate possible*

Law Comparison: Connecticut and Maine have similar provisions.

Connecticut: Connecticut's provisions allow an individual the use or storage of cigarettes in an amount not exceeding 200 cigarettes which have been brought into this state on the person or in accompanying baggage.

Connecticut Statute: Conn. Gen. Stat. §12-320

Maine: Maine's provisions allow an unlicensed individual to transport cigarettes for personal use not to exceed two cartons as commonly defined.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 4366-B

21. Public Service Corporations:

Statutory Reference: Rhode Island General Laws Section 44-11-1(4)(ii)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1938 / 1994

Description: By definition public service corporations, with the exception of those public service corporations that are provided for in Rhode Island General Laws Section 44-13-2.2, are excluded from the base of taxpayers subject to the tax imposed by Rhode Island General Laws Chapter 44-11. These companies are subject to the tax imposed under Rhode Island General Laws Chapter 44-13.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2017 Business Corporation Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2019 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2020 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2021 Business Corporation Tax	*No estimate possible*	*No estimate possible*

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Connecticut's provisions specifically state that the taxation provided for public service companies tax upon gross earnings in any year shall be in lieu of all other taxes.

Connecticut Statute: Conn. Gen. Stat. § 12-268j

22. Taxed Gross Earnings and Associated Costs of Non-Public Service Corporations:

Statutory Reference: Rhode Island General Laws Section 44-13-2.2

Stated Purpose: No stated purpose given in law.

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

Description: Rhode Island General Laws Section 44-13-2.2 requires that a corporation or public service company whose principal business in Rhode Island is not an activity enumerated in Rhode Island General Laws Section 44-13-4 shall be subject to the tax imposed by Rhode Island General Laws Chapters 44-11 or 44-30 "provided that the gross earnings subject to tax under Rhode Island General Laws Section 44-13-4 and the direct and indirect costs associated with these gross earnings" are excluded from the calculation of net income upon which said taxes are assessed.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2016 Personal Income Tax	*No estimate possible*	*No estimate possible*
2016 Total	***No estimate possible***	***No estimate possible***
2017 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2017 Personal Income Tax	*No estimate possible*	*No estimate possible*
2017 Total	***No estimate possible***	***No estimate possible***

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2018 Personal Income Tax	*No estimate possible*	*No estimate possible*
2018 Projected Total	***No estimate possible***	***No estimate possible***
2019 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2019 Personal Income Tax	*No estimate possible*	*No estimate possible*
2019 Projected Total	***No estimate possible***	***No estimate possible***
2020 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2020 Personal Income Tax	*No estimate possible*	*No estimate possible*
2020 Projected Total	***No estimate possible***	***No estimate possible***
2021 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2021 Personal Income Tax	*No estimate possible*	*No estimate possible*
2021 Projected Total	***No estimate possible***	***No estimate possible***

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

23. Taxes Legally Imposed on Consumer but Separately Stated on Invoice:

Statutory Reference: Rhode Island General Laws Section 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 tax imposed by Rhode Island General Laws Chapter 44-18 is assessed.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2017 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2018 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2019 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2020 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2021 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

Connecticut: Excluded from the sales price, 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 (1-D)

Massachusetts: In computing the tax due, and before applying the rate, the vendor should exclude the tax reimbursement paid by purchaser to vendor and the federal manufacturers' excise (currently applicable to the federal retail excise tax provisions) levied on motor vehicles (trucks) under the Internal Revenue Code.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, §§ 1, 3, 25

Vermont: Effective January 1, 2007, 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: Rhode Island General Laws Section 44-13-4(4)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1942 / 2008

Description: "Value added non-voice services in which computer processing applications are used to act on the form, content, code, and protocol of the information to be transmitted" are excluded from the definition of telecommunication service and thus are not subject to the tax imposed by Rhode Island General Laws Chapter 44-13.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2017 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2019 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2020 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2021 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*

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

25. Veterinary and Testing Laboratories Services:

Statutory Reference: Rhode Island General Laws Section 44-18-7.3(b)(3)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2012 / N/A

Description: Effective October 1, 2012, sales and use tax is imposed on pet care services, except veterinary and testing laboratories services.

Data Source: FY 2017 and FY 2018 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***
FY 2017 Sales and Use Tax	$11,680,090	*No estimate possible*
FY 2018 Sales and Use Tax	$11,918,401	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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***
2019 Sales and Use Tax	$12,389,980	*No estimate possible*
2020 Sales and Use Tax	$12,929,862	*No estimate possible*
2021 Sales and Use Tax	$13,381,491	*No estimate possible*

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

Connecticut: Effective July 1, 2011, 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: Maine Sales Tax Instructional Bulletin No. 51

Vermont: Sales of services are exempted from sales and use tax, unless specifically designated as taxable. Veterinary services are not specifically designated as a taxable service.
Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741

EXEMPTIONS

1. Agricultural Products for Human Consumption:

Statutory Reference: Rhode Island General Laws Section 44-18-30(61)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2007 / N/A

Description: The sale or 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 are exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

Data Source: FY 2017 and FY 2018 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*
2017 Sales and Use Tax	$2,774,143	*No estimate possible*
2018 Sales and Use Tax	$2,871,299	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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*
2019 Sales and Use Tax	$2,984,909	*No estimate possible*
2020 Sales and Use Tax	$3,114,973	*No estimate possible*
2021 Sales and Use Tax	$3,223,777	*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.

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)

2. Air and Water Pollution Control Facilities:

Statutory Reference: Rhode Island General Laws Section 44-18-30(15)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1966 / 1980

Description: The sale or 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 are exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

Data Source: FY 2017 and FY 2018 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***
2017 Sales and Use Tax	$146,023	*No estimate possible*
2018 Sales and Use Tax	$149,431	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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*
2019 Sales and Use Tax	$155,343	*No estimate possible*
2020 Sales and Use Tax	$162,112	*No estimate possible*
2021 Sales and Use Tax	$167,775	*No estimate possible*

Law Comparison: Connecticut and Maine have similar provisions.

Connecticut: Connecticut's provisions include personal property incorporated into waste treatment facilities or consumed 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 and 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)

3. Aircraft and Aircraft Parts:

Statutory Reference: Rhode Island General Laws Section 44-18-30(56)

Stated Purpose: No stated purpose given in law.

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

Description: The sale or storage, use or consumption of any new or used aircraft or aircraft parts is exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

Data Source: FY 2017 and FY 2018 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*
2017 Sales and Use Tax	$3,091,516	*No estimate possible*
2018 Sales and Use Tax	$3,220,082	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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***
2019 Sales and Use Tax	$3,347,492	*No estimate possible*
2020 Sales and Use Tax	$3,493,356	*No estimate possible*
2021 Sales and Use Tax	$3,615,376	*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: An 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 Federal Aviation Administration classified 135 operator. A “classified 135 operator” is 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 used by a scheduled airline in the performance of service under 49 U.S. Code, Subtitle VII and Federal Aviation Administration regulations.

Maine Statute: Me. Rev. Stat. Ann. Tit. 36, §§ 1760(76) and 1760(88)

Massachusetts: The sale, storage, use or other consumption of aircraft and repair or replacement parts exclusively for use in aircraft or in the significant overhauling or rebuilding of aircraft or 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 which holds itself out to the public as engaging in air commerce, for use primarily in the carrying of persons or property for compensation or hire. Effective June 11, 2007 through June 30, 2018, an exemption also applies to parts, machinery, and equipment to be installed in any aircraft. Beginning September 1, 2017, 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)

4. **Banks and Regulated Investment Companies Interstate Toll Free Calls:**

Statutory Reference: Rhode Island General Laws Section 44-18-30(49)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1996 / 1999

Description: The tax imposed by Rhode Island General Laws Chapter 44-18 does not apply to "the furnishing of interstate and international, toll-free, terminating telecommunication service that is used directly and exclusively by or for the benefit of an eligible company."

An eligible company is a company that employs "on average during the calendar year" at least 500 full-time equivalent employees and is a regulated investment company, as defined in 26 U.S.C. § 1 et seq., or a corporation to the extent the service is provided to or on behalf of a regulated investment company, an employee benefit plan, a retirement plan or a pension plan or a state chartered bank.

Data Source: FY 2016 data is from the *2018 Tax Expenditures Report*. Number of toll-free numbers reported managed by Somos. FY 2017 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 7.0 percent. No reliable data exists from which to determine the number of taxpayers. For FY 2018, applied the FY 2018 over the FY 2017 growth rate in Rhode Island sales and use tax revenues to FY 2017 forgone revenue.

Reliability Index: 4

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	$1,060,555	*No estimate possible*
2017 Sales and Use Tax	$906,585	*No estimate possible*
2018 Sales and Use Tax	$960,167	*No estimate possible*

Projection Methodology: FY 2019, FY 2020 and FY 2021 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***
2019 Sales and Use Tax	$960,167	*No estimate possible*
2020 Sales and Use Tax	$960,167	*No estimate possible*
2021 Sales and Use Tax	$960,167	*No estimate possible*

Law Comparison: Only Maine has a similar provision.

Maine: Sales of international and interstate telecommunications service are exempt from tax for all purchasers.

Maine Statute: Me. Rev. Stat. Ann. Tit. 36, §§ 2557(33) and 2557(34)

5. Beverage Containers, Hard-to-Dispose Material, and Litter Control Participation Permittee:

Statutory Reference: Rhode Island General Laws Sections 44-44-3.6 and 44-44-2(1) / Rhode Island Public Laws 2019, Chapter 088, Article 5, Section 15

Stated Purpose: This chapter is enacted to provide funding for the litter reduction and recycling program and the hard-to-dispose material – control and recycling program, created pursuant to Rhode Island General Laws Chapter 37-15.1.

Year Enacted / Last Year Amended: 1984 / 2019

Description: Effective July 1, 2012, the definition of "beverage" was amended to include all non-alcoholic drinks for human consumption, except milk, but including beer and other malt beverages and subject these beverages to the tax imposed under Rhode Island General Laws Section 44-44-3. Milk sales are exempt from the beverage container tax per case. Effective July 1, 2019, the case fee was increased to $0.08.

Data Source: Annual Estimates of Population for the United States (2016 through 2018), 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 4.0 cents per case for CY 2016 – CY 2018. 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: 4

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Tax on Beverage Containers	$189,174	43
2017 Tax on Beverage Containers	$184,271	36
2018 Tax on Beverage Containers	$179,498	31

Projection Methodology: CY 2019, CY 2020, and CY 2021 assume no additional growth but include the increase in per case fee to $0.08 effective July 1, 2019. For CY 2019 through CY 2021 the number of taxpayers was held constant with CY 2018.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2019 Tax on Beverage Containers	$269,246	31
2020 Tax on Beverage Containers	$358,995	31
2021 Tax on Beverage Containers	$358,995	31

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

6. Bibles:

Statutory Reference: Rhode Island General Laws Section 44-18-30(29)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1982 / N/A

Description: From the sale and from the storage, use, or other consumption of "any canonized scriptures of any tax-exempt nonprofit religious organization including, but not limited to, the Old Testament and the New Testament versions."

The exemption of bibles and other canonized scriptures from the sales and use tax has been deemed unconstitutional by the Rhode Island Supreme Court (Ahlburn v. Clark, 728 A.2d 449 (RI. 1999); see notes to Decisions).

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2017 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2018 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2019 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2020 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2021 Sales and Use Tax	*No estimate possible*	*No estimate possible*

Law Comparison: Maine and Massachusetts have similar provisions.

Maine: Subject to the provisions of Section 1760-C, no tax on sales, storage or use may be collected upon or in connection with bibles.

Maine Statute: Me. Rev. Stat. Ann. Tit. 36, § 1760(13)

Massachusetts: Books used for religious worship are exempt from sales tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(m)

7. Boats or Vessels Brought in Exclusively for Winter Storage Maintenance, Repair or Sale:

Statutory Reference: Rhode Island General Laws Section 44-18-30(46)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1991 / N/A

Description: The tax imposed by Rhode Island General Laws Section 44-18-20 "is not applicable for the period commencing on the first day of October in any year to and including the 30th day of April next succeeding with respect to the use of any boat or vessel within Rhode Island exclusively for purposes of: (i) 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; (ii) the actual process of storage, maintenance, or repair of the boat or vessel; or (iii) storage for the purpose of selling the boat or vessel."

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

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2017 Sales and Use Tax	*	*
2018 Sales and Use Tax	*	*

Projection Methodology: *No reliable data exists for this tax expenditure item. (The forgone revenue from this exemption is included in the "Boats or Vessels Generally" exemption.)

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Sales and Use Tax	*	*
2019 Sales and Use Tax	*	*
2020 Sales and Use Tax	*	*
2021 Sales and Use Tax	*	*

Law Comparison: Connecticut and Maine have similar provisions.

Connecticut: Connecticut's provisions include an exemption from use tax for vessels brought into the state exclusively for storage, maintenance or repair.

Connecticut Statute: Conn. Gen. Stat. § 12-413a

Maine: The purchase of a watercraft outside this State 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 the State not more than 30 days, not including any time spent in this State 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: Rhode Island General Laws Section 44-18-30(48)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1993 / N/A

Description: From the sale and from the storage, use or other consumption of any new or used boat is exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

Data Source: FY 2017 and FY 2018 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*
2017 Sales and Use Tax	$5,105,467	*No estimate possible*
2018 Sales and Use Tax	$5,700,487	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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*
2019 Sales and Use Tax	$5,926,040	*No estimate possible*
2020 Sales and Use Tax	$6,184,262	*No estimate possible*
2021 Sales and Use Tax	$6,400,273	*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. Effective July 1, 2018, boats, boat engines, and boat trailers receive a lower sales and use tax rate of 2.99 percent compared to the standard Connecticut sales and use tax rate of 6.35 percent.

Connecticut Statute: Conn. Gen. Stat. § 12-408(1)

9. Boats Sold to Non-Residents:

Statutory Reference: Rhode Island General Laws Section 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 this state, 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; provided, that the non-resident transports the boat within thirty (30) days after delivery by the seller outside the state for use thereafter solely outside the state is exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

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

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2017 Sales and Use Tax	*	*
2018 Sales and Use Tax	*	*

Projection Methodology: *No reliable data exists for this tax expenditure item. (The forgone revenue from this exemption is included in the "Boats or Vessels Generally" exemption.)

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2019 Sales and Use Tax	*	*
2020 Sales and Use Tax	*	*
2021 Sales and Use Tax	*	*

Law Comparison: Connecticut and Maine have similar provisions.

Connecticut: A vessel sold to a non-resident is exempt from tax, if the non-resident does not maintain a permanent place of abode in Connecticut, the vessel is not registered or required to be registered with the Connecticut Department of Motor Vehicles and the non-resident provides the retailer with CERT-139 (Sales and Use Tax Exemption for a Vessel Purchased by a Non-Resident of Connecticut).

Connecticut Statute: Conn. Gen. Stat. § 12-412(60)

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 immediately upon 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 immediately upon delivery by the seller, of materials to be incorporated in the watercraft; and sales to a person that is not a resident of the State for the repair, alteration, refitting, reconstruction, overhaul or restoration of a watercraft intended to be sailed or transported outside the State immediately upon 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. Building Materials Used to Rebuild After Disaster:

Statutory Reference: Rhode Island General Laws Section 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, which suffers the destruction of 60.0 percent or more of the facility is exempt from the tax imposed under Rhode Island General Laws Chapter 44-18. The exemption does not apply to the cost of the reconstruction materials reimbursed by insurance.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2017 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2019 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2020 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2021 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

11. Buses, Trucks or Trailers Used in Interstate Commerce:

Statutory Reference: Rhode Island General Laws Section 44-18-40

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1992 / 2012

Description: The purchase, rental, or lease of a bus, truck or trailer, by a bus or trucking company, is not subject to the tax imposed by Rhode Island General Laws Chapter 44-18 provided that the bus, truck and/or trailer is utilized exclusively in interstate commerce. Effective June 20, 2012, 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 80.0 percent of the time in interstate commerce.

Data Source: FY 2017 and FY 2018 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***
2017 Sales and Use Tax	$4,635,400	*No estimate possible*
2018 Sales and Use Tax	$4,649,000	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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***
2019 Sales and Use Tax	$4,832,949	*No estimate possible*
2020 Sales and Use Tax	$5,043,540	*No estimate possible*
2021 Sales and Use Tax	$5,219,706	*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 therewith is exempt from tax upon presentation of a certificate/permit issued by the Interstate Commerce Commission.

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 by the purchaser as an instrumentality of interstate or foreign commerce within 30 days after that sale and that is used by the purchaser not less than 80 percent of the time for the next 2 years as an instrumentality of interstate or foreign commerce is exempt.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(41)

Massachusetts: Sales of new and used motor buses used to provide scheduled, intracity local service are exempt.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(aa)

12. Camps:

Statutory Reference: Rhode Island General Laws Section 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 or sleeping or housekeeping accommodations at camps or retreat houses operated by religious, charitable, educational, or other nonprofit organizations as listed in Rhode Island General Laws Section 44-18-30(5); or privately owned and operated summer camps for children are exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

Data Source: FY 2017 and FY 2018 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***
2017 Sales and Use Tax	$1,386,198	*No estimate possible*
2018 Sales and Use Tax	$1,497,001	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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***
2019 Sales and Use Tax	$1,556,234	*No estimate possible*
2020 Sales and Use Tax	$1,624,045	*No estimate possible*
2021 Sales and Use Tax	$1,680,772	*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 the 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 is provided for summer camps for children age 18 and under, or for summer camps 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 as well as 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)

13. Casual Sales:

Statutory Reference: Rhode Island General Laws Section 44-18-20(d-g)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 1995

Description: The sale 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 are exempt from the tax imposed by Rhode Island General Laws Chapter 44-18. 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 non-profit organizations and are limited to a total of two events that do not exceed six days in duration.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2017 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2018 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2019 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2020 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2021 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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. This exemption is based on the fact that sales tax applies only to sales by retailers and a person making casual or isolated sales would not meet the definition of "retailer" contained in Connecticut law.

Connecticut Statute: Conn. Gen. Stat. § 12-431

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 except for the casual or isolated sale of a motor vehicle, a trailer, a boat or an airplane.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(c)

Vermont: Sale of tangible personalty as a casual sale is exempt.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(4)

14. Charitable, Education or Religious Organizations:

Statutory Reference: Rhode Island General Laws Section 44-18-30(5)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1961 / 1988

Description: The sale to and from the storage, use, and other consumption of tangible personal property by nonprofit hospitals, educational institutions not operated for a profit, churches, orphanages and other institutions or organizations operated exclusively for religious or charitable purposes, interest-free loan associations not operated for profit, nonprofit organized sporting leagues and associations and bands for boys and girls under the age of 19, state chapters of national vocational students organizations, organized nonprofit golden age and senior citizens clubs for men and women and parent teacher associations are exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

Data Source: FY 2017 and FY 2018 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***
2017 Sales and Use Tax	$95,094,200	*No estimate possible*
2018 Sales and Use Tax	$95,901,500	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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***
2019 Sales and Use Tax	$99,696,067	*No estimate possible*
2020 Sales and Use Tax	$104,040,231	*No estimate possible*
2021 Sales and Use Tax	$107,674,264	*No estimate possible*

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

Connecticut: The exemption extends to any organization exempt from federal income tax under various Internal Revenue Code § 501 provisions as well as nonprofit charitable hospitals, nonprofit nursing homes, nonprofit rest homes and nonprofit residential care homes.

Connecticut Statute: Conn. Gen. Stat. §§ 12-412(5) and 12-412(8)

Maine: The exemption includes: (1) proprietors of unincorporated hospitals, (2) hospitals, (3) medical research centers, (4) churches, (4) schools, (5) incorporated nonprofit nursing homes, (6) incorporated nonprofit residential care facilities, (7) incorporated nonprofit assisted housing programs for the elderly, (8) incorporated nonprofit home health agencies, (9) incorporated nonprofit rural community health centers, (10) incorporated nonprofit dental health centers, (11) medical clinics whose sole mission is to provide free medical care to the indigent or uninsured, (12) organizations organized for the purpose of establishing and maintaining laboratories for scientific study and investigation in the field of biology or ecology, (13) institutions operating educational television or radio stations, and (14) organizations or their affiliates whose purpose is to provide literacy assistance or free clinical assistance to children with dyslexia.

Maine also exempts sales to (a) incorporated private nonprofit residential child caring institutions, (b) community mental health facilities, community adult developmental services facilities and substance use disorder facilities, (c) incorporated nonprofit memorial foundations that primarily provide cultural programs free to the public, historical societies and museums, (d) incorporated nonprofit nursery schools and day-care centers, (e) incorporated, church affiliated nonprofit organization which operates a residential home for adults, (f) incorporated nonprofit organizations that provide free temporary emergency shelter or food for underprivileged individuals in Maine, (g) incorporated nonprofit child abuse and neglect prevention councils, statewide organizations that advocate for children and that are members of the Medicaid Advisory Committee, and certain community action agencies, (h) any nonprofit free public lending library which is funded in part or wholly by the State or any political subdivision or the federal government, (i) incorporated nonprofit Veterans' Memorial Cemetery Associations, (j) incorporated nonprofit hospice organizations, (k) nonprofit youth organizations whose primary purpose is to provide athletic instruction in a non-residential setting and councils and local units of incorporated nonprofit national scouting organizations, (l) incorporated nonprofit animal shelters, (m) local branches of incorporated international nonprofit charitable organizations that lend medical supplies and equipment to persons free of charge, (n) incorporated nonprofit organizations whose sole purpose is to fulfill the wishes of children with life-threatening diseases when their family or guardian is unable to otherwise financially fulfill those wishes, (o) schools and school-sponsored organizations, (p) incorporated nonprofit monasteries and convents, (q) incorporated nonprofit organizations engaged primarily in providing support systems for single-parent families for the development of psychological and economic self-sufficiency, (r) local branches of incorporated nonprofit organizations whose purpose is to construct low-cost housing for low-income people, (s) incorporated nonprofit organizations whose sole purpose is to create, maintain and update a registry of Vietnam veterans, (t) incorporated nonprofit organizations whose primary purposes are to promote public understanding of hearing impairment and to assist hearing-impaired persons, (u) nonprofit organizations whose primary purpose is to develop housing for low-income people, and (v) nonprofit organizations whose primary purpose is to obtain, medically evaluate and distribute eyes for use in corneal transplantation, research and education, (w) certain veterans' service organizations.

Maine Statute: Me. Rev. Stat. Ann. Tit. 36, §§ 1760(15-16), 1760(18-A), 1760(28), 1760(42-44), 1760(47-A), 1760(49-51), 1760(55-56), 1760(60), 1760(62-67), 1760(69-70), 1760(72), 1760(77), 1760(100)

Massachusetts: The exemption includes sales to any corporation, foundation, organization or institution which is exempt from taxation under the Federal Internal Revenue Code Section 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 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…in the case of not more 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 which are open to the general public.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 9743(3) and 9743(5)

15. Clothing and Footwear:

Statutory Reference: Rhode Island General Laws Section 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 tax imposed by Rhode Island General Laws Chapter 44-18. This exemption does not apply to clothing for athletic activity or protective use and excludes the sale of clothing, including footwear, with a retail sales price which exceeds $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 2017 and FY 2018 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***
2017 Sales and Use Tax	$35,180,268	*No estimate possible*
2018 Sales and Use Tax	$37,260,845	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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*
2019 Sales and Use Tax	$38,735,157	*No estimate possible*
2020 Sales and Use Tax	$40,423,006	*No estimate possible*
2021 Sales and Use Tax	$41,834,945	*No estimate possible*

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

Connecticut: Connecticut exempts safety apparel only, which is 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 for any article. 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: Sales and use tax exemption applies to all clothing, but clothing shall not include clothing accessories or equipment, protective equipment, or sport or recreational equipment.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(45)

16. Coffins, Caskets, Urns, Shrouds, and Burial Garments:

Statutory Reference: Rhode Island General Laws Section 44-18-30(12) / Rhode Island Public Laws 2019, Chapter 88, Article 5, Section 9

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1952 / 2019

Description: The sale, storage, use or other consumption of coffins, caskets, shrouds and other burial garments ordinarily sold by a funeral director as part of the business of funeral directing are exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

Effective October 1, 2019, this exemption was expanded to include the sale, storage, use or other consumption of urns sold by a funeral director as part of the business of funeral directing.

Data Source: FY 2017 and FY 2018 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***
2017 Sales and Use Tax	$1,211,485	*No estimate possible*
2018 Sales and Use Tax	$1,276,465	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021, however the enacted FY 2020 budget estimate for urns was added to the estimate for FY 2020. 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***
2019 Sales and Use Tax	$1,326,972	*No estimate possible*
2020 Sales and Use Tax	$1,459,793	*No estimate possible*
2021 Sales and Use Tax	$1,510,782	*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 considered to mean sales of tangible personal property by a funeral director insofar as such sales are a necessary part of the preparation of a human body for burial, or a necessary part of the ceremony conducted by the funeral director prior to or in connection with the burial of a human body. Sales by funeral directors of caskets, vaults, boxes, clothing, crematory urns, or other similar items generally referred to as “funeral furnishings,” are exempt from tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(24)

Massachusetts: Sales of coffins, caskets, burial garments or other materials, which are ordinarily sold by a funeral director as part of the business of funeral directing are exempt.

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 as are necessary incidents of the funeral, but excluding the sale of flowers and other items sold as an accommodation rather than as an integral part of the funeral service or preparation therefore are exempt.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(22)

17. Coins:

Statutory Reference: Rhode Island General Laws Section 44-18-30(43)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1988 / N/A

Description: The sale and other consumption of coins having numismatic or investment value are exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

Data Source: 2016, 2017, and 2018 Annual Reports, United States Mint. Annual Estimates of Population for the United States (2016 through 2018), 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 7.0 percent. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 4

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	$588,104	*No estimate possible*
2017 Sales and Use Tax	$490,243	*No estimate possible*
2018 Sales and Use Tax	$327,170	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island sales and use tax revenues to FY 2018 revenue forgone to project FY 2019 revenue forgone. FY 2020 and FY 2021 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***
2019 Sales and Use Tax	$348,368	*No estimate possible*
2020 Sales and Use Tax	$348,368	*No estimate possible*
2021 Sales and Use Tax	$348,368	*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.

Vermont Statute: Code of Vt. Rules § 1.9701-1(B)(3)

18. Commercial Fishing Vessels in Excess of Five Net Tons:

Statutory Reference: Rhode Island General Laws Section 44-18-30(26)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1976 / 2002

Description: The sales of vessels and other watercraft of more than five net tons, if used exclusively for commercial fishing, are exempt from the tax imposed by Rhode Island General Laws Chapter 44-18. The exemption also applies to fishing equipment used in connection with the commercial fishing done by the vessel as well as material for the maintenance and/or repair of the vessels.

Data Source: Annual estimates of number of boats, Annual vessel permit data listed by home port, National Oceanic and Atmospheric Administration, Greater Atlantic Region. Pricing data obtained from an online marine broker where boat weight was available. The average price per weight class was calculated for boats weighing between 5 and 18 tons, 18 to 30 tons, 30 to 49 tons and boats weighing over 50 tons. Revenue forgone is determined by multiplying the average price calculated by the number of boats in that weight class with a home port listed as Rhode Island then multiplying by the sales and use tax rate of 7.0 percent. Number of taxpayers are the number of vessel permits found in 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. For FY 2018, no estimate is possible due to lack of available permit data.

Reliability Index: 4

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Sales and Use Tax	$221,175	28
2017 Sales and Use Tax	$111,282	15
2018 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2019 Sales and Use Tax	$263,170	26

Projection Methodology: The projected revenue forgone for FY 2020 and FY 2021 as well as the projected number of taxpayers is determined by the average of the revenue forgone from FY 2016, FY 2017 and FY 2019.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2020 Sales and Use Tax	$198,542	20
2021 Sales and Use Tax	$198,542	20

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

Connecticut: Commercial fishing vessels and machinery or equipment for use thereon are exempt. 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 does provide a refund. A refund and an alternative exemption card procedure exists for certain depreciable machinery and equipment used in commercial fishing. This includes new or used watercraft, nets, traps, cables, tackle and related equipment necessary to and used directly and primarily in the operation of a commercial fishing venture.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 2013 and Code Me. R. § 323

Massachusetts: Massachusetts’ provisions include exemption for sales of vessels used directly and exclusively in commercial fishing, machinery and equipment and replacement parts thereof.

Also vessels used exclusively to provide scheduled commuter passenger service, repair and replacement parts thereof are exempt.

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)

19. Commercial Vessels of 50 Tons Burden or More:

Statutory Reference: Rhode Island General Laws Section 44-18-30(25)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1976 / N/A

Description: Sales made to commercial ships, barges, or other vessels of 50 tons burden or more primarily engaged in interstate or foreign commerce are exempt from the tax imposed by Rhode Island General Laws Chapter 44-18. Provisions, supplies and material purchased for maintenance and repair of such commercial vessels are also exempt.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2017 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2019 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2020 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2021 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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 tax when constructed in the Commonwealth and sold by their builders. Also exempt are sales of fuel or fuel substitutes for those vessels engaged in interstate or foreign commerce or used directly and exclusively in commercial fishing along with the machinery and equipment used for those vessels, and replacement parts for the vessels, machinery, and equipment.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(o)

20. Compressed Air:

Statutory Reference: Rhode Island General Laws Section 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 tax imposed by Rhode Island General Laws Chapter 44-18.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2017 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2019 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2020 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2021 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

21. Containers:

Statutory Reference: Rhode Island General Laws Section 44-18-30(4) / Rhode Island Public Laws 2018, Chapter 47, Article 4, Section 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, including boxes, paper bags, and wrapping materials which are biodegradable and all bags and wrapping materials utilized in the medical and healing arts, when sold without the contents to people who place the contents in the container and sell the contents with the container are exempt from the tax imposed by Rhode Island General Laws Chapter 44-18. Returnable containers are also exempt when sold with the contents in connection with the retail sale of the contents. Returnable containers are also exempt when sold for refilling. Effective July 1, 2018, kegs and barrel containers, returnable and non-returnable, that are sold to alcoholic beverage producers who place the alcoholic beverages in the containers are exempt from sales and use tax.

Data Source: FY 2017 and FY 2018 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***
2017 Sales and Use Tax	$10,361,665	*No estimate possible*
2018 Sales and Use Tax	$10,690,623	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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***
2019 Sales and Use Tax	$11,113,622	*No estimate possible*
2020 Sales and Use Tax	$11,597,888	*No estimate possible*
2021 Sales and Use Tax	$12,002,992	*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. A further part of the provisions covers packaging materials when sold for packing or shipping tangible personalty or for packing or shipping tangible personalty sold by the purchaser of the packaging materials.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(12)

Massachusetts: Massachusetts' exempts most containers. They include sales of empty returnable and non-returnable containers to be filled and resold, containers the contents of which 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 personalty by a manufacturer or distributor are exempt.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(16)

22. Deed, Instrument or Writing where Grantor is U.S. Government or State of Rhode Island:

Statutory Reference: Rhode Island General Laws Section 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 are the grantor is exempt from the tax imposed by Rhode Island General Laws Chapter 44-25.

Data Source: All real estate transactions recorded in the state for FY 2018 and FY 2019 per the Warren Group. The Office of Revenue Analysis eliminated all transactions except those involving the United States, the State and their political subdivisions. Estimates used the sale price for each transaction and multiplied these transactions by 0.18%, the state's share of the 0.46% real estate conveyance tax and then summed across all transactions.

Reliability Index: 2

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Real Estate Conveyance Tax	*No estimate possible*	*No estimate possible*
2017 Real Estate Conveyance Tax	*No estimate possible*	*No estimate possible*
2018 Real Estate Conveyance Tax	$121,645	48
2019 Real Estate Conveyance Tax	$113,592	80

Projection Methodology: Applied the FY 2020 over FY 2019 growth rate in Rhode Island real estate transfer taxes adopted at the November 2019 Revenue Estimating Conference to FY 2019 revenue forgone to project FY 2020 revenue forgone. A similar process was followed for FY 2021. FY 2020 number of taxpayers is the average taxpayers from FY 2018 and FY 2019. FY 2021 projected number of taxpayers is set equal to FY 2020.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2020 Real Estate Conveyance Tax	$126,528	64
2021 Real Estate Conveyance Tax	$130,983	64

Law Comparison: Connecticut and Maine have similar provisions.

Connecticut: Connecticut's provisions include exemption for those deeds for which Connecticut is prohibited from taxation under the United States Constitution or related laws.

Connecticut Statute: Conn. Gen. Stat. § 12-498

Maine: Deeds to property transferred to or by the United States, the State of Maine or any of their instrumentalities, agencies or subdivisions are exempt from the special taxes imposed by section 4641-A.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 4641-C(1)

23. Diesel Emission Control Technology:

Statutory Reference: Rhode Island General Laws Section 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 Rhode Island General Laws Section 31-47.3-4 is exempt from the tax imposed by Rhode Island General Laws 44-18.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2017 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2019 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2020 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2021 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

24. Dietary Supplements:

Statutory Reference: Rhode Island General Laws Section 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 Rhode Island General Laws Section 44-18-7.1(1)(v), sold on prescription are exempt from the tax imposed by Rhode Island General Laws Chapter 44-18. A dietary supplement is any product, other than tobacco, that contains one or more of the following: a vitamin; a mineral; an herb or other botanical; an amino acid; a dietary substance for use by humans that increases the total dietary intake; or a concentrate, metabolite, constituent, extract, or combination of any ingredient described in above.

Data Source: 2016, 2017, and 2018 Supplemental Business Report, Nutrition Business Journal. Annual Estimates of Population for the United States and Rhode Island (2016 through 2018), 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 25.0 percent of Rhode Island sales of dietary supplements are by prescription. Revenue forgone is determined by multiplying this amount by 7.0 percent. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 4

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Sales and Use Tax	$2,292,554	*No estimate possible*
2017 Sales and Use Tax	$2,403,969	*No estimate possible*
2018 Sales and Use Tax	$2,528,988	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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*
2019 Sales and Use Tax	$2,692,847	*No estimate possible*
2020 Sales and Use Tax	$2,692,847	*No estimate possible*
2021 Sales and Use Tax	$2,692,847	*No estimate possible*

Law Comparison: Connecticut and Maine have similar provisions.

Connecticut: Beginning April 1, 2015, sales of dietary supplements including vitamins, minerals, herbs, amino acids, or dietary supplements intended to supplement the diet of a human or animal is exempt from Connecticut's sales and use tax.

Connecticut Statute: Conn. Gen. Stat. § 12-412(120)

Maine: Medicines, tonics, vitamins and preparations in liquid, powdered, granular, tablet, lozenge or pill form, sold as dietary supplements or adjuncts, when sold on the prescription of a physician are exempt.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1730(3) and 1752(3-B)

25. Distressed Essential Community Hospital:

Statutory Reference: Rhode Island General Laws Section 23-17.25-2

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2010 / N/A

Description: For a period of 12 years, Landmark Medical Center (LMC) or any entity owned and controlled by LMC, or any successor-in-interest to LMC, shall not be required to pay or otherwise be financially responsible for any Rhode Island sales and use taxes that might otherwise be due in connection with any purchases, capital improvements, or any other activities conducted by LMC pursuant to the health facility licenses maintained by LMC.

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

Reliability Index: 5

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2017 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2018 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2019 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2020 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2021 Sales and Use Tax	*No estimate possible*	*No estimate possible*

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Sales of tangible personal property to and by profit and nonprofit charitable hospitals in the state are exempt. Connecticut's exemption includes nursing homes, rest homes and homes for the aged as well.

Connecticut Statute: Conn. Gen. Stat. § 12-412(5)

26. Educational Institutions Rental Charges:

Statutory Reference: Rhode Island General Laws Section 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 non-profit educational institution for living quarters, sleeping or housekeeping accommodations, or other rooms or accommodations to any student or teacher necessitated by attendance at an educational institution is exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

Data Source: FY 2017 and FY 2018 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***
2017 Sales and Use Tax	$8,353,659	*No estimate possible*
2018 Sales and Use Tax	$8,936,917	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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***
2019 Sales and Use Tax	$9,290,527	*No estimate possible*
2020 Sales and Use Tax	$9,695,353	*No estimate possible*
2021 Sales and Use Tax	$10,034,003	*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 as defined further by Maine statutes.

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(b)

New Hampshire: New Hampshire excludes from the definition of occupancy, "[o]ccupancy at a facility or establishment owned or leased pursuant to a long-term agreement by an organization operated for educational purposes, which organization is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code, 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, but only if occupancy at such facility or establishment is provided in connection with responsibilities performed for the organization; (C) To volunteers providing services in connection with the organization; or (D) To any person, but only if occupancy at such facility or establishment is provided pursuant to an activity which is related to educational purposes and the sponsor of such activity is an organization exempt from federal income taxation under Section 501(c) of the Internal Revenue Code or the federal or state government or an instrumentality thereof. The exemption provided by this subparagraph (b)(2)(D) shall 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:3, VI(b)(2)

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)

27. Electricity and Gas:

Statutory Reference: Rhode Island General Laws Section 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 all electricity or gas, regardless of use, is exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

Data Source: FY 2017 and FY 2018 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***
2017 Sales and Use Tax	$70,155,339	*No estimate possible*
2018 Sales and Use Tax	$73,531,199	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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*
2019 Sales and Use Tax	$76,440,632	*No estimate possible*
2020 Sales and Use Tax	$79,771,463	*No estimate possible*
2021 Sales and Use Tax	$82,557,809	*No estimate possible*

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

Connecticut: Connecticut's provisions exempt 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 75.0 percent 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 gas and the first 750 kilowatt hours of residential electricity per month, when purchased for cooking and heating in buildings designed and used for both human habitation and sleeping. Maine also exempts 95.0 percent of the sale price of all fuel and electricity purchased for use at a manufacturing facility. Effective January 1, 2017, fuel purchased for use in commercial agriculture, commercial fishing or commercial wood harvesting is eligible for refund.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(9)(B), 1760(9)(C), 1760(9)(D), and 2013(2)

Massachusetts: Massachusetts' exempts the sales, furnishing or service of water, gas, steam, or electricity used for residential purposes as well as gas, steam, or electricity which are consumed and used directly in an industrial plant in the actual manufacture of tangible personal property at which at least 75.0 percent 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 5 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)

28. Electricity, Steam and Thermal Energy from Rhode Island Economic Development Corporation (now the Rhode Island Commerce Corporation):

Statutory Reference: Rhode Island General Laws Section 44-18-40.1

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1995 / N/A

Description: The gross receipts from the sale, storage, use or other consumption of electricity, steam and thermal energy that is produced, transmitted, and/or sold by the Rhode Island Commerce Corporation are exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

Data Source: Quonset Development Corporation

Reliability Index: 1

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	$0	0
2017 Sales and Use Tax	$0	0

Projection Methodology: Amount of exemption and number of taxpayers are held constant.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Sales and Use Tax	$0	0
2019 Sales and Use Tax	$0	0
2020 Sales and Use Tax	$0	0
2021 Sales and Use Tax	$0	0

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

29. Equipment for Research and Development:

Statutory Reference: Rhode Island General Laws Section 44-18-30(42)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1987 / 1996

Description: The sale, use, storage or other consumption of equipment that is used for research and development purposes by a qualifying company is exempt from the tax imposed by Rhode Island General Laws Chapter 44-18. A qualifying company is a business "for which the use of research and development equipment is an integral part of its operation." Equipment means "scientific equipment, computers, software and related items."

Data Source: FY 2017 and FY 2018 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***
2017 Sales and Use Tax	$5,035,870	*No estimate possible*
2018 Sales and Use Tax	$5,278,597	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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***
2019 Sales and Use Tax	$5,487,458	*No estimate possible*
2020 Sales and Use Tax	$5,726,568	*No estimate possible*
2021 Sales and Use Tax	$5,926,592	*No estimate possible*

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

Connecticut: Property used in research and development can qualify for the exemptions 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. "Biotechnology" means the application of technologies, such as recombinant DNA techniques, and new bioprocesses, using living organisms, or parts of organisms, to produce or modify products, to improve plants or animals, to identify targets for small molecule pharmaceutical development, to transform biological systems into useful processes and products or to develop microorganisms for specific uses.

Connecticut Statute: Conn. Gen. Stat. §§ 12-407(a)(37) and 12-412(89)

Maine: Maine's exemption provisions include sales of machinery and equipment for the use by the purchaser directly and exclusively in research and development in the experimental and laboratory sense and primarily biotechnology applications.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(32)

Massachusetts: Sales of materials, tools, and fuels, in addition to machinery or replacement parts thereof, used in research and development by a manufacturing corporation or a research and development corporation are exempt.

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: Rhode Island General Laws Section 44-22-2

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1977 / 1990

Description: The estate of a serviceman or servicewoman who has been classified by the armed forces of the United States as missing in action is exempt from the tax imposed by Rhode Island General Laws Chapter 44-22.

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

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Estate and Transfer Tax	$0	0
2017 Estate and Transfer Tax	$0	0
2018 Estate and Transfer Tax	$0	0

Projection Methodology: Projected revenue forgone for FY 2019 through FY 2021 is held constant with FY 2018. The number of taxpayers for FY 2019 through FY 2021 is also held constant with FY 2018.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2019 Estate Tax	$0	0
2020 Estate Tax	$0	0
2021 Estate Tax	$0	0

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

31. Farm Equipment:

Statutory Reference: Rhode Island General Laws Section 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, including replacement parts, and tools and supplies used in the repair and maintenance of farming equipment, used directly for commercial farming and agricultural production is exempt from the tax imposed by Rhode Island General Laws Chapter 44-18. "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 2017 and FY 2018 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*
2017 Sales and Use Tax	$921,600	*No estimate possible*
2018 Sales and Use Tax	$935,400	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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***
2019 Sales and Use Tax	$972,411	*No estimate possible*
2020 Sales and Use Tax	$1,014,783	*No estimate possible*
2021 Sales and Use Tax	$1,050,229	*No estimate possible*

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 does not include an exemption but does provide a refund as follows: A refund and an alternative exemption card procedure exist for certain depreciable machinery and equipment used in commercial agricultural production, commercial fishing, or commercial aquacultural production. The refund procedure is also applicable to purchases of electricity used for such purposes.

Maine Statute: Me. Rev. Stat. Ann. Tit. 36, § 2013 and Code Me. R. §323

Massachusetts: Massachusetts' provisions include sales of machinery or replacement parts used directly and exclusively in agricultural production. Farmers (including persons who raise poultry and livestock) and fishermen pay no tax on materials, tools, and fuel they buy that is used or consumed directly and exclusively in agricultural production and commercial fishing.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, §§ 6(r), 6(s) and 6(p)

Vermont: Sales of agricultural machinery and equipment used predominately to produce or grow tangible personalty 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 percent of the time it is in use. Vermont also includes items used in the production on farms of tangible personal property. This applies to a specific list of items including feed, seed, plants, baler twine, silage bags, sheets of plastic for bunker covers or agricultural wrap, and breeding of other livestock. They also include pesticides, chemicals and fertilizers as well as compost, animal manure, and planting mix but only when used for agriculture.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 9741(25), 9741(3), and 9741(50)

32. Farm Structure Construction Materials:

Statutory Reference: Rhode Island General Laws Section 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 tax imposed by Rhode Island General Laws 44-18.

Data Source: FY 2017 and FY 2018 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***
2017 Sales and Use Tax	$239,352	*No estimate possible*
2018 Sales and Use Tax	$249,376	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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***
2019 Sales and Use Tax	$259,243	*No estimate possible*
2020 Sales and Use Tax	$270,540	*No estimate possible*
2021 Sales and Use Tax	$279,989	*No estimate possible*

Law Comparison: Only Maine has a similar provision.

Maine: Any materials for the construction, repair or maintenance of an animal waste storage facility are exempt. An “animal waste storage facility” means a structure or pit constructed and used solely for storing manure, animal bedding waste or other wastes generated by animal production. For a facility to be eligible for this exemption, the Commissioner of Agriculture, Food and Rural Resources must certify that a nutrient management plan has been prepared in accordance with Title 7, Section 4204 for the farm utilizing that animal waste storage facility.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(81)

33. Feed for Certain Animals Used in Commercial Farming:

Statutory Reference: Rhode Island General Laws Section 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 2017 and FY 2018 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***
2017 Sales and Use Tax	$558,439	*No estimate possible*
2018 Sales and Use Tax	$564,731	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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***
2019 Sales and Use Tax	$587,076	*No estimate possible*
2020 Sales and Use Tax	$612,657	*No estimate possible*
2021 Sales and Use Tax	$634,057	*No estimate possible*

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 sales of organic bedding materials for farm animals and hay. It also includes seed, fertilizers, defoliants, and pesticides for use in the commercial production of an agricultural or silvicultural crop as well as sales of breeding stock, semen, embryos, feed, hormones, antibiotics, medicine, pesticides, and litter for use in animal agricultural production.

Maine's provisions include sales of tree seedlings for use in commercial forestry. It finally includes sales of feed, hormones pesticides, antibiotics and medicine for use in aquacultural production and sales of bait to commercial fisherman.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(7), 1760(73) 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 of a kind which ordinarily constitute food for human consumption or are to be sold in the regular course of business or for 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 or for fur-bearing animals, the pelts of which are sold in the regular course of business."

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(p)(2)

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 for the sales and use tax in Vermont.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(3)

34. Feminine Hygiene Products:

Statutory Reference: Rhode Island General Laws Section 44-18-30(66) / Rhode Island Public Laws 2019, Chapter 88, Article 5, Section 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 are exempt from the sales and use tax.

Data Source: Fiscal Note 2019-S-0049 Rhode Island Office of Management and Budget.

Projection Methodology: Fiscal Note 2019-S-0049 Rhode Island Office of Management and Budget. The exemption does not go into effect until part way into FY 2020. Applied the FY 2021 over FY 2020 growth rate in Rhode Island sales and use tax revenues to FY 2020 full-year revenue forgone to project FY 2021 revenue forgone. 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*
2019 Sales and Use Tax	$0	*No estimate possible*
2020 Sales and Use Tax	$611,994	*No estimate possible*
2021 Sales and Use Tax	$836,318	*No estimate possible*

Law Comparison: Connecticut and Massachusetts have similar provisions.

Connecticut: The sale of and the storage, use or other consumption of feminine hygiene products is exempt.

Connecticut Statute: Conn. Gen. Stat. § 12-412(23)

Massachusetts: Health care items, including tampons, sanitary napkins and belts are exempt.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(l)

35. First 50,000 Gallons of Distilled Spirits of a Distiller in Continuous Operation for 12 Months:

Statutory Reference: Rhode Island General Laws Section 3-10-1(d)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2016 / NA

Description: Beginning July 1, 2016, the first 50,000 gallons of distilled spirits produced and distributed in the State in any calendar year is exempt from the tax imposed by Rhode Island General Laws Section 3-10-1(a), provided that the distiller has actively and directly owned, managed and operated a distillery in the State for at least 12 consecutive months.

Data Source: Excise Tax Section, Rhode Island Division of Taxation. Based on gallonage filings with the Excise Tax Section. ORA took the estimate for the number of gallons distributed in Rhode Island for TY 2018 and multiplied by the per gallonage excise tax rate of $5.40. Distillers were not required to file annual gallonage reports until May 2019.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Alcoholic Beverage Tax	*No estimate possible*	2
2017 Alcoholic Beverage Tax	*No estimate possible*	2
2018 Alcoholic Beverage Tax	$75,600	2

Projection Methodology: CY 2019 through CY 2021 assumes no additional growth. CY 2019 number of taxpayers from Department of Business Regulation, Division of Commercial Licensing and Regulation public data as of December 2019. Number of taxpayers held constant with CY 2019.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2019 Alcoholic Beverage Tax	$75,600	4
2020 Alcoholic Beverage Tax	$75,600	4
2021 Alcoholic Beverage Tax	$75,600	4

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: Rhode Island General Laws Section 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 the State in any calendar year is exempt from the tax imposed by Rhode Island General Laws Section 3-10-1(a), provided that the brewer has actively and directly owned, managed and operated a brewery in the State for at least 12 consecutive months. A barrel of beer is defined as 31 gallons.

Data Source: Data for FY 2017 and FY 2018 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. The Division of Taxation did not begin collecting this reportable data until FY 2017. 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***
2016 Alcoholic Beverage Tax	*No estimate possible*	16
2017 Alcoholic Beverage Tax	$29,543	28
2018 Alcoholic Beverage Tax	$43,434	34

Projection Methodology: FY 2019 through FY 2021 is the average of revenue forgone from FYs 2017 – 2018. Number of taxpayers for FY 2019 is what is currently available on DBR's website. Number of taxpayers for FY 2020 and 2021 is held constant with FY 2019.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2019 Alcoholic Beverage Tax	$36,489	33
2020 Alcoholic Beverage Tax	$36,489	33
2021 Alcoholic Beverage Tax	$36,489	33

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

37. Flags:

Statutory Reference: Rhode Island General Laws Section 44-18-30(34)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1984 / 1992

Description: The sale, use, storage or other consumption of United States, Rhode Island, or POW-MIA flags is exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

Data Source: Flag Manufacturers Association of America. Annual Estimates of Population for the United States (2016 through 2018), United States Census Bureau. Revenue forgone is based on the annual sales of U.S. flags in Rhode Island. Nationally, the sale of U.S. flags is consistent year to year; therefore, no growth in U.S. sales is estimated. U.S. sales are scaled for Rhode Island using the ratio of Rhode Island's population to the total U.S. population. Revenue forgone is determined by multiplying this amount by 7.0 percent. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 4

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	$34,328	*No estimate possible*
2017 Sales and Use Tax	$34,117	*No estimate possible*
2018 Sales and Use Tax	$33,933	*No estimate possible*

Projection Methodology: FY 2019, FY 2020, and FY 2021 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***
2019 Sales and Use Tax	$33,933	*No estimate possible*
2020 Sales and Use Tax	$33,933	*No estimate possible*
2021 Sales and Use Tax	$33,933	*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.

Connecticut Statute: Conn. Gen. Stat. § 12-412(23)

Massachusetts: Flags of the United States are exempt.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(w)

Vermont: Flags of the United States sold to and by veterans' organizations, which are exempted under Internal Revenue Code 501(c)(19), are exempt.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(33)

38. Food and Food Ingredients:

Statutory Reference: Rhode Island General Laws Section 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 all food and food ingredients sold for ingestion or chewing by humans for their taste or nutritional value are exempt from the tax imposed by Rhode Island General Laws Chapter 44-18. For the purposes of this chapter, "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 2017 and FY 2018 Rhode Island Interactive Sales and Use Tax Simulation Model. The exemption amount for food items paid for under the Supplemental Nutrition Assistance Program (SNAP), Rhode Island General Laws Section 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***
2017 Sales and Use Tax	$163,324,676	*No estimate possible*
2018 Sales and Use Tax	$170,724,311	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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***
2019 Sales and Use Tax	$177,479,417	*No estimate possible*
2020 Sales and Use Tax	$185,212,920	*No estimate possible*
2021 Sales and Use Tax	$191,682,242	*No estimate possible*

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

Connecticut: Specific food groupings that are similar to those of Rhode Island are exempt.

Connecticut Statute: Conn. Gen. Stat. § 12-412(13)

Maine: Sale of grocery staples and certain meals are exempt.

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 with food stamps are exempt. Vermont's exemption does not include soft drinks except when purchased through the SNAP program.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(13)

39. Food Items Paid for by Food Stamps:

Statutory Reference: Rhode Island General Laws Section 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, which are properly paid for with U.S. government food stamps issued in accordance with the Food Stamp Act of 1977, 7 U.S.C. § 2011 et seq., are exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

Data Source: Revenue forgone is based on Supplemental Nutrition Assistance Program (SNAP) benefits information supplied by the Department of Administration's Office of Management and Budget. An assumed leakage factor of 10.0 percent was applied for out-of-state use. The balance is then multiplied by 7.0 percent. 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***
FY 2016 Sales and Use Tax	$17,413,518	172,162
FY 2017 Sales and Use Tax	$17,147,896	167,529
FY 2018 Sales and Use Tax	$16,571,266	158,924
FY 2019 Sales and Use Tax	$13,263,847	154,944

Projection Methodology: FY 2020 and FY 2021 projected revenue forgone is held constant at FY 2019 values because projected data is no longer calculated by DHS. No projection of the number of taxpayers is possible due to lack of reliable data.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2020 Sales and Use Tax	$13,263,847	*No estimate possible*
2021 Sales and Use Tax	$13,263,847	*No estimate possible*

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 and not otherwise exempt under this Chapter is exempt.

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: Rhode Island General Laws Section 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 Rhode Island General Laws Chapter 31-36 and aviation fuel are exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

Data Source: Excise Tax Section, Rhode Island Division of Taxation. Self-Serve Unleaded Gasoline and Diesel Prices, Rhode Island Office of Energy Resources (OER). OER stopped collecting gasoline and diesel price data as of April 15, 2019. New England prices, as reported by the U.S. Energy Information Administration (EIA), were used for missing values. Revenue forgone is based on taxable sales of motor fuel, gasoline and diesel in Rhode Island. The Office of Revenue Analysis calculated Rhode Island taxable sales by multiplying the annual taxable gallons of gasoline and diesel by the average monthly price per gallon, including state and federal taxes, of self-serve unleaded gasoline and low sulfur diesel fuels. Revenue forgone is determined by multiplying this figure by 7.0 percent. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 2

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	$70,475,348	*No estimate possible*
2017 Sales and Use Tax	$70,902,147	*No estimate possible*
2018 Sales and Use Tax	$82,841,492	*No estimate possible*
2019 Sales and Use Tax	$84,094,463	*No estimate possible*

Projection Methodology: FY 2020 and FY 2021 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***
2020 Sales and Use Tax	$84,094,463	*No estimate possible*
2021 Sales and Use Tax	$84,094,463	*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 and tax as of July 1, 2018.

Connecticut Statute: Conn. Gen. Stat. § 12-412(15)

Maine: Certain motor fuels upon which a tax at the maximum rate for highway use has been paid is exempt from sales and use tax. Internal combustion engine fuel bought and used for the purpose of propelling jet engine aircraft is also exempt. Effective January 1, 2017, 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 Chapter 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.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(g)

Vermont: Vermont's provisions are similar to those of Rhode Island except that jet fuel is taxable for sales and use tax purposes. Beginning July 1, 2017, this exemption includes dyed diesel used to power forestry machinery or to propel a vehicle off the highways of the State.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(7)(A)

41. Heating Fuels:

Statutory Reference: Rhode Island General Laws Section 44-18-30(20)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1972 / 2015

Description: The sale, storage, use or other consumption of every type of heating fuel, regardless of use is exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

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. Office of Revenue Analysis calculated Rhode Island sales of residential distillate fuel oil and propane for FY 2016 by multiplying total New England British Thermal Units (btus) of distillate fuel oil and propane consumed by the average yearly price per btu of home heating source. Revenue forgone is determined by scaling this figure to Rhode Island and multiplying by 7.0 percent. For FY 2017, FY 2018, and FY 2019, Rhode Island sales of distillate fuel oil and propane included residential as well as commercial consumption of New England btus of distillate fuel oil and propane consumed. Revenue forgone is determined by multiplying New England btus by the average yearly price per btu, scaling the figure to Rhode Island by Rhode Island's percent of New England's residential btus and multiplying by 7.0 percent. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 4

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	$17,342,019	*No estimate possible*
2017 Sales and Use Tax	$17,693,959	*No estimate possible*
2018 Sales and Use Tax	$23,431,275	*No estimate possible*
2019 Sales and Use Tax	$24,244,467	*No estimate possible*

Projection Methodology: FY 2020 and FY 2021 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***
2020 Sales and Use Tax	$24,244,467	*No estimate possible*
2021 Sales and Use Tax	$24,244,467	*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 or 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 75.0 percent 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. Ninety-five (95) percent of the sale price of all fuel and electricity purchased for use at a manufacturing facility is exempt. Beginning January 1, 2016, 95.0 percent of the sale price of fuel purchased for use in certain greenhouse facilities is exempt from Maine sales tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(9)

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 75.0 percent is used in the actual manufacture of tangible personal property to be sold. Massachusetts also exempts heating fuels used by any business that has 5 or fewer employees and had gross income of less than $1.0 million for the preceding calendar year.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, §§ 6(j) and 6(qq)

Vermont: Vermont exempts sales of electricity, oil, gas, and other fuels used in a residence for all domestic use, including heating. Sales of electricity, oil, gas, and other fuels used directly and exclusively for farming purposes are also exempt as well as those fuels used directly or indirectly in manufacturing.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(26), 9741(27), and 9741(34)

42. Horse Food Products:

Statutory Reference: Rhode Island General Laws Section 44-18-30(53)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2000 / N/A

Description: The sale, use, storage or other consumption of horse food products purchased by a person engaged in the business of boarding horses is exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

Data Source: FY 2017 and FY 2018 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 United States Department of Agriculture, 2016 State Agriculture Overview. The calculated percentage was 6.0923 percent.

Reliability Index: 3

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2017 Sales and Use Tax	$30,116	*No estimate possible*
2018 Sales and Use Tax	$30,669	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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***
2019 Sales and Use Tax	$31,882	*No estimate possible*
2020 Sales and Use Tax	$33,272	*No estimate possible*
2021 Sales and Use Tax	$34,434	*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.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(7-C)

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.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(3)

43. Human Blood:

Statutory Reference: Rhode Island General Laws Section 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 tax imposed by Rhode Island General Laws Chapter 44-18.

Data Source: The 2015 and 2017 National Blood Collection and Utilization Survey Report (conducted by the American Association of Blood Banks), United States Department of Health and Human Services. Annual Estimates of Population for the United States (2016, 2017, and 2018), United States Census Bureau. Revenue forgone is based on the sale of whole blood and red blood cell units to hospitals located in Rhode Island. The total value of units of blood collected in the U.S. is scaled for Rhode Island using the ratio of Rhode Island's population to the total U.S. population. Revenue forgone is determined by multiplying this amount by 7.0 percent. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 4

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Sales and Use Tax	$576,802	*No estimate possible*
2017 Sales and Use Tax	$556,428	*No estimate possible*
2018 Sales and Use Tax	$542,186	*No estimate possible*

Projection Methodology: The FY 2019 over FY 2018 growth rate in Rhode Island sales and use tax revenues was applied to FY 2018 revenue forgone to project FY 2019 revenue forgone. FY 2020 and FY 2021 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***
2019 Sales and Use Tax	$577,315	*No estimate possible*
2020 Sales and Use Tax	$577,315	*No estimate possible*
2021 Sales and Use Tax	$577,315	*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.

Connecticut Statute: Conn. Gen. Stat. § 12-412(19)

Massachusetts: Medical items, including blood and blood plasma, are exempt.

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.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(2)

44. Installation Labor Charges When Separately Stated:

Statutory Reference: Rhode Island General Laws Section 44-18-12(b)(ii)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 2006

Description: The amount charged for labor or services rendered in installing or applying the property sold is exempt from the tax imposed by Rhode Island General Laws Chapter 44-18 provided that the charges for such labor or services rendered are separately stated by the retailer to the purchaser.

Data Source: FY 2017 and FY 2018 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***
2017 Sales and Use Tax	$36,249,200	*No estimate possible*
2018 Sales and Use Tax	$38,070,500	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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***
2019 Sales and Use Tax	$39,576,848	*No estimate possible*
2020 Sales and Use Tax	$41,301,373	*No estimate possible*
2021 Sales and Use Tax	$42,743,993	*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. Not included are services to industrial, commercial, or income-producing real property, including, but not limited to, such services as management, electrical, plumbing, painting and carpentry, provided income-producing property does not include property used exclusively for residential purposes in which the owner resides and which contains no more than three dwelling units.

Connecticut Statute: Conn. Gen. Stat. § 12-407(a)(8)(B)

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)

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, if the charges are separately stated on the invoice, bill of sale, or similar document given to the purchaser, are exempt.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9701(4)(B)(iv)

45. Jewelry Display Product:

Statutory Reference: Rhode Island General Laws Section 44-18-30(47)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1993 / N/A

Description: The sale, use, storage or other consumption of tangible personal property used to display any jewelry product is exempt from the tax imposed by Rhode Island General Laws Chapter 44-18 as long as the title to the jewelry display product is transferred by the jewelry manufacturer or seller and the jewelry display product is 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

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2017 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2019 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2020 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2021 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

46. Lottery Prizes:

Statutory Reference: Rhode Island General Laws Section 42-61-17

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1974 / 1989

Description: The prizes received pursuant to Rhode Island General Laws Chapter 42-61 are exempt from the state sales or use tax. Prizes are still subject to any taxes applicable to Rhode Island General Laws Chapter 44-30.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2017 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2019 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2020 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2021 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

47. Manufacturers' Machinery and Equipment:

Statutory Reference: Rhode Island General Laws Section 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, and molds, and 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 whether or not it is to be sold or that machinery and equipment used in the furnishing of power to an individual manufacturing plant is exempt from the tax imposed by Rhode Island General Laws Chapter 44-18. Machinery and equipment used in administration or distribution operations is not exempt.

Data Source: FY 2017 and FY 2018 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***
2017 Sales and Use Tax	$38,810,300	*No estimate possible*
2018 Sales and Use Tax	$39,220,200	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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***
2019 Sales and Use Tax	$40,772,039	*No estimate possible*
2020 Sales and Use Tax	$42,548,643	*No estimate possible*
2021 Sales and Use Tax	$44,034,829	*No estimate possible*

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

Connecticut: Machinery used directly in a manufacturing production process is exempt.

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 is exempt.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(31)

Massachusetts: Machinery or its replacement parts, that is used directly and exclusively in an industrial plant in the actual manufacture of tangible personal property that is to be sold is exempt.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(s)

Vermont: Machinery and equipment for use or consumption directly and exclusively except for isolated or occasional uses in the manufacture of tangible personal property for sale or in the manufacture of other machinery or equipment, parts or supplies for use in the manufacturing process is exempt.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(14)

48. Medicines, Drugs and Durable Medical Equipment:

Statutory Reference: Rhode Island General Laws Section 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 are exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

Data Source: FY 2017 and FY 2018 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*
2017 Sales and Use Tax	$120,478,638	*No estimate possible*
2018 Sales and Use Tax	$128,246,521	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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*
2019 Sales and Use Tax	$133,320,894	*No estimate possible*
2020 Sales and Use Tax	$139,130,230	*No estimate possible*
2021 Sales and Use Tax	$143,989,924	*No estimate possible*

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

Connecticut: Oxygen, blood plasma, prostheses, walkers and wheel chairs, prescription medicines, and syringes are exempt. Effective April 1, 2015, over-the-counter drugs and medicines are exempt.

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 Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(5) and 1760(33)

Massachusetts: Sales of medicine, insulin needles and insulin syringes on prescriptions of registered physicians and…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 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; sales of artificial teeth by a dentist and the materials used by a dentist in dental treatment; sales of eyeglasses, when especially designed or prescribed by an ophthalmologist, oculist or optometrist for the personal use of the owner or purchaser; sales of crutches and wheel chairs for the use of invalids and crippled persons; and sales of baby oil; and 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. All medical implements, pads, pouches, and solutions which are used as a result of a person undergoing a colostomy or ileostomy.

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.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(2)

49. Mobile and Manufactured Homes Generally:

Statutory Reference: Rhode Island General Laws Section 44-18-30(50)

Stated Purpose: No stated purpose given in law.

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

Description: The sale, use, storage or other consumption of mobile and / or manufactured homes that are subject to tax under Rhode Island General Laws Chapter 31-44 are exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

Data Source: Rhode Island Division of Taxation. Revenue forgone is calculated from mobile home conveyance tax receipts. The Office of Revenue Analysis used the current mobile home conveyance tax rate of $1.40 for each $500 or fractional part thereof which is paid for the purchase of the home to estimate gross sales. Revenue forgone is determined by multiplying this figure by 7.0 percent. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 2

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Sales and Use Tax	$257,525	*No estimate possible*
2017 Sales and Use Tax	$326,100	*No estimate possible*
2018 Sales and Use Tax	$342,500	*No estimate possible*
2019 Sales and Use Tax	$337,650	*No estimate possible*

Projection Methodology: FY 2020 and FY 2021 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*
2020 Sales and Use Tax	$337,650	*No estimate possible*
2021 Sales and Use Tax	$337,650	*No estimate possible*

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

Connecticut: Connecticut's provisions include that the sale of a new modular or prefabricated home, from a manufacturer shall be subject to sales and use taxes except that the sales price of a new mobile manufactured home or new modular or prefabricated home shall be deemed to be 70.0 percent of the manufacturer's sales price applicable with respect to such sale.

Connecticut Statute: Conn. Gen. Stat. § 12-412c

Maine: Sales of new manufactured housing to the extent of all costs other than materials that is included in the sale price are exempt up to a maximum of 50.0 percent of the sale price. Sales of used manufactured houses are exempt.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(40)

Vermont: Vermont's provisions include exclusion for 40.0 percent of the receipts from the sale of mobile homes and modular housing when they are sold as tangible personal property.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(32)

50. Motor Vehicle and Adaptive Equipment for Amputee Veterans:

Statutory Reference: Rhode Island General Laws Section 44-18-30(35)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1985 / 1989

Description: The sale of a motor vehicle and adaptive equipment to and for the use of a veteran with a service-connected loss of or loss of use of a leg, foot, hand or arm or any veteran who is a double amputee, whether service-connected or not is exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

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

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	*	*
2017 Sales and Use Tax	*	*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Sales and Use Tax	*	*
2019 Sales and Use Tax	*	*
2020 Sales and Use Tax	*	*
2021 Sales and Use Tax	*	*

Law Comparison: Maine and Massachusetts have similar provisions.

Maine: Sales of motor vehicles to amputee veterans who have been granted free registration of such vehicles by the Secretary of State are exempt.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(22)

Massachusetts: Sales of motor vehicles purchased by or for the use of a veteran who has been determined to be permanently disabled by the medical advisory board and has been issued a disabled veteran number plate are exempt. The exemption applies only to a single motor vehicle that must be purchased by and registered for the personal, noncommercial use of the disabled veteran.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(u)

51. Motor Vehicles and Adaptive Equipment for Persons with Disabilities:

Statutory Reference: Rhode Island General Laws Section 44-18-30(19)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1969 / 2000

Description: The sale of special adaptations, the component parts of special adaptations, or a specially adapted motor vehicle is exempt from the tax imposed by Rhode Island General Laws Chapter 44-18 provided that the owner supplies the tax administrator with an affidavit of a licensed physician indicating that the specially adapted motor vehicle is necessary to transport a disabled family member including the owner.

Data Source: Division of Motor Vehicles, Rhode Island Department of Revenue. Data pulled from a new system implemented at the Rhode Island Division of Motor Vehicles which began use in July 2017.

Reliability Index: 2

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2017 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2018 Sales and Use Tax	$3,561	20
2019 Sales and Use Tax	$2,826	13

Projection Methodology: FY 2020 and FY 2021 assume no additional growth. Number of taxpayers is held constant with FY 2019.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2020 Sales and Use Tax	$2,826	13
2021 Sales and Use Tax	$2,826	13

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, one leg or one arm or both are exempt. This exemption applies to one motor vehicle only owned and registered for the personal, noncommercial use of such person.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(u)

Vermont: An exemption for one motor vehicle owned or leased and operated by a person with a permanent physical disability whom the vehicle controls have been altered to enable the person to drive is granted. 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 section 8901 of this title, is also exempt.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 8911(12)

52. Narragansett Pier Railroad Company:

Statutory Reference: Rhode Island General Laws Section 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 exempted from the tax imposed by Rhode Island General Laws Chapter 44-13 “in any year until and unless the net receipts of the railroad applicable to dividends or other form of distribution of corporate earnings shall in the year amount to a sum not less than 4.0 percent of the aggregate valuation of the property of the railroad as determined by the public utility administrator.”

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2017 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2019 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2020 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2021 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*

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

53. Newspapers:

Statutory Reference: Rhode Island General Laws Section 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 tax imposed by Rhode Island General Laws Chapter 44-18. In this context, newspapers are defined as "unbound publications printed on newsprint, which contains news, editorial comment, opinions, features, advertising, and other matters of public interest." Newspapers do not include "a magazine, handbill, circular, flyer, sales catalog, or similar item unless the item is printed for and distributed as a part of a newspaper."

Data Source: FY 2017 and FY 2018 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***
2017 Sales and Use Tax	$1,390,933	*No estimate possible*
2018 Sales and Use Tax	$1,522,700	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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***
2019 Sales and Use Tax	$1,582,950	*No estimate possible*
2020 Sales and Use Tax	$1,651,925	*No estimate possible*
2021 Sales and Use Tax	$1,709,626	*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.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(m)

Vermont: Vermont's provision exempts newspapers and tangible personalty, which becomes part of a newspaper even if the newspaper is distributed without charge. On average for the tax year, at least 10.0 percent of a newspaper's printed material must consist of news of general or community interest, community notices, editorial comment, or articles by different authors.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(15)

54. Ocean Marine Insurance:

Statutory Reference: Rhode Island General Laws Section 44-17-1(a)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1896 / N/A

Description: The premiums received from contracts of ocean marine insurance are exempt from the tax imposed by Rhode Island General Laws Chapter 44-17. In this context ocean marine insurance is defined as contracts of insurance written by an insurance company transacting the business of marine insurance upon hulls, freights, or disbursements, or upon goods, wares, merchandise, and all other personal property and interests in the course of exportation from, importation into any country, or transportation coastwise in connection with any and all risks or perils of navigation, transit, and while being prepared for, and while awaiting shipment and during any delays, storage, or reshipment and including war risks and marine builders risks.

Data Source: Global Marine Insurance Report, 2005-2017 by country, International Union of Marine Insurance. Annual estimates of number of boats, annual vessel permit data listed by home port, National Oceanic and Atmospheric Administration, Greater Atlantic Region. Annual U.S. insurance premium data is scaled to Rhode Island using the ratio of Rhode Island vessels to total vessels. Revenue forgone is determined by multiplying this amount by 2.0 percent. Number of taxpayers are the number of vessel permits found in that year.

Reliability Index: 4

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Ins Co Gross Premiums Tax	$1,783	262
2017 Ins Co Gross Premiums Tax	$1,759	244
2018 Ins Co Gross Premiums Tax	$1,779	240

Projection Methodology: A three-year average of revenue forgone from FY 2016 – FY 2018 is used to project revenue forgone for FY 2019, FY 2020, and FY 2021. A three-year average of the number of taxpayers is used to project the number of taxpayers for fiscal years 2019, 2020, and 2021.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2019 Ins Co Gross Premiums Tax	$1,774	240
2020 Ins Co Gross Premiums Tax	$1,774	240
2021 Ins Co Gross Premiums Tax	$1,774	240

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Ocean marine insurance companies are excluded from the tax on net direct insurance premiums.

Connecticut Statute: Conn. Gen. Stat. § 12-210(b)

55. Out-of-State Shipments of Rhode Island Alcoholic Beverage Manufacturers:

Statutory Reference: Rhode Island General Laws Section 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 that have reason to ship any beverage out-of-state with the intention that the consumption of that beverage shall occur outside of the state's borders may receive an exemption from the tax imposed by Rhode Island General Laws Chapter 3-10. The exemption from the tax shall be granted by the Department of Business Regulation.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Alcoholic Beverage Tax	*No estimate possible*	*No estimate possible*
2017 Alcoholic Beverage Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Alcoholic Beverage Tax	*No estimate possible*	*No estimate possible*
2019 Alcoholic Beverage Tax	*No estimate possible*	*No estimate possible*
2020 Alcoholic Beverage Tax	*No estimate possible*	*No estimate possible*
2021 Alcoholic Beverage Tax	*No estimate possible*	*No estimate possible*

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 are exempt.

Massachusetts Statute: Mass. Gen. Laws ch. 138, § 21(g)

Vermont: Vermont states the alcoholic beverage taxes are only due on sales in the State.

Vermont Statute: Vt. Stat. Ann. tit. 7, §§ 421(a) and 422(a)

56. Personal and Dependent:

Statutory Reference: Rhode Island General Laws Section 44-30-2.6(c)(3)(C) / Rhode Island Public Laws 2018, Chapter 47, Article 4, Section 13

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2018

Description: Resident and non-resident taxpayers are allowed a personal and/or dependent exemption against the tax imposed by Rhode Island General Laws Chapter 44-30. The exemption amount is adjusted for inflation as determined by Rhode Island General Laws Section 44-30-2.6(c)(3)(E) using tax year 2000 as the base year. 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 Tax Cut and Jobs Act of 2017 (TCJA) eliminated federal personal and dependent exemptions. The 2018 General Assembly enacted several changes to allow Rhode Island personal and dependent exemptions to continue. For tax years beginning on or after 2018, the term exemption amount means the same as it did in the Internal Revenue Code Section 151 and 152 as of December 22, 2017. The exemption amount will be 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***
2016	\$3,900	\$193,600 - \$215,800
2017	\$3,900	\$195,000 - \$217,350
2018	\$4,000	\$199,000 - \$221,800
2019	\$4,100	\$203,850 - \$227,050

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 2016 and 2017 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***
2016 Personal Income Tax	\$113,991,759	544,960
2017 Personal Income Tax	\$127,014,158	553,334

Projection Methodology: For TY 2018, revenue forgone is projected using the TY 2017 ORA Personal Income Tax Model rebased to TY 2018 Rhode Island personal income tax laws. Similarly, for TY 2019 the model is rebased to TY 2019 Rhode Island personal income tax laws. For TY 2020, the amount of exemption is grown by the growth rate in the exemption amount of 2.500 percent (i.e., $4,100 / $4,000). For TY 2021, TY 2020 revenue forgone was grown by the rate of inflation from the Consensus Economic Forecast adopted at the November 2019 Revenue Estimating Conference. The number of taxpayers for TY 2018 and TY 2019 is projected using the ORA Personal Income Tax Model. For TY 2020 and 2021 the number of taxpayers is held constant with TY 2019.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Personal Income Tax	$120,502,959	549,147
2019 Personal Income Tax	$120,502,959	549,147
2020 Personal Income Tax	$123,515,532	549,147
2021 Personal Income Tax	$125,775,986	549,147

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

Connecticut: Any person, other than a trust or estate, subject to the income tax for any taxable year who files under the federal income tax for such taxable year as a married individual filing separately or, for taxable years commencing on or after January 1, 2014, but prior to January 1, 2015, a personal exemption of $14,500 is allowed. In the case of any such taxpayer whose Connecticut adjusted gross income for the taxable year exceeds $29,000, the exemption amount shall be reduced by $1,000 for each $1,000, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income for the taxable year exceeds said amount.

For taxable years commencing on or after January 1, 2015, a personal exemption of $15,000 is allowed. In the case of any such taxpayer whose Connecticut adjusted gross income 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 adjusted gross income for the taxable year exceeds said amount.

A taxpayer filing as a head of household for federal income tax purposes is entitled to a personal exemption of $19,000 in determining Connecticut taxable income. A taxpayer filing as head of household whose Connecticut adjusted gross income for the taxable year exceeds $38,000, the exemption amount shall be reduced by $1,000 for each $1,000, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income for the taxable year exceeds the said amount.

Taxpayers subject to the Connecticut personal income tax for any taxable year who file a return under the federal income tax for such taxable year as married individuals filing a joint return or any person who files a return for such taxable year as a surviving spouse, as defined in Section 2(a) of the Internal Revenue Code, is entitled to a single personal exemption of $24,000 in determining Connecticut taxable income for purposes of this chapter. In the case of a taxpayer filing jointly or as a qualified widow(er) and the Connecticut adjusted gross income for the taxable year exceeds $48,000, the exemption amount shall be reduced by $1,000 for each $1,000, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income for the taxable year exceeds the said amount. In no event shall the reduction exceed 100.0 per cent of the exemption for each filing status.

Connecticut Statute: Conn. Gen. Stat. § 12-702

Massachusetts: Massachusetts' provisions include personal exemptions as a deduction to income 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 is allowed an exemption amount up to $8,800. Head of household is allowed an exemption up to $6,800. There are additional exemptions provided for qualifying dependents equaling $3,600 for one such dependent with respect to the taxpayer, or 7,200 if there are two or more such dependents with respect to the taxpayer. 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

Maine: For tax years beginning on or after January 1, 2013 but before January 1, 2018, a resident individual is allowed a deduction equal to the total amount of deductions allowed for personal exemptions in accordance with the Internal Revenue Code, Section 151. Beginning January 1, 2018, 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. For tax years beginning after 2018, the personal exemption deduction and phaseout threshold amounts are adjusted for inflation.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 5126 and 5126-A

Vermont: Vermont uses an individual's federal tax liability as the starting point for calculating Vermont income tax liability, with the federal personal exemptions allowed under IRC § 151 allowed for Vermont personal income tax purposes.

Effective January 1, 2018, a resident's tax liability is calculated using the federal income tax statues that were in effect on December 31, 2017, but without regard to federal income tax rates under 26 U.S.C. §1.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5824

57. Personal Holding Company, Regulated Investment Company, or Real Estate Investment Trust:

Statutory Reference: Rhode Island General Laws Section 44-11-2(c)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1956 / 2004

Description: A personal holding company registered under the federal Investment Company Act of 1940, a regulated investment company as defined in the IRC § 851, or a real estate investment trust shall not pay the tax imposed under Rhode Island General Laws Section 44-11-2(a) but rather must pay annually to the state a tax equal to $0.10 for each $100.00 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 50.0 percent of the excess capital gains over capital losses realized in the taxable year.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2017 Business Corporation Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2019 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2020 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2021 Business Corporation Tax	*No estimate possible*	*No estimate possible*

Law Comparison: Connecticut 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)

New Hampshire: An enterprise shall not be characterized as a business organization and shall be 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 Section 851 of the United States Internal Revenue Code of 1986 in effect on December 31, 2000; (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 Section 3(c)(1) or 3(c)(7) of said Investment Company Act; or (4) A qualified community development entity as defined in Section 45D of the United States Internal Revenue Code, which entity is owned, controlled, or managed, directly or indirectly, by the business finance authority of the state of New Hampshire.

New Hampshire Statute: N.H. Rev. Stat. Ann. §§ 77-A:1, I and XXI

58. Precious Metal Bullion:

Statutory Reference: Rhode Island General Laws Section 44-18-30(24)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1975 / N/A

Description: The sale, storage, use or other consumption of precious metal bullion is exempt from the tax imposed by Rhode Island General Laws Chapter 44-18. Precious metal bullion is defined as "any elementary precious metal which has been put through a process of smelting or refining…and which is in a state or condition that its value depends upon its content not upon its form." Precious metal bullion does not include fabricated precious metal that has been manufactured for one or more "customary industrial, professional or artistic uses."

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2017 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2018 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2019 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2020 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2021 Sales and Use Tax	*No estimate possible*	*No estimate possible*

Law Comparison: Connecticut and Massachusetts have similar provisions.

Connecticut: Connecticut's provisions include gold or silver bullion. 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' 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)

59. Promotional and Product Literature of Boat Manufacturers:

Statutory Reference: Rhode Island General Laws Section 44-18-30(38)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1984 / N/A

Description: The sale, storage, use, or other consumption of boat manufacturers' promotional and product literature is exempt from the tax imposed by Rhode Island General Laws Chapter 44-18 provided that said literature is shipped to points outside of Rhode Island and either (1) accompanies the product which is sold; (2) is shipped in bulk to out-of-state dealers for use in the sale of the product; or (3) is mailed to directly to customers at no charge.

Data Source: FY 2017 and FY 2018 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*
2017 Sales and Use Tax	$171,200	*No estimate possible*
2018 Sales and Use Tax	$173,000	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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*
2019 Sales and Use Tax	$179,845	*No estimate possible*
2020 Sales and Use Tax	$187,682	*No estimate possible*
2021 Sales and Use Tax	$194,237	*No estimate possible*

Law Comparison: Only Maine has a similar provision.

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)

60. Property Otherwise Exempted:

Statutory Reference: Rhode Island General Laws Section 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 Rhode Island General Laws Chapter 44-18 is also exempted from the use tax imposed under Rhode Island General Laws Section 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

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2017 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2019 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2020 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2021 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

Connecticut: Items exempt from use tax are those, which are exempt if the storage, acceptance, consumption or other use is not otherwise taxable.

Connecticut Statute: Conn. Gen. Stat. § 12-413

Maine: A tax is imposed…on the storage, use or other consumption in this State of tangible personal property or a service, the sale of which would be subject to tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1861

Massachusetts: An excise is hereby imposed upon the storage, use or other consumption in the Commonwealth of tangible personal property or services purchased from any vendor or manufactured, fabricated or assembled from materials acquired either within or outside the Commonwealth for storage, use or other consumption within the Commonwealth.

Massachusetts Statute: Mass. Gen. Laws ch. 64I, § 2

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 six percent for the use within the state, except as otherwise exempted.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9773

61. Property Purchased from Federal Government:

Statutory Reference: Rhode Island General Laws Section 44-18-35

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 1956

Description: The storage, use, or other consumption of property purchased from the United States, its agencies and instrumentalities is exempt from the tax imposed by Rhode Island General Laws Chapter 44-18 "only to the extent that the taxation in this state would violate the provisions of the Constitution of the United States."

Data Source: FY 2017 and FY 2018 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***
2017 Sales and Use Tax	$8,991,668	*No estimate possible*
2018 Sales and Use Tax	$9,255,468	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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***
2019 Sales and Use Tax	$9,621,682	*No estimate possible*
2020 Sales and Use Tax	$10,040,938	*No estimate possible*
2021 Sales and Use Tax	$10,391,659	*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 or any political subdivision, or 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, which the Commonwealth is prohibited from taxing under the Constitution or laws of the United States, are exempt.

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. The United States of America, any of its instrumentalities, are explicitly exempt from sales and use taxes when it is the purchaser, user or consumer, or when it sells services or property of a kind not ordinarily sold by private persons.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 9471(1) and 9743(2)

62. Property Purchased Outside of State by Non-Resident and Brought Into State:

Statutory Reference: Rhode Island General Laws Section 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 Rhode Island General 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

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2017 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2019 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2020 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2021 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

Maine: Sales of property purchased and used by the present owner outside the State for more than 12 months prior to the property's use in Maine are exempt.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(45)(B)

Massachusetts: Sales which the purchaser has paid a tax or made reimbursement to a vendor or retailer under the laws of any state or territory of the United States are exempt.

Massachusetts Statute: Mass. Gen. Laws ch. 64I, § 7(c)

Vermont: Property purchased and used by the user while a non-resident of Vermont, except in the case of tangible personal property which the user, in the performance of a contract, incorporates into real property located in the state is exempt.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9744(2)

63. Property Returned Within 120 Days from the Date of Delivery:

Statutory Reference: Rhode Island General Laws Section 44-18-30(58)

Stated Purpose: No stated purpose given in law.

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

Description: The amount charged for property returned by customers within 120 days from the date of delivery when the entire amount, exclusive of handling charges, paid for the property is refunded in either cash or credit is exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

Data Source: Excise Tax Section, Rhode Island Division of Taxation. Data is for the returns of motor vehicles only.

Reliability Index: 1

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	$59,287	65
2017 Sales and Use Tax	$58,869	67
2018 Sales and Use Tax	$35,254	45
2019 Sales and Use Tax	$67,803	74

Projection Methodology: Projected revenue forgone for FY 2020 and FY 2021 is held constant with FY 2019. The number of taxpayers for FY 2020 through FY 2021 is also held constant with FY 2019.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2020 Sales and Use Tax	$67,803	74
2021 Sales and Use Tax	$67,803	74

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

Maine: 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 receipt property that has been returned on the receipt or charge for which a refund or credit of the tax has been made.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9780

64. Prosthetic Devices and Mobility Enhancing Equipment:

Statutory Reference: Rhode Island General Laws Section 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 as defined in Rhode Island General Laws Section 44-18-7.1(t) sold on prescription including but not limited to artificial limbs, dentures, spectacles and eyeglasses and artificial eyes; artificial hearing devices and hearing aids, whether or not sold on prescription and mobility enhancing equipment as defined in Rhode Island General Laws Section 44-18-7.1(p) including wheelchairs, crutches and canes are exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

Data Source: FY 2017 and FY 2018 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*
2017 Sales and Use Tax	$11,669,129	*No estimate possible*
2018 Sales and Use Tax	$12,724,984	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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*
2019 Sales and Use Tax	$13,228,478	*No estimate possible*
2020 Sales and Use Tax	$13,804,896	*No estimate possible*
2021 Sales and Use Tax	$14,287,089	*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 wheel chairs, vital life support equipment, apnea monitors, support hose and related repair or replacement parts and repair services.

Connecticut Statute: Conn. Gen. Stat. § 12-412(19)

Maine: Effective October 1, 2016 the exemption for prosthetic devises was amended to apply to sales of prosthetic or orthotic devices sold by prescription.

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 particular crippled person so as to become a brace, support, supplement, correction or substitute for the bodily structure including the extremities of the individual. Sales of artificial limbs, artificial eyes, hearing aids and other equipment worn as a correction or substitute for any functioning portion of the body are also exempt.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(l)

Vermont: Vermont's exemptions include durable medical equipment, mobility enhancing equipment, and prosthetic devices and supplies, including blood, blood plasma, insulin, and medical oxygen, used in treatment intended to alleviate human suffering or to correct, in whole or in part, human physical disabilities.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(2)

65. Purchases Used for Manufacturing Purposes:

Statutory Reference: Rhode Island General Laws Section 44-18-30(7)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 1996

Description: The sale, storage, use or other consumption of "computer software, tangible personal property, electricity, natural gas, artificial gas, steam, refrigeration, and water" is exempt from the tax imposed by Rhode Island General Laws Chapter 44-18 when "the property or service is purchased for the purpose of being manufactured into a finished product for resale and becomes an ingredient, component, or integral part of the manufactured, compounded, processed, assembled or prepared 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 2016 Census, Annual Survey of Manufacturers. Office of Revenue Analysis used reported total cost of materials by all RI manufacturers reduced by ORA's estimate for commercial utilities in the same year. Revenue forgone is found by multiplying this figure by 7.0 percent. No reliable data exists from which to determine the number of taxpayers. TY 2017 revenue foregone calculated by applying the TY 2017 over TY 2016 growth rate in Rhode Island sales and use tax revenues to TY 2016 revenue foregone.

Reliability Index: 2

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	$379,125,624	*No estimate possible*
2017 Sales and Use Tax	$389,371,558	*No estimate possible*

Projection Methodology: TY 2018 through TY 2021 assume no additional growth and are held constant with TY 2017. 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***
2018 Sales and Use Tax	$389,371,558	*No estimate possible*
2019 Sales and Use Tax	$389,371,558	*No estimate possible*
2020 Sales and Use Tax	$389,371,558	*No estimate possible*
2021 Sales and Use Tax	$389,371,558	*No estimate possible*

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

Connecticut: Sales of and the storage or use of materials, rope, fishing nets, tools and fuel or any substitute therefore, 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.

Connecticut Statute: Conn. Gen. Stat. § 12-412(18)

Maine: Ninety-five percent of the sale price of all fuel and electricity purchased for use at a manufacturing facility is exempt from the sales and use tax. 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 that becomes an ingredient or component of tangible personal property produced pursuant to a contract with the federal government. There is a third provision that fuel oil or coal, the by-products from the burning of which become an ingredient or component part of tangible personal property for later sale.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(9-D), 1760(9-G), 1760(74)

Massachusetts: Sales of materials, tools and fuel, or any substitute therefore, 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)

66. Qualified Sales of Manufactured and Mobile Home Parks:

Statutory Reference: Rhode Island General Laws Section 31-44-3.3

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2012 / N/A

Description: The qualified sale of a mobile or manufactured home community to a resident-owned organization is exempt from the tax imposed by Rhode Island General Laws Chapter 44-25.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Real Estate Conveyance Tax	*No estimate possible*	*No estimate possible*
2017 Real Estate Conveyance Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Real Estate Conveyance Tax	*No estimate possible*	*No estimate possible*
2019 Real Estate Conveyance Tax	*No estimate possible*	*No estimate possible*
2020 Real Estate Conveyance Tax	*No estimate possible*	*No estimate possible*
2021 Real Estate Conveyance Tax	*No estimate possible*	*No estimate possible*

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

67. Rebuild Rhode Island Sales and Use Tax:

Statutory Reference: Rhode Island General Laws Section 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 / 2019

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.

Data Source: Rhode Island Division of Taxation testimony at the November 2019 Revenue Estimating Conference. CommerceRI maintains that “but for” the provision of the Rebuild Rhode Island Tax Credits the projects in question would not be built and the sales tax revenue shown below would not have been received. Therefore, CommerceRI states that it is a misnomer to classify the Rebuild Rhode Island sales and use tax exemption revenue as being forgone by the state. (Projected revenue forgone for the Rebuild Rhode Island tax credit is included in the credits section.)

Reliability Index: 2

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	$0	0
2017 Sales and Use Tax	$0	0
2018 Sales and Use Tax	$0	0
2019 Sales and Use Tax	$531,513	1

Projection Methodology: FY 2020 and FY 2021 are based on projected amounts reported at November 2019 Revenue Estimating Conference by the Rhode Island Commerce Corporation.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2020 Sales and Use Tax	$7,685,385	*No estimate possible*
2021 Sales and Use Tax	$4,613,000	*No estimate possible*

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

68. Refillable and Reusable Beverage Containers:

Statutory Reference: Rhode Island General Laws Section 44-44-3

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1984 / 1998

Description: Reusable and refillable beverage containers are exempt from the tax imposed by Rhode Island General Laws Chapter 44-44. Rhode Island General 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

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Tax on Beverage Containers	*No estimate possible*	*No estimate possible*
2017 Tax on Beverage Containers	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Tax on Beverage Containers	*No estimate possible*	*No estimate possible*
2019 Tax on Beverage Containers	*No estimate possible*	*No estimate possible*
2020 Tax on Beverage Containers	*No estimate possible*	*No estimate possible*
2021 Tax on Beverage Containers	*No estimate possible*	*No estimate possible*

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

69. Renewable Energy Products:

Statutory Reference: Rhode Island General Laws Section 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 tax imposed by Rhode Island General Laws Chapter 44-18.

Data Source: Rhode Island Office of Energy Resources (OER) and Office of Revenue Analysis calculations. Revenue forgone is based on the number of residential renewable energy systems installed during the calendar year as reported by OER as well as an average cost assumption by ORA of $25,000 per installation. Office of Revenue Analysis used this data to estimate sales of renewable energy products in Rhode Island for TY 2016, TY 2017, and TY 2018 and multiplied it by 7.0 percent to estimate revenue forgone.

Reliability Index: 2

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	$1,291,500	1,230
2017 Sales and Use Tax	$1,732,500	1,650
2018 Sales and Use Tax	$1,535,100	1,462

Projection Methodology: TY 2019 forgone revenue and the number of taxpayers is equal to the 3-year average (TY 2016, TY 2017, and TY 2018) amount of revenue forgone and count of taxpayers. TY 2020 and TY 2021 are set equal to TY 2019.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2019 Sales and Use Tax	$1,519,700	1,447
2020 Sales and Use Tax	$1,519,700	1,447
2021 Sales and Use Tax	$1,519,700	1,447

Law Comparison: Connecticut, Maine, 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)

Maine: Sales of solar energy equipment as well as sales of tangible personal property to qualified community wind power generators are exempt from sales tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(38) and 1760(89)

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 taxpayer's principal residence is exempt.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(dd)

Vermont: Vermont's provisions exempt hot water systems that converts solar energy into thermal energy used to heat water but limited to the property directly used to capture, convert or store solar energy for this purpose. In addition, a net metering system that employs a renewable energy source is also exempt.

Vermont Statute: Vt. Stat. Ann. Tit. 32, § 9741(46)

70. Rental Charged for Living or Sleeping Quarters in a Hospital or Nursing Home:

Statutory Reference: Rhode Island General Laws Section 44-18-30(17)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1967 / N/A

Description: The rental charged for living or sleeping quarters in an institution licensed by the state for the hospitalization, custodial, or nursing care of human beings is exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

Data Source: FY 2017 and FY 2018 Rhode Island Interactive Sales and Use Tax Simulation Model. The sales and use tax model estimate includes non-profit and propriety hospitals and non-profit 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***
2017 Sales and Use Tax	$34,994,860	*No estimate possible*
2018 Sales and Use Tax	$37,371,970	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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***
2019 Sales and Use Tax	$38,850,679	*No estimate possible*
2020 Sales and Use Tax	$40,543,562	*No estimate possible*
2021 Sales and Use Tax	$41,959,712	*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 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(b)

New Hampshire: New Hampshire excludes from the definition of hotel, "[a] hospital licensed under RSA 151, or a sanitarium, convalescent home, nursing home, or home for the aged."

New Hampshire Statute: N.H. Rev. Stat. Ann. § 78-A:3, III(a)

Vermont: The room charges to occupy a hospital or other institution providing health care such as a nursing home are not subject to the rooms and meals tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9202(3)(A)

71. Rhode Island Economic Development Corporation (now the Rhode Island Commerce Corporation) Project Status Designees:

Statutory Reference: Rhode Island General Laws Section 42-64-20

Stated Purpose: The exercise of the powers granted by Rhode Island General Laws Chapter 42-64 titled "Rhode Island Economic Development Corporation" will be in all respects for the benefit of the people of Rhode Island, the increase of their commerce, welfare, and prosperity and for the improvement of their health and living conditions and will constitute the performance of an essential governmental function.

Year Enacted / Last Year Amended: 1974 / 2011

Description: Effective June 30, 2011, this exemption was repealed and will only apply to projects approved prior to July 1, 2011 and those projects for which long-term agreements were entered. Acquisitions, projects of construction, reconstruction, rehabilitations, improvement and development projects of the Rhode Island Commerce Corporation (CommerceRI, previously the

Rhode Island Economic Development Corporation) receive an exemption from the tax imposed by Rhode Island General Laws Chapter 44-18. For purposes of the exemption CommerceRI shall not be required to hold legal title to any real or personal property, including any fixtures, furnishings or equipment which are acquired and used in the construction and development of the project, but the legal title may be held in the name of a lessee (including sub-lessees) from the corporation. This property, which shall not include any goods or inventory used in the project after completion of construction, shall be exempt from taxation to the same extent as if legal title of the property were in the name of the Rhode Island Commerce 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.

Data Source: Rhode Island Division of Taxation testimony at the November 2019 Revenue Estimating Conference.

Reliability Index: 1

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	$350,000	1
2017 Sales and Use Tax	$0	0
2018 Sales and Use Tax	$0	0

Projection Methodology: There are currently no CommerceRI refunds under review. FY 2019 and FY 2020 are based on projected amount reported at November 2019 Revenue Estimating Conference. FY 2021 is kept constant with FY 2020.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2019 Sales and Use Tax	$0	1
2020 Sales and Use Tax	$0	0
2021 Sales and Use Tax	$0	0

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

Connecticut: Connecticut's provisions include an exemption for "[p]ersonal property and services used or consumed in development, construction, rehabilitation, renovation, repair or operation of housing facilities for low and moderate income families and persons" and "[s]ervices used or consumed in the development, construction, rehabilitation, renovation or repair of housing facilities for low and moderate income families in qualified census tracts or difficult development areas."

Connecticut Statute: Conn. Gen. Stat. §§ 12-412(29) and 12-412(100)

Maine: Maine's provisions include an exemption for "[S]ales of tangible personal property and transmission and distribution of electricity to qualified development zone businesses."

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(87)

Massachusetts: Massachusetts provisions include the exemption of "[S]ales of building materials and supplies to be used in the construction, reconstruction, alteration, remodeling or repair of…any building, structure, residence, school or other facility included under any written contract dated on or after January 1, 1985 arising out of or related to the Massachusetts Port Authority residential and school soundproofing programs, notwithstanding whether such building, structure, residence, school or other facility is owned by or held in trust for the benefit of the Massachusetts Port Authority or is used exclusively for public purposes."

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(f)(3)

Vermont: Vermont exempts from the sales and use tax "[s]ales of building materials within any three consecutive years in excess of one million dollars in purchase value used in the construction, renovation, or expansion of facilities which are used exclusively, except for isolated or occasional uses, for the manufacture of tangible personal property for sale."

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(39)

72. Rhode Island Industrial Facilities Corporation Lessees:

Statutory Reference: Rhode Island General Laws Section 45-37.1-9

Stated Purpose: The exercise of the powers granted by Rhode Island General 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 and 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 so leased shall be exempt from payment of state sales tax applicable to 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 2019 Revenue Estimating Conference.

Reliability Index: 1

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	$0	0
2017 Sales and Use Tax	$0	0
2018 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. Projects approved prior to June 30, 2011 are allowed to take the exemption. FY 2019 projected revenue forgone is based on a pending refund application filed with the Field Audit Section of the Rhode Island Division of Taxation. FY 2020 projected revenue is based on projected amount reported at November 2019 Revenue Estimating Conference. FY 2021 kept constant with FY 2020.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2019 Sales and Use Tax	$33,843	1
2020 Sales and Use Tax	$0	0
2021 Sales and Use Tax	$0	0

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

73. Sacramental Wines Sold Directly to Member of Clergy:

Statutory Reference: Rhode Island General Laws Section 3-10-1(b)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1933 / 1997

Description: Sacramental wines sold directly to a member of the clergy for use by the purchaser, or his or her congregation for sacramental or other religious purposes is exempt from the tax imposed by Rhode Island General Laws Chapter 3-10.

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

Reliability Index: 5

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Alcoholic Beverage Tax	*No estimate possible*	*No estimate possible*
2017 Alcoholic Beverage Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2018 Alcoholic Beverage Tax	*No estimate possible*	*No estimate possible*
2019 Alcoholic Beverage Tax	*No estimate possible*	*No estimate possible*
2020 Alcoholic Beverage Tax	*No estimate possible*	*No estimate possible*
2021 Alcoholic Beverage Tax	*No estimate possible*	*No estimate possible*

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

74. Sales and Use Taxes Paid to Other Jurisdictions:

Statutory Reference: Rhode Island General Laws Section 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 Rhode Island General Laws Chapter 44-18 do not apply to the use, storage or other consumption in Rhode Island of tangible personal property purchased at retail outside the state where the purchaser has paid a sales or use tax equal to or greater than the amount imposed by Rhode Island General Laws Chapter 44-18 in another taxing jurisdiction. If the purchaser has paid a sales or use tax in an amount less than the amount imposed by Rhode Island General Laws Chapter 44-18 in another taxing jurisdiction, then the purchaser must pay to the tax administrator the difference in the amount paid to the other taxing jurisdiction and the amount that would be imposed by Rhode Island General Laws Chapter 44-18.

Data Source: Data from Rhode Island Department of Revenue, Division of Motor Vehicles (DMV), Office of Revenue Analysis (ORA) calculation. Estimate is for motor vehicles purchased in Massachusetts but registered in RI only. Data was pulled from a new system implemented at the DMV which began use in July 2017.

Reliability Index: 1

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2017 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2018 Sales and Use Tax	$12,698,343	11,666
2019 Sales and Use Tax	$17,356,798	14,257

Projection Methodology: The projected revenue forgone for FY 2020 and FY 2021 as well as the projected number of taxpayers is determined by the average of the values from FY 2018 and FY 2019.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2020 Sales and Use Tax	$15,027,570	12,962
2021 Sales and Use Tax	$15,027,570	12,962

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

Connecticut: A credit is allowed if any taxable property or services have already been subjected to sales or use tax in another state or political subdivision thereof. 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: Vermont's provisions apply to motor vehicles only. Motor vehicles on which a 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 shall be the difference.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 8911(9)

75. Sales Beyond Constitutional Power of State:

Statutory Reference: Rhode Island General Laws Section 44-18-30(1)

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 tangible personal property the gross receipts from the sale of which, or the storage, use, or other consumption of which, Rhode Island is prohibited from taxing under the Constitution of the United States or under the Constitution of Rhode Island are exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2017 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2018 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2019 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2020 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2021 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

Connecticut: Sales of tangible personal property or services which this state is prohibited from taxing 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 this State are exempt.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(1)

Massachusetts: Sales which the Commonwealth is prohibited from taxing under the constitution or laws of the United States are exempt.

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)

76. Sales by Writers, Composers, Artists:

Statutory Reference: Rhode Island General Laws Section 44-18-30.B

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: A “work” means 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: (i) A book or other writing; (ii) a play or the performance of said play; (iii) a musical composition or the performance of said composition; (iv) A painting or other like picture; (v) a sculpture; (vi) traditional and fine crafts; (vii) the creation of a film or the acting within the film; or (viii) the creation of a dance or the performance of the dance.

Effective December 1, 2013, this exemption was expanded to apply to the sales of artistic works by: (a) an individual who is a resident of and has a principal place of business situated in this state; (b) a writer, composer or artist conducting their business as a legal entity organized and registered under the laws of this state and that has its principal place of business situated in this state; or (c) any art gallery located in the state of Rhode Island. In addition, print and photograph were added to the list of original and creative works of art that are exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

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 7.0 percent. The number of taxpayers represents the number of active artist exemptions in that year.

Reliability Index: 2

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	$1,029,084	590
2017 Sales and Use Tax	$962,478	652
2018 Sales and Use Tax	$918,019	785

Projection Methodology: Applied the CY 2019 over CY 2018 growth rate in Rhode Island sales and use tax revenues to CY 2018 to project CY 2019 revenue forgone. CY 2020 and CY 2021 assume no additional growth. Number of taxpayers is held constant with CY 2018.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2019 Sales and Use Tax	$990,136	785
2020 Sales and Use Tax	$990,136	785
2021 Sales and Use Tax	$990,136	785

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

77. Sales in Municipal Economic Development Zones:

Statutory Reference: Rhode Island General Laws Section 44-18-30.C

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 Rhode Island General Laws Section 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, 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.

Year Enacted / Last Year Amended: 2002 / 2005

Description: All businesses engaging in qualifying sales and located in new construction in a Municipal Economic Development (MED) Zone are exempt from the requirement to charge and collect 50.0 percent of the current sales and use tax pursuant to Rhode Island General Laws Sections 44-18-18 and 44-18-20 for a period of 10 years. Sales and use taxes collected in a MED Zone shall be returned to the municipality in which the MED Zone is located, in accordance with the provisions of Rhode Island General Laws Section 44-18-30.C(b). Qualifying sales do not include "gambling activities, or the retail sales of motor vehicles, furniture, home furnishings, including mattresses and oriental rugs, tobacco products or packaged alcoholic beverages." In addition, qualifying sales must originate and have the point of delivery within the same MED Zone.

Data Source: Excise Tax Section, Rhode Island Division of Taxation. As of September 1, 2019, no business has applied for status as an eligible business engaging in qualifying sales in a MED Zone.

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Sales and Use Tax	$0	0
2017 Sales and Use Tax	$0	0
2018 Sales and Use Tax	$0	0
2019 Sales and Use Tax	$0	0

Projection Methodology: Office of Revenue Analysis projections.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2020 Sales and Use Tax	$0	0
2021 Sales and Use Tax	$0	0

Law Comparison: Only Vermont has a similar provision.

Vermont: Receipts from the tax imposed by this chapter on sales of construction materials used in qualified projects…shall be 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)

78. Sales in Public Buildings by Blind People:

Statutory Reference: Rhode Island General Laws Section 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 Rhode Island General Laws Section 40-9-11.1 titled "Authorization to Establish Vending Facilities for the Blind on State Property" is exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

Data Source: FY 2016 Annual Report and 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 7.0 percent. Number of taxpayers reflects the number of licensed blind vendors.

Reliability Index: 1

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	$101,675	14
2017 Sales and Use Tax	$82,126	14
2018 Sales and Use Tax	$91,403	14

Projection Methodology: For FY 2019 through FY 2021, the amount of exemption and number of taxpayers is held constant with FY 2018.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2019 Sales and Use Tax	$91,403	14
2020 Sales and Use Tax	$91,403	14
2021 Sales and Use Tax	$91,403	14

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

79. Sales of Motor Vehicles to Non-Residents:

Statutory Reference: Rhode Island General Laws Section 44-18-30(13)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1958 / 1990

Description: The sale of a motor vehicle to a bona fide non-resident who does not register the motor vehicle in Rhode Island regardless of where the sale or delivery of the motor vehicle took place is exempt from the tax imposed by Rhode Island General Laws Chapter 44-18. If a motor vehicle is sold to a bona fide non-resident whose state of residence does not allow a like exemption to its non-residents, then a sales tax is imposed at a rate equal to the rate that would have been imposed in the bona fide non-resident's home state not to exceed the rate that is imposed under Rhode Island General Laws Section 44-18-20. When computing the tax, the licensed Rhode Island motor 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 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.

Reliability Index: 1

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2017 Sales and Use Tax	$2,143,934	1,624

Projection Methodology: The FY 2018 over FY 2017 growth rate in Rhode Island registry sales tax receipts was applied to FY 2017 revenue forgone to estimate FY 2018 revenue forgone. The FY 2019 over FY 2018 growth rate in Rhode Island registry sales tax receipts was applied to FY 2018 revenue forgone to estimate FY 2019 revenue forgone. The same process was used to project the number of taxpayers for FY 2018 and FY 2019. FY 2020 and FY 2021 assume no additional growth and number of taxpayers is held constant.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Sales and Use Tax	$2,180,407	1,652
2019 Sales and Use Tax	$2,305,013	1,746
2020 Sales and Use Tax	$2,305,013	1,746
2021 Sales and Use Tax	$2,305,013	1,746

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, truck bodies and trailers, 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), 1760(23-A), 1760(23-B), 1760(23-C) and 1760(23-D)

Vermont: Motor vehicles 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)

80. Sales of Non-Motorized Recreational Vehicles Sold to Non-Residents:

Statutory Reference: Rhode Island General Laws Section 44-18-30(54)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2003 / N/A

Description: The sale of a non-motorized recreational vehicle to a bona fide non-resident who does not register the non-motorized recreational vehicle in Rhode Island regardless of where the sale or delivery of the non-motorized recreational vehicle took place is exempt from the tax imposed by Rhode Island General Laws Chapter 44-18. If a non-motorized recreational vehicle is sold to a bona fide non-resident whose state of residence does not allow a like exemption to its non-residents, then a sales tax is imposed at a rate equal to the rate that would have been imposed in the bona fide non-resident's home state not to exceed the rate that is imposed under Rhode Island General Laws Section 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

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2017 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2019 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2020 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2021 Sales and Use Tax	*No estimate possible*	*No estimate possible*

Law Comparison: Only Maine has a similar provision.

Maine: Maine's provisions generally exempt sales of camper trailers 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)

81. Sales of Trailers Ordinarily Used for Residential Purposes:

Statutory Reference: Rhode Island General Laws Section 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 tax imposed by Rhode Island General Laws Section 44-18-20.

Data Source: No reliable data exists for this tax expenditure item. (The forgone revenue from this exemption is included in the "Mobile and Manufactured Homes Generally" exemption.)

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2017 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2019 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2020 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2021 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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 new manufactured housing to the extent of all costs, other than materials, included in the sale price, but the exemption may not exceed 50.0 percent of the sale price.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(40)

Vermont: Vermont's provisions include an exemption of 40.0 percent of the receipts from the sales of mobile homes when sold as tangible personal property.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(32)

82. Sales to Common Carriers for Use Outside of the State:

Statutory Reference: Rhode Island General Laws Section 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, shipped by the seller via the purchasing carrier under a bill of lading to a point outside of Rhode Island and the property is actually shipped to the out-of-state destination for use by the carrier in the conduct of its business as a common carrier is exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2017 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2019 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2020 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2021 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

83. Sales to Federal Government:

Statutory Reference: Rhode Island General Laws Section 44-18-31

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / N/A

Description: The gross receipts from the sale of any tangible personal property to the United States government, its agencies and instrumentalities are exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

Data Source: FY 2017 and FY 2018 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***
2017 Sales and Use Tax	$8,415,176	*No estimate possible*
2018 Sales and Use Tax	$8,468,166	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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***
2019 Sales and Use Tax	$8,803,229	*No estimate possible*
2020 Sales and Use Tax	$9,186,821	*No estimate possible*
2021 Sales and Use Tax	$9,507,709	*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.

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 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, insofar as 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)

84. Sales to the State or its Political Subdivisions:

Statutory Reference: Rhode Island General Laws Section 44-18-30(8)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / N/A

Description: The sale to and the storage, use or other consumption by the State of Rhode Island, any city, town, district or other political subdivision of the State is exempt from the tax imposed by Rhode Island General Laws Chapter 44-18. Every redevelopment agency created pursuant

Rhode Island General Laws Chapter 45-31 is deemed to be a subdivision of the municipality in which it is located.

Data Source: FY 2017 and FY 2018 Rhode Island Interactive Sales and Use Tax Simulation Model. Number of taxpayers is a sum of the state, cities and towns, quasi-public agencies and fire districts in Rhode Island.

Reliability Index: 3

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2017 Sales and Use Tax	$33,843,467	98
2018 Sales and Use Tax	$33,937,589	98

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. Number of taxpayers is held constant with FY 2018.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2019 Sales and Use Tax	$35,280,409	98
2020 Sales and Use Tax	$36,817,720	98
2021 Sales and Use Tax	$38,103,730	98

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 the political subdivisions thereof or their respective agencies are exempt. 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, nonprofit volunteer search and rescue organizations and the Maine Science and Technology Foundation are also exempt.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(2), 1760(26), 1760(37), 1760(53), 1760(68)

Massachusetts: Sales to the Commonwealth or any political subdivision thereof or their respective agencies are exempt. 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 also 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; which "[a]s used in this subdivision, "school" means a school as defined in 16 V.S.A. § 11(7) and (8) and "municipality" means a city, town, unorganized town, village, grant, or gore", are also not subject to 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)

85. Sales to U.S. Government and Operators of Railroad Transportation Equipment:

Statutory Reference: Rhode Island General Laws Section 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 who or which shall use the fuel solely for the operation of railroad transportation equipment on fixed rails or tracks is exempt from the tax imposed by Rhode Island General Laws Chapter 31-36.

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*
2016 Motor Fuel Tax	$3,949,427	6
2017 Motor Fuel Tax	$1,883,444	6
2018 Motor Fuel Tax	$2,329,149	6
2019 Motor Fuel Tax	$1,505,624	6

Projection Methodology: Amount of exemption and number of taxpayers held constant with FY 2019.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2020 Motor Fuel Tax	$1,505,624	6
2021 Motor Fuel Tax	$1,505,624	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 is exempt.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(j)

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)

86. School Meals:

Statutory Reference: Rhode Island General Laws Section 44-18-30(3)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 1989

Description: The sale, storage, use or other consumption of meals served by public, private, or parochial schools, school districts, colleges, universities, student organizations, parent teacher associations to the students or teachers of a school, college, or university whether the meals are served by the educational institutions or by a food service or management entity under contract to the educational institutions is exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

Data Source: FY 2017 and FY 2018 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*
2017 Sales and Use Tax	$4,859,970	*No estimate possible*
2018 Sales and Use Tax	$5,146,201	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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*
2019 Sales and Use Tax	$5,349,823	*No estimate possible*
2020 Sales and Use Tax	$5,582,936	*No estimate possible*
2021 Sales and Use Tax	$5,777,943	*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.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(6)(A) and 1760(6)(E)

Massachusetts: Only 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, which organization is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code, either directly through facilities owned and operated by such organization or indirectly through a catering or food service enterprise under contract with such organization, but only 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 but only if the meals are served or furnished pursuant to an activity which is related to educational purposes and the sponsor of such activity is an organization exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code or the federal or state government of an instrumentality thereof.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 78-A:3, X(c)(2)

Vermont: Schools may sell meals on their own ground without collecting the meals tax. Contractors may sell meals to school students and staff under this exemption, but restaurants and caterers otherwise subject to the tax may not deliver meals to the schools without collecting the tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9202(10)(D)(ii)(II)

87. Securities from Taxation:

Statutory Reference: Rhode Island General Laws Section 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 a tax under Rhode Island General Law Chapter 44-13 and of any corporation the property of which is operated in this state by any corporation shall be exempt from taxation.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2017 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2019 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2020 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2021 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*

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

88. Seeds and Plants used to Grow Food and Food Ingredients:

Statutory Reference: Rhode Island General Laws Section 44-18-30(65)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 2017

Description: The sale, storage, use or other consumption of seeds and plants used to grow food and food ingredients is exempt from the tax imposed by Rhode Island General Laws Chapter 44-18. The exemption does not apply to marijuana seeds or plants.

Data Source: *No reliable data exists for this tax expenditure item. (The forgone revenue from this exemption is included in the "Food and Food Ingredients" exemption.)

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	*	*
2017 Sales and Use Tax	*	*

Projection Methodology: *No reliable data exists for this tax expenditure item. (The forgone revenue from this exemption is included in the "Food and Food Ingredients" exemption.)

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Sales and Use Tax	*	*
2019 Sales and Use Tax	*	*
2020 Sales and Use Tax	*	*
2021 Sales and Use Tax	*	*

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

Connecticut: Vegetable seeds suitable for planting to produce food for human consumption are exempt from Connecticut's sales tax.

Connecticut Statute: Conn. Gen. Stat. § 12-412(96)

Maine: Products, including seeds, used in commercial agricultural production are exempt from the state sales and use tax. Vegetable seeds and seedlings used in home gardens are taxable.

Maine Statute: Me. Rev. Stat. Ann. tit., 36 § 1760 (7-B)

Massachusetts: Sales of plants, including parts of plants, suitable for planting to produce food for human consumption or when such plants, including parts thereof or the produce thereof, are to be sold in the regular course of business, including such items as seed potatoes, onion sets, asparagus roots, berry plants or bushes, and fruit trees are exempt from sales and use tax in Massachusetts.

Massachusetts Statute: Massachusetts Gen. Laws Ch. 64H § 6(p)

Vermont: Vermont's provisions include a sales and use tax exemption for agricultural inputs, which includes seed and plants used for agricultural purposes.

Vermont Statute: Vt. Stat. Ann. tit., 32 § 9741(3)

89. Special Adaptations for Wheelchair Accessible Taxicabs:

Statutory Reference: Rhode Island General Laws Section 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" as defined in Rhode Island General Laws Section 39-14-1 and/or a "wheelchair accessible public motor vehicle" as defined in Rhode Island General Laws Section 39-14.1-1 are exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2017 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2019 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2020 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2021 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

90. Supplies Used in On-Site Hazardous Waste Recycling, Reuse, or Treatment:

Statutory Reference: Rhode Island General Laws Section 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, the exclusive function of which is recycling, reuse, or recovery of materials (other than precious metals) from the treatment of hazardous wastes as defined in Rhode Island General Laws Section 23-19.1-4 are exempt from the tax imposed by Rhode Island General Laws Chapter 44-18 provided that the hazardous wastes are 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

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2017 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2019 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2020 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2021 Sales and Use Tax	*No estimate possible*	*No estimate possible*

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Connecticut's provision includes an exemption for personal property for incorporation into or used in waste treatment facilities.

Connecticut Statute: Conn. Gen. Stat. § 12-412(21)

91. Supplies Used in Preparing Floral Products and/or Arrangements:

Statutory Reference: Rhode Island General Laws Section 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 which are ultimately 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 are exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

Data Source: FY 2017 and FY 2018 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***
2017 Sales and Use Tax	$867,017	*No estimate possible*
2018 Sales and Use Tax	$898,736	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY

2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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*
2019 Sales and Use Tax	$934,297	*No estimate possible*
2020 Sales and Use Tax	$975,008	*No estimate possible*
2021 Sales and Use Tax	$1,009,064	*No estimate possible*

Law Comparison: Only Vermont has a similar provision.

Vermont: Sales of fresh cut flowers only by a qualified Section 501(c)(3) organization, during a single, annual sales event not to exceed seven days, are exempt.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9743(3)(D)

92. Telecommunications Carrier Access Services:

Statutory Reference: Rhode Island General Laws Section 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 tax imposed by Rhode Island General Laws Chapter 44-18.

Data Source: FY 2017 and FY 2018 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*
2017 Sales and Use Tax	$13,168,600	*No estimate possible*
2018 Sales and Use Tax	$13,184,900	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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***
2019 Sales and Use Tax	$13,706,591	*No estimate possible*
2020 Sales and Use Tax	$14,303,843	*No estimate possible*
2021 Sales and Use Tax	$14,803,464	*No estimate possible*

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

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: The tax on sales of telecommunications does not apply to sales for resale.

Massachusetts Statute: Mass. Regulations 830 CMR 64H.1.6 Telecommunications Services

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. This exemption includes, but is not limited to, network access charges and interconnection charges paid to a local exchange carrier. In addition, the sale of telecommunications service to an affiliate of the telecommunications provider is not a taxable transaction under Vermont law.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 9741(41) and 9742(10)

93. Textbooks:

Statutory Reference: Rhode Island General Laws Section 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 Rhode Island General Laws Section 44-18-30(18), and by an educational institution, as defined by Rhode Island General Laws Section 16-63-9(a)(4), or used textbooks by any source are exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

Data Source: FY 2017 and FY 2018 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***
2017 Sales and Use Tax	$1,724,228	*No estimate possible*
2018 Sales and Use Tax	$1,864,553	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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***
2019 Sales and Use Tax	$1,938,328	*No estimate possible*
2020 Sales and Use Tax	$2,022,789	*No estimate possible*
2021 Sales and Use Tax	$2,093,443	*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 a private occupational school.

Connecticut Statute: Conn. Gen. Stat. § 12-412(109)

Massachusetts: Sales of books required for instructional purposes in educational institutions are exempt.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(m)

Vermont: Organizations which qualify for exempt status under the provisions of 26 U.S.C. § 501(c)(3) shall be exempt if the organization's gross sales of tangible personal property and services, which would be subject to tax under this chapter but for this subdivision did not exceed $20,000.00 in the prior year.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9743(3)(C)

94. Total Loss or Destruction of Motor Vehicle within 120 Days of Tax Payment:

Statutory Reference: Rhode Island General Laws Section 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 Rhode Island General Laws Section 44-18-20 constitutes an overpayment. The overpayment may be credited against the amount of use tax on any replacement vehicle, which 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***
2016 Sales and Use Tax	$59,287	65
2017 Sales and Use Tax	$58,869	67
2018 Sales and Use Tax	$35,254	45
2019 Sales and Use Tax	$67,803	74

Projection Methodology: FY 2020 and FY 2021 are the three-year averages for data reported for FY 2017, FY 2018 and FY 2019.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2020 Sales and Use Tax	$53,975	62
2021 Sales and Use Tax	$53,975	62

Law Comparison: Connecticut and Vermont have similar provisions.

Connecticut: No use tax shall be payable in cases of purchase when a motor vehicle which has been declared a total loss is rebuilt for sale or use, provided the purchaser was subjected to the sales and use tax for the last taxable sale of the vehicle.

Connecticut Statute: Conn. Gen. Stat. § 12-431(a)(2)(D)

Vermont: Vermont's provisions include a partial or complete refund of taxes paid if an insurer makes a payment on account of the total loss or destruction of a vehicle from an accident occurring within three months of the purchase.

Vermont's Statute: Vt. Stat. Ann. tit. 32, § 8902(5)(D)(ii)

95. Trade-In Value of Boats:

Statutory Reference: Rhode Island General Laws Section 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 "so much of the purchase price paid for a new or used boat as is allocated for a trade-in allowance on the boat of the buyer given in trade to the seller or of the proceeds applicable only to the boat as are received from an insurance claim as a result of a stolen or damaged boat, towards the purchase of a new or used boat by the buyer" is exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2017 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2019 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2020 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2021 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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 on such vessel traded in on such purchase.

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 dealer in boats upon the sale of another boat to a consumer or user, the tax shall be 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)

96. Trade-In Value of Private Passenger Automobiles:

Statutory Reference: Rhode Island General Laws Section 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 "so much of the purchase price paid for a new or used automobile as is allocated for a trade-in allowance on the automobile of the buyer given in trade to the seller, or of the proceeds applicable only to the automobile as are received from the manufacturer of automobiles for the repurchase of the automobile whether the repurchase was voluntary or not towards the purchase of a new or used automobile by the buyer" is exempt from the tax imposed by Rhode Island General Laws Chapter 44-18. The term "automobile" means a private passenger automobile not used for hire and does not refer to any other motor vehicle.

Prior to October 1, 2011, proceeds received as a result of an insurance claim for the total loss of a motor vehicle were exempt from sales tax.

Data Source: Division of Motor Vehicles, Rhode Island Department of Revenue. Data taken from new system implemented at the Rhode Island Division of Motor Vehicles which began use in July 2017.

Reliability Index: 1

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2017 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2018 Sales and Use Tax	$11,458,426	20,598
2019 Sales and Use Tax	$8,348,417	13,367

Projection Methodology: FY 2020 amount of exemption and number of taxpayers is the average of revenue forgone and number of taxpayers from FY 2018 and FY 2019. FY 2021 is set equal to FY 2020.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2020 Sales and Use Tax	$9,903,421	16,983
2021 Sales and Use Tax	$9,903,421	16,983

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 on the motor vehicle traded in on such purchase.

Connecticut Statute: Conn. Gen. Stat. § 12-430(4)

Maine: When one or more motor vehicles are traded in toward the sale price of another motor vehicle, the tax imposed must be levied only upon the difference between the sale price of the motor vehicle and the trade-in allowance of the motor vehicle taken in trade.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1765(1)

Massachusetts: Where a trade-in of a motor vehicle is received by a dealer upon the sale of another motor vehicle to a consumer or user, the tax shall be imposed only on the difference between the sales price of the motor vehicle purchased and the amount allowed on the motor vehicle traded in on such purchase.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 26

Vermont: For any purchaser who has paid tax on the purchase or use of a motor vehicle that was sold or traded by the purchaser, the taxable cost of the replacement motor vehicle shall exclude the value allowed by the seller on any motor vehicle accepted by him as part of the consideration of the motor vehicle, provided the motor vehicle accepted by the seller is owned and previously or currently registered by the purchaser, with no change of ownership since registration.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 8902(5)(A)

97. Transfers or Sales Made to Immediate Family Members:

Statutory Reference: Rhode Island General Laws Section 44-18-20(d)(1)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 1995

Description: The sale or transfer of tangible personal property that is otherwise subject to the tax imposed by Rhode Island General Laws Chapter 44-18 is exempt from said tax "when the transferee or purchaser is the spouse, mother, father, brother, sister, or child of the transferor or seller."

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2017 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2019 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2020 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2021 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

Connecticut: No use tax shall be payable in cases of purchase of motor vehicles, vessels, snowmobiles and aircraft when the purchaser is the spouse, mother, father, brother, sister or child of the seller.

Connecticut Statute: Conn. Gen. Stat. § 12-431(a)(2)(A)

Massachusetts: Massachusetts' provisions include an exemption for family members including a spouse, mother, father, brother, sister, or child of the seller in the purchase of motor vehicles, trailers, boats and airplanes.

Massachusetts Statute: Mass. Gen. Laws ch. 64I, § 7(b)

Vermont: Motor vehicles transferred to the spouse, mother, father, child, grandparent, or grandchild of the donor are exempt from tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 8911(8)

98. Transfers or Sales Related to Business Dissolution or Partial Liquidation:

Statutory Reference: Rhode Island General Laws Section 44-18-20(d)(2)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 1995

Description: The sale or transfer of tangible personal property that is otherwise subject to the tax imposed by Rhode Island General Laws Chapter 44-18 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: (1) the last taxable sale, transfer or use of the article being sold was subject to the tax imposed by Rhode Island General Laws Chapter 44-18; (2) the transferee is the business entity referred to or is a stockholder, owner, member or partner; and (3) 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

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2017 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2019 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2020 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2021 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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 thereof.

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;" or (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; the distribution of property by a corporation in liquidation, the distribution of property by a partnership in liquidation is exempt from tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 9742(2) through 9742(6)

99. Transportation Charges of Motor Carriers to Haul Goods:

Statutory Reference: Rhode Island General Laws Section 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 Rhode Island General Laws Section 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 tax imposed by Rhode Island General Laws Chapter 44-18.

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

Reliability Index: 5

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2017 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2018 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2019 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2020 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2021 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

100. Vacation Homes Rented in Entirety:

Statutory Reference: Rhode Island General Laws Section 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 hotel tax administered and collected by the Division of Taxation or the City of Newport. The hotel tax is a 5.0% tax upon the total consideration charged for occupancy of any space furnished by any hotel, travel packages, or room reseller.

Data Source: Rhode Island Division of Taxation, monthly hotel tax data, Office of Revenue Analysis (ORA) calculations.

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Hotel Tax	$920,087	*No estimate possible*
2017 Hotel Tax	$2,479,513	*No estimate possible*
2018 Hotel Tax	$3,819,029	*No estimate possible*
2019 Hotel Tax	$3,674,039	*No estimate possible*

Projection Methodology: ORA projections of the hotel tax amounts prepared for the Governor's recommended FY 2020 budget. ORA utilized growth observed in collections from July – September of FY 2020. FY 2021 assumes 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***
2020 Sales and Use Tax	$3,953,196	*No estimate possible*
2021 Sales and Use Tax	$3,953,196	*No estimate possible*

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

101. Vehicles Purchased by Non-Resident Military Personnel Subject to Sales Tax Elsewhere:

Statutory Reference: Rhode Island General Laws Section 44-18-30.A(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 Rhode Island General Laws Chapter 44-18 is exempt from the use tax imposed by Rhode Island General Laws Section 44-18-20. If the buyer has paid a sales or use tax in an amount less than that imposed by Rhode Island General Laws Chapter 44-18, then the buyer must pay the difference between the amount of the tax paid and the amount of the tax imposed by Rhode Island General Laws Chapter 44-18 to the tax administrator.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2017 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2019 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2020 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2021 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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 percent rate, provided that the retailer requires and obtains documentation including a declaration under penalty of false statement confirming the purchaser's military status and state of residency.

Connecticut Statute: Conn. Gen. Stat. § 12-408(1)(C)

102. Video-Lottery Terminal, Table Games, and Sports Wagering Prizes:

Statutory Reference: Rhode Island General Laws Section 42-61.2-10 / Rhode Island Public Laws 2018, Chapter 47, Article 4, Section 4

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1992 / 2018

Description: The prizes, including payoffs, received pursuant to Rhode Island General Laws Chapter 42-61.2 are exempt from the state sales or use tax. This tax expenditure was extended to sports betting in the 2018 Session for prizes received from video-lottery terminals and table games to prizes, including payoffs, received from sports betting. Prizes are still subject to any taxes applicable to Rhode Island General Laws Chapter 44-30.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2017 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2018 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2019 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2020 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2021 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

103. Water for Residential Use:

Statutory Reference: Rhode Island General Laws Section 44-18-30(28)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1977 / N/A

Description: The sale, storage, use or other consumption of water provided for domestic use by occupants of residential premises is exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

Data Source: Rhode Island Public Utilities Commission, Rhode Island regulated water suppliers' water rates. Estimate is based on usage of 60,000 gallons per household at an average cost of $486.98 per year. From the physical housing characteristics for occupied housing units reported by the US Census, it is estimated that there were 407,484 households in Rhode Island in calendar year 2015, 408,239 households in CY 2016, 408,748 households in CY 2017 and 406,573 households in CY 2018. Revenue forgone is determined by multiplying the total yearly sales by 7.0 percent and summing one half of each calendar year to arrive at a fiscal year total. Fiscal year number of taxpayers is determined by summing one half of each calendar year.

Reliability Index: 2

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Sales and Use Tax	$13,489,030	407,862
2017 Sales and Use Tax	$13,717,546	408,494
2018 Sales and Use Tax	$13,896,505	407,661

Projection Methodology: A three-year moving average of the growth rate in Rhode Island occupied housing units was used to estimate FY 2019, FY 2020 and FY 2021 number of taxpayers and similar methodology applied to estimate FY 2019, FY 2020 and FY 2021 revenue forgone.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2019 Sales and Use Tax	$13,864,902	406,733
2020 Sales and Use Tax	$13,873,383	406,982
2021 Sales and Use Tax	$13,877,531	407,104

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

Connecticut: Connecticut exempts the sales of water, steam and telegraph services, when delivered to consumers through mains, lines, pipes or bottles.

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 sales, furnishing, and service of water is exempt.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(i)

104. Wine and Spirits:

Statutory Reference: Rhode Island General Laws Section 44-18-30(64)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 2013 / 2015

Description: The sale by a Class A Licensee of alcoholic beverages or the storage, use or other consumption of wine and spirits is exempt from the tax imposed by Rhode Island General Laws Chapter 44-18. Previously this exemption was temporarily in place for the period December 1, 2013 through June 30, 2015, however, effective July 1, 2015 the exemption became permanent.

Data Source: Tax Administrator's Reports *Sales and Taxation of Alcoholic Beverages in Rhode Island* published May 2016, May 2017, May 2018 and May 2019. ORA utilized the five-year average percent of alcohol excise taxes remitted from January – June as well as July – December to extract fiscal year sales from the Taxation report.

Reliability Index: 1

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	$16,826,599	*No estimate possible*
2017 Sales and Use Tax	$16,902,518	*No estimate possible*
2018 Sales and Use Tax	$16,927,206	*No estimate possible*

Projection Methodology: Applied the FY 2019 over FY 2018 growth rate in Rhode Island retail sales from the November 2019 IHS Markit forecast to FY 2018 revenue forgone to project FY 2019 revenue forgone. A similar process was followed for FY 2020 and FY 2021. 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***
2019 Sales and Use Tax	$17,596,970	*No estimate possible*
2020 Sales and Use Tax	$18,363,742	*No estimate possible*
2021 Sales and Use Tax	$19,005,171	*No estimate possible*

Law Comparison: Maine and Massachusetts have similar provisions.

Maine: The sales, storage or use of spirituous and vinous liquors are exempt from sales and use taxes.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(36)

Massachusetts: The sales of all alcoholic beverages taxed under the excise taxes listed in Mass Gen Laws chapter 138 are exempt from sales and use taxes.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(g)

105. Youth Activities Equipment Sold for $20 or Less:

Statutory Reference: Rhode Island General Laws Section 44-18-30(31)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1984 / 1995

Description: The sale for not more than $20 per item by non-profit charitable organizations for youth activities which the organization is formed to sponsor and support or by accredited elementary and secondary schools for the purposes of the schools or of organized activities of enrolled students and the storage, use or other consumption of such items are exempt from the tax imposed by Rhode Island General Laws Chapter 44-18.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2017 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2019 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2020 Sales and Use Tax	*No estimate possible*	*No estimate possible*
2021 Sales and Use Tax	*No estimate possible*	*No estimate possible*

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 (i) the organization does not make sales in the regular course of business of the same type of property and if (ii) amounts derived from such casual and isolated sales are used to further the organization's exempt purpose.

Massachusetts Regulation: 830 CMR Section 64H.6.1(4)(a)

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 Section 501(c)(3) organizations shall be 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, in the prior year, did not exceed $20,000.

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: Rhode Island General Laws Section 44-61-1

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2002 / 2008

Description: For purposes of depreciating assets under Rhode Island General Laws Chapters 44-11, 44-14 and 44-30, the bonus depreciation provided by the federal Job Creation and Workers Assistance Act (JCWAA) of 2002 and the federal Jobs Growth Tax Relief Reconciliation Act (JGTRRA) of 2003, or any subsequent enactment for federal tax purposes, is not allowed for Rhode Island tax purposes. In the year those assets are placed in service and in all subsequent years, depreciation for Rhode Island tax purposes is allowed as it would have been computed prior to the enactment of the JCWAA of 2002.

The JCWAA of 2002 allowed a special 30.0 percent 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 Section 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 30.0 percent of the adjusted cost basis of the property after any Internal Revenue Code Section 179 expense deductions are taken. The JGTRRA of 2003 increased the bonus depreciation deduction from 30.0 percent to 50.0 percent 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 50.0 percent for qualifying property placed in service in TY 2008. The American Recovery and Reinvestment Act of 2009 extended the 50.0 percent bonus depreciation for qualifying property placed in service in TY 2009. The Small Business Jobs Act of 2010 increased the bonus depreciation from 50.0 percent to 100.0 percent 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 50.0 percent bonus depreciation, provided that it was placed in service prior to January 1, 2013. The American Taxpayer Relief Act of 2012 extends the 50.0 percent 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 percent bonus depreciation in 2017 and providing for lesser bonus depreciation percentages of 40 percent for TY 2018 and 30 percent for TY 2019. The Tax Cuts and Jobs Act (TCJA) of 2017 retained the 50 percent bonus depreciation for property placed in service on or before September 27, 2017 and increased the bonus depreciation to 100 percent 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 zero percent 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.

<u>Data Source</u>: *Personal Income Tax*: Office of Revenue Analysis (ORA) calculations. Modifications include adjustments that either increase or decrease federal AGI. For TY 2016 and TY 2017, the total net modification by resident and non-resident taxpayers increased federal AGI; therefore, there is no revenue forgone from this modification in TY 2016 or TY 2017. The number of taxpayers includes those resident and non-resident taxpayers with a modification that either increased or decreased federal AGI.

Business Corporation Tax and Bank Tax: *No reliable data exists for this tax expenditure item. (This modification / deduction is included in the Expensing of Assets in Lieu of Depreciation, Section 179 of Internal Revenue Code deduction.)

<u>Reliability Index</u>: *Business Corporation, Bank Tax, 5; Personal Income Taxes*, 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	*	*
2016 Bank Tax	*	*
2016 Personal Income Tax	$0	26,804
2016 Total	**$0**	**26,804**
2017 Business Corporation Tax	*	*
2017 Bank Tax	*	*
2017 Personal Income Tax	$0	27,238
2017 Total	**$0**	**27,238**

<u>Projection Methodology</u>: *Business Corporation, Bank Taxes:* * Projections for this modification / deduction is included in the Expensing of Assets in Lieu of Depreciation, Section 179 of Internal Revenue Code deduction. *Personal Income Taxes*: Due to changes in Federal tax law, ORA is unable to project usage of this deduction into the future and have thus reported no estimate possible for tax years 2018-2021.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	*	*
2018 Bank Tax	*	*
2018 Personal Income Tax	*No estimate possible*	*No estimate possible*
2018 Projected Total	***No estimate possible***	***No estimate possible***
2019 Business Corporation Tax	*	*
2019 Bank Tax	*	*
2019 Personal Income Tax	*No estimate possible*	*No estimate possible*
2019 Projected Total	***No estimate possible***	***No estimate possible***
2020 Business Corporation Tax	*	*
2020 Bank Tax	*	*
2020 Personal Income Tax	*No estimate possible*	*No estimate possible*
2020 Projected Total	***No estimate possible***	***No estimate possible***
2021 Business Corporation Tax	*	*
2021 Bank Tax	*	*
2021 Personal Income Tax	*No estimate possible*	*No estimate possible*
2021 Projected Total	***No estimate possible***	***No estimate possible***

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

Connecticut: Connecticut personal income tax law requires that for property placed in service after September 10, 2001 but prior to September 11, 2004, in taxable years ending after September 10, 2001, any additional allowance for depreciation under Section 168(k) of the Internal Revenue Code (IRC), as provided by the JCWAA of 2002, to the extent deductible in determining federal AGI be recorded as a modification increasing federal AGI for Connecticut income tax purposes. In addition, to the extent any additional allowance for depreciation under Section 168(k) of the IRC, as provided by the JCWAA of 2002, for property placed in service after December 31, 2001, but prior to September 10, 2004, was added to federal AGI in computing Connecticut AGI for a taxable year ending after December 31, 2001, Connecticut personal income tax law allows for a modification decreasing federal AGI for Connecticut income tax purposes of 25.0 percent of such additional allowance for depreciation in each of the four succeeding taxable years. 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 25.0 percent 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 Section 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 adjusted gross income shall be increased by an amount equal to the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under Section 168(k) for which a Maine credit is claimed under section 5219-NN for that tax year; and an amount equal to the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under Section 168(k) with respect to property for which a Maine credit is not claimed under section 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 Sections 167 and 168 of the IRC that would have been applicable to that property had the depreciation deduction under Section 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 under subsection 1, paragraph KK, subparagraph (2) for the taxable year.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, ch. 805, §§ 5122(1)(KK), 5122(2)(Q), 5122(2)(AA), 5122(2)(II), 5122(2)(MM), 5122(2)(NN), and ch. 817, §§ 5200-A(1)(CC), and 5200-A(2)(AA)

Massachusetts: Massachusetts personal income tax law excludes from "Part B adjusted gross income" the deduction allowed by Section 168(k) of the Internal Revenue Code (IRC), as amended and in effect for the current tax year.

Massachusetts taxation of corporations law also excludes from the definition of "net income" the deduction allowed by Section 168(k) of the IRC.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(d)(1)(N) and ch. 63, §§ 1, 30(4)(iv)

New Hampshire: New Hampshire defines the "United States Internal Revenue Code" (IRC) to mean "[f]or all tax years beginning after January 1, 2000, the United States Internal Revenue Code of 1986 in effect on December 31, 2000." Thus, by definition, any amendments to the Internal Revenue Code (IRC) that occurred after December 31, 2000 are not allowable under New Hampshire's business profits tax and business taxpayers have to adjust the taxable income reported on the federal tax return before reporting gross business profits on the New Hampshire business tax return. The adjustment requires: (1) the removal of the federal bonus depreciation in effect for the taxable year; and (2) the inclusion of only the depreciation allowed under the IRC in effect on December 31, 2000.

For all taxable periods beginning on or after January 1, 2017, the definition of "United States Internal Revenue Code" was updated to reference the IRC in effect on December 31, 2015 but must be applied with the adjustments provided in N.H. Rev. Stat. Ann. § 77-A:3-b, which includes section 168(k) of the IRC. For all taxable periods beginning on or after January 1, 2018, the definition was updated to the IRC in effect on December 31, 2016 and shall be applied without section 168(k) of the IRC.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 77-A:1, XX

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 defines taxable income as "federal taxable income determined without regard to Section 168(k) of the IRC."

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 5811(18)(A), (21), (28)

2. Companies Engaged in Buying, Selling, Dealing In or Holding Securities on Own Behalf:

Statutory Reference: Rhode Island General Laws Section 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 90.0 percent of its total gross receipts derived from all activities in a taxable year can take as a modification reducing net income 50.0 percent of excess capital gains over capital losses for the taxable year prior to computing the tax imposed by Rhode Island General Laws Section 44-11.

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

Reliability Index: 5

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2017 Business Corporation Tax	*No estimate possible*	*No estimate possible*

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

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2018 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2019 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2020 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2021 Business Corporation Tax	*No estimate possible*	*No estimate possible*

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 percent 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 percent 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: Rhode Island General Laws Section 44-30-25.1(d)(1)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2002 / N/A

Description: A resident individual of the town of Scituate who establishes a medical savings account is allowed a modification decreasing federal adjusted gross income (AGI) prior to computing the tax imposed by Rhode Island General Laws Chapter 44-30 for contributions made to said medical savings account to the extent such a contribution is deemed taxable under the Internal Revenue Code. The income, including gains and losses on a medical savings account, is exempt from taxation.

Data Source: Division of Taxation, 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 2016 and TY 2017 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***
2016 Personal Income Tax	$399	8
2017 Personal Income Tax	$355	6

Projection Methodology: Amount of modification and number of taxpayers is average of revenue forgone and number of taxpayers from TY 2016– TY 2017.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Personal Income Tax	$377	7
2019 Personal Income Tax	$377	7
2020 Personal Income Tax	$377	7
2021 Personal Income Tax	$377	7

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: Rhode Island General Laws Section 44-30-12(c)(4)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2002 / NA

Description: Contributions made to an account under the Rhode Island tuition savings program, including the "contributions carryover", if any, can be taken as a modification decreasing federal adjusted gross income (AGI) prior to computing the tax imposed by Rhode Island General Laws Chapter 44-30 subject to the limitation that the aggregate subtraction for any taxable year of the taxpayer shall not exceed $500 or $1,000 if a joint return. The subtraction shall not reduce the taxpayer's federal AGI to less than zero.

The following shall not be considered contributions to an account under the tuition savings program: (1) Contributions made by any person to an account who is not a participant of the account at the time the contribution is made; (2) Transfers or rollovers to an account from any other tuition savings program account or from any other “qualified tuition program” under Section 529 of the Internal Revenue Code; or (3) A change of the beneficiary of the 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 2016 and TY 2017 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*
2016 Personal Income Tax	$141,364	3,571
2017 Personal Income Tax	$161,069	3,990

Projection Methodology: Projected amount of modification and number of taxpayers is the average of revenue forgone and number of taxpayers from TY 2016 – TY 2017.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2018 Personal Income Tax	$151,217	3,781
2019 Personal Income Tax	$151,217	3,781
2020 Personal Income Tax	$151,217	3,781
2021 Personal Income Tax	$151,217	3,781

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

Connecticut: Connecticut taxpayers may deduct contributions to accounts established pursuant to any qualified state tuition program, as defined in Section 529(b) of the Internal Revenue Code, established and maintained by the state or any official, agency or instrumentality of the state, but shall 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, on or after January 1, 2006, may be carried-forward as a subtraction from income for the succeeding five years; provided the amount subtracted shall not exceed the maximum allowed in each subsequent taxable year.

Connecticut Statute: Conn. Gen. Stat. §§ 12-701(20)(B)(xiii) and 12-701a

Massachusetts: For tax years beginning on or after January 1, 2017 and through the tax year beginning on January 1, 2021, there is a deduction equal to either the purchases of or contributions made in a taxable year to an account in a pre-paid tuition program or a college savings program established by Massachusetts or an instrumentality or authority of Massachusetts. The deduction is capped at $1,000 for single, married filing separately, or head of household filers and $2,000 for a married couple filing jointly.

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 10.0 percent 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 10.0 percent of any non-qualified distribution from a VHEIP account, up to a maximum of the total credits received by the taxpayer.

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

5. Enterprise Zone Business Owner with Domiciliary in Enterprise Zone:

Statutory Reference: Rhode Island General Laws Section 42-64.3-7

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1982 / 1997

Description: A domiciliary of an enterprise zone who owns and operates a qualified business facility in that zone and which business is not required to file under Rhode Island General Laws Chapters 44-11, 44-13, 44-14, or 44-17 may take as a modification decreasing federal adjusted gross income (AGI) prior to computing the tax imposed by Rhode Island General Laws Chapters 44-11 and 44-30 an amount of $50,000 during the first three years after certification and operations in the zone and may deduct $25,000 in the fourth and fifth year. In the case of multiple business owners, the modification shall be apportioned according to the ownership interests of the qualified business.

Data Source: *Business Corporation Tax*: Rhode Island Division of Taxation

Personal Income Tax: 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 2016 and TY 2017 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***
2016 Business Corporation Tax	$0	0
2016 Personal Income Tax	$21,510	71
2016 Total	**$21,510**	**71**
2017 Business Corporation Tax	$0	0
2017 Personal Income Tax	$19,483	63
2017 Total	**$19,483**	**63**

Projection Methodology: Projected amount of modification and number of taxpayers is the average of revenue forgone and number of taxpayers from TY 2016 – TY 2017.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	$0	0
2018 Personal Income Tax	$20,497	67
2018 Projected Total	**$20,497**	**67**
2019 Business Corporation Tax	$0	0
2019 Personal Income Tax	$20,497	67
2019 Projected Total	**$20,497**	**67**
2020 Business Corporation Tax	$0	0
2020 Personal Income Tax	$20,497	67
2020 Projected Total	**$20,497**	**67**
2021 Business Corporation Tax	$0	0
2021 Personal Income Tax	$20,497	67
2021 Projected Total	**$20,497**	**67**

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 salaries and wages expense for federal income tax purposes associated with the taxpayer's federal empowerment zone employment credit as determined under Section 1396 of the Internal Revenue Code.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 5122(2)(B)

6. Federally Taxable Qualified Withdrawals from Tuition Savings Program Account:

Statutory Reference: Rhode Island General Laws Section 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 Rhode Island General Laws Section 16-57-6.1 which is included in federal adjusted gross income (AGI) other than a withdrawal or distribution or portion thereof that is deemed nonqualified is a modification that decreases federal AGI for purposes of the tax imposed by Rhode Island General Laws Chapter 44-30.

Under federal income tax law, the taxable portion of a qualified withdrawal or distribution is the earnings portion of the withdrawal or transfer that exceeds the adjusted qualified education expenses. Adjusted qualified education expenses is the total qualified education expenses reduced by any tax-free educational assistance. Tax-free educational assistance includes: the tax-free portion of scholarships and fellowships, veterans' educational assistance, Pell grants, employer-provided educational assistance and any other nontaxable (tax-free) payments (other than gifts or inheritances) received as educational assistance.

Data Source: *No reliable data exists for this tax expenditure item. (This modification is included in the Contributions to an Account under Tuition Savings Program.)

Reliability Index: 5

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Personal Income Tax	*	*
2017 Personal Income Tax	*	*

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

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Personal Income Tax	*	*
2019 Personal Income Tax	*	*
2020 Personal Income Tax	*	*
2021 Personal Income Tax	*	*

Law Comparison: Connecticut and Maine have similar provisions.

Connecticut: To the extent properly includable in the gross income for federal income tax purposes of a designated beneficiary, any distribution to such beneficiary from any qualified state tuition program, as defined in Section 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 adjusted income, 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 a taxpayer's Maine taxable income.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5122(2)(J)

7. Gain from Stock Options in Qualifying Corporations:

Statutory Reference: Rhode Island General Laws Section 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 tax imposed by Rhode Island General Laws Chapter 44-30.

A qualifying taxpayer is a resident of Rhode Island who has been employed at a location in Rhode Island for at least three consecutive months as a full-time employee of a qualifying corporation and the estate, heirs, and successors of that taxpayer. A qualifying corporation is any corporation that (1) annually elects to be a qualifying corporation; (2) has at least 10 full-time employees in Rhode Island; and (3) is engaged principally in at least one business activity described in Standard Industrial Classification (SIC) codes 7371, Computer Programming Services; 7372, Prepackaged Software; or 7373, Computer Integrated Systems Design.

Data Source: *No reliable data exists for this tax expenditure item. (This modification is included in the Income or Gain from a Qualifying Employee's Ownership of a Qualifying Corporation modification.)

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Personal Income Tax	*	*
2017 Personal Income Tax	*	*

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

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2018 Personal Income Tax	*	*
2019 Personal Income Tax	*	*
2020 Personal Income Tax	*	*
2021 Personal Income Tax	*	*

Law Comparison: Massachusetts has a similar provision.

Massachusetts: Massachusetts gives a preferential tax rate of three percent 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 (I.R.C.) § 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 I.R.C. § 1202.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 4(c)

8. **Income Earned on Rhode Island Family Education Accounts:**

Statutory Reference: Rhode Island General Laws Sections 44-30-12(c)(2) and 44-30-25(f)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1988 / 2005

Description: The income earned on the assets held in family education accounts can be taken as a modification decreasing federal adjusted gross income (AGI) prior to the computation of the tax imposed by Rhode Island General Laws Chapter 44-30. A family education account is an account created by an individual taxpayer for the purpose of providing qualified educational benefits to a qualified beneficiary provided that the account is created by a written governing instrument as prescribed by the Tax Administrator that designates the account as a Rhode Island Family Education Account.

Data Source: Division of Taxation, Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2016 and TY 2017 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*
2016 Personal Income Tax	$19,657	295
2017 Personal Income Tax	$14,909	263

Projection Methodology: Projected amount of modification and number of taxpayers is the average of revenue forgone and number of taxpayers from TY 2016-TY 2017.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2018 Personal Income Tax	$17,283	279
2019 Personal Income Tax	$17,283	279
2020 Personal Income Tax	$17,283	279
2021 Personal Income Tax	$17,283	279

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

Connecticut: To the extent properly includable in the gross income for federal income tax purposes of a designated beneficiary, any distribution to such beneficiary from any qualified state tuition program, as defined in Section 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: Rhode Island General Laws Section 44-33.6-3(f)

Year Enacted / Last Year Amended: 2013 / 2016

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

Description: Any assignment or sales proceeds received by the taxpayer for its assignment or sale of the tax credits allowed pursuant to Rhode Island General Laws Chapter 44-33.6 shall be taken as a modification decreasing federal (AGI) prior to the calculation of the taxes imposed by Rhode Island General Laws Title 44 entitled "Taxation."

If a tax credit is subsequently recaptured, revoked or adjusted, the seller's tax calculation for the year of revocation, recapture, or adjustment shall be increased by the total amount of the sales proceeds, without proration, as a modification increasing federal AGI under Rhode Island General Laws Chapter 44-30.

In the event that the seller is not a natural person, the seller's tax calculation under Rhode Island General Laws Chapters 44-11, 44-12*, 44-13 (other than with respect to the tax imposed under Rhode Island General Laws Section 44-13-13), 44-14, 44-17, or 44-30, as applicable, for the year of revocation, recapture, or adjustment, shall be increased by including the total amount of the sales proceeds without proration. As such, assignment or sales of tax credits under above mentioned tax types increase taxable income to the seller. The Office of Revenue Analysis (ORA) will report on the required increasing and decreasing modifications to federal AGI under Rhode Island General Laws Chapter 44-30.

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 2016 and TY 2017 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 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 based on TY 2016 and TY 2017 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***
2016 Personal Income Tax	$118,298	40
2017 Personal Income Tax	$20,365	42

Projection Methodology: Projected amount of modification and number of taxpayers is the average of revenue forgone and number of taxpayers from TY 2016-TY 2017.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Personal Income Tax	$69,332	41
2019 Personal Income Tax	$69,332	41
2020 Personal Income Tax	$69,332	41
2021 Personal Income Tax	$69,332	41

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: Rhode Island General Laws Section 44-33.2-3(e)(2)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2008

Description: Any assignment or sales proceeds received by the taxpayer for its assignment or sale of the tax credits allowed pursuant to Rhode Island General Laws Chapter 44-33.2 shall be taken as a modification decreasing federal adjusted gross income (AGI) prior to the calculation of the taxes imposed by Rhode Island General Laws Title 44 entitled “Taxation.”

If a tax credit is subsequently recaptured, revoked or adjusted, the seller’s tax calculation for the year of revocation, recapture, or adjustment shall be increased by the total amount of the sales proceeds, without proration, as a modification increasing federal AGI under Rhode Island General Laws Chapter 44-30.

In the event that the seller is not a natural person, the seller’s tax calculation under Rhode Island General Laws Chapters 44-11, 44-13 (other than with respect to the tax imposed under Rhode Island General Laws Section 44-13-13), 44-14, 44-17, or 44-30, as applicable, for the year of revocation, recapture, or adjustment, shall be increased by including the total amount of the sales proceeds without proration. As such, assignment or sales of tax credits under above mentioned tax types increase taxable income to the seller. The Office of Revenue Analysis (ORA) will report on the required increasing and decreasing modifications to federal AGI under R.I.G.L. Chapter 44-30.

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 2016 and TY 2017 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 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 based on TY 2016 and TY 2017 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***
2016 Personal Income Tax	$322,090	15
2017 Personal Income Tax	$5,346	15

Projection Methodology: Projected amount of modification and number of taxpayers is the average of revenue forgone and number of taxpayers from TY 2016-TY 2017.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Personal Income Tax	$163,718	15
2019 Personal Income Tax	$163,718	15
2020 Personal Income Tax	$163,718	15
2021 Personal Income Tax	$163,718	15

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: Rhode Island General Laws Sections 44-31.2-9

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: 2005 / 2006

Description: Any motion picture production tax credit certificate issued in accordance with Rhode Island General Laws Section 44-31.2-5 which has been issued to a motion picture production company or passed through in accordance with Rhode Island General Laws Section 44-31.2-5(d), and to the extent not previously claimed against the tax of the motion picture production company or of the owner of the certificate if the certificate was issued in accordance with Rhode Island General Laws Section 44-31.2-5(d), 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 shall be taken as a modification decreasing federal taxable income prior to the calculation of taxes imposed by Rhode Island General Laws Title 44, entitled "Taxation."

Failure to comply with Rhode Island General Laws Section 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, 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 2016 and TY 2017 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 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 based on TY 2016 and TY 2017 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***
2016 Personal Income Tax	$54,875	7
2017 Personal Income Tax	$1,973	13

Projection Methodology: Projected amount of modification and number of taxpayers is the average of revenue forgone and number of taxpayers from TY 2016-TY 2017.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Personal Income Tax	$28,424	10
2019 Personal Income Tax	$28,424	10
2020 Personal Income Tax	$28,424	10
2021 Personal Income Tax	$28,424	10

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: Rhode Island General Laws Section 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 100.0 percent of the tax liabilities otherwise imposed pursuant to Rhode Island General Laws Chapter 44-11, 44-13 (other than the tax imposed under § 44-13-13), 44-14, 44-17 or 44-30. The assignee may apply the tax credit against taxes imposed on the assignee for not more than three succeeding tax years. Any assignment or sales proceeds received for its assignment or sale shall be taken as a modification decreasing federal taxable income prior to the calculation of taxes imposed by the State of Rhode Island.

Data Source: Division of Taxation, 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 2016 and TY 2017 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 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 based on TY 2016 and TY 2017 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*
2016 Personal Income Tax	$28,191	6
2017 Personal Income Tax	$482	12

Projection Methodology: Projected amount of modification and number of taxpayers is the average of revenue forgone and number of taxpayers from TY 2016-TY 2017.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2018 Personal Income Tax	$14,336	9
2019 Personal Income Tax	$14,336	9
2020 Personal Income Tax	$14,336	9
2021 Personal Income Tax	$14,336	9

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: Rhode Island General Laws Section 44-43-8

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1993 / 1995

Description: Any income, gain or preference items resulting from the transfer of employer securities from a qualified retirement plan, the sale, transfer, or exercise of stock, warrants, options, bonds, notes, or other interests of any corporation can be taken as a modification decreasing federal adjusted gross income (AGI) for the purpose of computing the tax imposed by Rhode Island General Laws Chapter 44-30 provided that at the time of the sale, transfer, or exercise the corporation is a qualifying corporation as defined in Rhode Island General Laws Section 44-43-8(c) with respect to the qualifying taxpayer.

Rhode Island General Laws Section 44-43-8(b) defines a qualifying taxpayer as a current or former employee of a qualifying corporation employed for three consecutive months as a full-time employee in accordance with corporate policy. Rhode Island General Laws Sections 44-43-8(c) and 44-43-8(d) define a qualifying corporation.

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 2016 and TY 2017 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 Gain from Stock Options in Qualifying Corporations modification.)

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Personal Income Tax	$30,534	20
2017 Personal Income Tax	$49,700	28

Projection Methodology: Projected amount of modification and number of taxpayers is the average of revenue forgone and number of taxpayers from TY 2016-TY 2017.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Personal Income Tax	$40,117	24
2019 Personal Income Tax	$40,117	24
2020 Personal Income Tax	$40,117	24
2021 Personal Income Tax	$40,117	24

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: Rhode Island General Laws Section 44-30-12(c)(1) and 44-11-11(a)(1)(iv)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1971 / N/A

Description: Any interest income on obligations of the United States and its possessions to the extent includible in gross income for federal income tax purposes, and any interest or dividend income on obligations, or securities of any authority, commission, or instrumentality of the United States to the extent includible in gross income for federal income tax purposes but exempt from state income taxes under the laws of the United States; provided that the amount to be subtracted shall in any case be reduced by any interest on indebtedness incurred or continued to purchase or carry obligations or securities the income of which is exempt from Rhode Island personal income tax, to the extent the interest has been deducted in determining federal adjusted gross income (AGI) or taxable income shall be subtracted from federal AGI prior to computing the tax imposed by Rhode Island General Laws Chapter 44-30.

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 2016 and TY 2017 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***
2016 Personal Income Tax	$2,118,804	17,431
2017 Personal Income Tax	$1,930,198	18,890

Projection Methodology: Projected amount of modification and number of taxpayers is the average of revenue forgone and number of taxpayers from TY 2016-TY 2017.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Personal Income Tax	$2,024,501	18,161
2019 Personal Income Tax	$2,024,501	18,161
2020 Personal Income Tax	$2,024,501	18,161
2021 Personal Income Tax	$2,024,501	18,161

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

Connecticut: There shall be deducted from federal AGI in determining Connecticut adjusted gross income subject to the personal income tax, to the extent properly includable in gross income for federal income tax purposes, any income with respect to which taxation by any state is prohibited by federal law.

Connecticut Statute: Conn. Gen. Stat. § 12-701(20)(B)(i)

Maine: Federal AGI shall be 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 gross income, and dividends received from a regulated investment company qualified under section 851 of the Internal Revenue Code 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 gross income.

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: Rhode Island General Laws Section 44-30-32(d)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1971 / N/A

Description: Compensation paid by the United States for service in the armed forces of the United States, performed by an individual not domiciled in Rhode Island can be taken as a modification decreasing federal adjusted gross income (AGI) for the purposes of computing the tax imposed by Rhode Island General Laws Chapter 44-30.

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 2016 and TY 2017 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***
2016 Personal Income Tax	$752,713	1,090
2017 Personal Income Tax	$455,145	1,068

Projection Methodology: Projected amount of modification and number of taxpayers is the average of revenue forgone and number of taxpayers from TY 2016-TY 2017.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Personal Income Tax	$603,929	1,079
2019 Personal Income Tax	$603,929	1,079
2020 Personal Income Tax	$603,929	1,079
2021 Personal Income Tax	$603,929	1,079

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, performed by an individual not domiciled in Connecticut, shall not constitute 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 Commonwealth for services rendered by said personnel while on active duty shall be deemed to be from sources other than sources within the Commonwealth.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 5A(c)

Vermont: For any taxable year, the Vermont income of a resident individual is the adjusted gross income of the individual for that taxable year less the 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 unit training of his or her unit 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: Rhode Island General Laws Section 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 taxes imposed by Rhode Island General Laws Chapters 44-11 and 44-30 and is in lieu of depreciation or an investment tax credit. The deduction is not refundable and may be carried over for up to three years.

Data Source: *Business Corporation Tax*: Rhode Island Division of Taxation, Office of Revenue Analysis (ORA) calculations. Amount of allowed deduction was summed and then multiplied by the business corporation tax rate of 7.0 percent for TY 2016 and TY 2017 to determine revenue forgone. The number of taxpayers includes those taxpayers with a deduction that decreased federal AGI.

Personal Income Tax: Division of Taxation, 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 2016 and TY 2017 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: *Business Corporation Tax*, *Personal Income Tax*, 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	$16,166	33
2016 Personal Income Tax	$30	1
2016 Total	**$16,196**	**34**
2017 Business Corporation Tax	$24,353	11
2017 Personal Income Tax	$131	1
2017 Total	**$24,484**	**12**

Projection Methodology: *Business Corporation Tax*: TY 2018 forgone revenue and the number of taxpayers is data from the Division of Taxation and utilizes a business corporation tax rate of 7.0 percent. It should be noted that TY 2018 data does not include any extensions or amended returns that have not yet been processed by the Division of Taxation. TY 2019-TY 2021 is the three-year average from TY 2016 – TY 2018 of revenue forgone and number of taxpayers.

Personal Income Tax: Projected TY 2018 - TY 2021 amount of modification and number of taxpayers is the average of revenue forgone and number of taxpayers from TY 2016-TY 2017.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	$17,798	2
2018 Personal Income Tax	$81	1
2018 Projected Total	**$17,879**	**3**
2019 Business Corporation Tax	$19,439	15
2019 Personal Income Tax	$81	1
2019 Projected Total	**$19,520**	**16**
2020 Business Corporation Tax	$19,439	15
2020 Personal Income Tax	$81	1
2020 Projected Total	**$19,520**	**16**
2021 Business Corporation Tax	$19,439	15
2021 Personal Income Tax	$81	1
2021 Projected Total	**$19,520**	**16**

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

17. Nonqualified Withdrawals from a Medical Savings Account by Scituate Residents:

Statutory Reference: Rhode Island General Laws Sections 44-30-12(b)(5) and 44-30-25.1(d)(3)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2002 / N/A

Description: An employee or account holder who withdraws money from a medical savings account for any purpose other than a purpose described in Rhode Island General Laws Section 44-30-25.1(c)(3) will incur a penalty of 10.0 percent of the withdrawal amount. The amount of any such withdrawal shall, to the extent that any earlier contribution(s) or income was claimed as a modification decreasing federal adjusted gross income (AGI) for Rhode Island purposes shall be a modification increasing federal AGI of the account holder or employee for the purpose of determining his or her tax liability under Rhode Island General Laws Chapter 44-30 in the year that the withdrawal or withdrawals are made.

A modification which increases federal adjusted gross income cannot, by definition, be a tax expenditure item. There is therefore, no revenue forgone to report.

Data Source: Office of Revenue Analysis (ORA) calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that increased federal AGI.

Reliability Index: 1

A total of four taxpayers had modifications increasing federal AGI in both TY 2016 and TY 2017. As is it not a tax expenditure, nonqualified withdrawals from a medical savings account by Scituate residents will not be included in future tax expenditure reports.

18. Nonqualified Withdrawals from Tuition Savings Program Account:

Statutory Reference: Rhode Island General Laws Sections 44-30-12(b)(4) and 44-30-32(a)(3)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2002 / N/A

Description: A nonqualified withdrawal made from an account in the tuition savings plan program as defined in Rhode Island General Laws Section 16-57-6.1 shall be recorded as a modification increasing federal adjusted gross income (AGI) for the purpose of determining the amount of income subject to the tax imposed by Rhode Island General Laws Chapter 44-30. The amount that must be added back to federal adjusted gross income is the lesser of (i) the amount of the nonqualified withdrawal reduced by any administrative fee or penalty imposed on the nonqualified withdrawal or (ii) the amount of the modification decreasing federal AGI taken under Rhode Island General Laws Section 44-30-12(c)(4) for the person's taxable year and the two preceding taxable years less the amount of any nonqualified withdrawals taken in the two prior taxable years that were added to the person's federal AGI in those years.

Nonqualified withdrawals include (a) a transfer or rollover to a qualified tuition program under Section 529 of the Internal Revenue Code other than the tuition savings program defined in Rhode Island General Laws Section 16-57-6.1; (b) a withdrawal or distribution that is not applied on a timely basis to qualified higher education expenses; (c) a withdrawal or distribution that is not made due to the death or disability of the beneficiary of the tuition savings program or in an amount greater than the amount of a scholarship, allowance or payment received by said beneficiary; or (d) is not made under other circumstances for which an exclusion from federal adjusted gross income is allowed under 26 U.S.C. § 529 applies provided that the nonqualified withdrawal is made within two taxable years following the taxable year for which a modification decreasing federal AGI was taken pursuant to Rhode Island General Laws Section 44-30-12(c)(4).

A modification which increases federal adjusted gross income cannot, by definition, be a tax expenditure item. There is therefore, no revenue forgone to report.

Data Source: Office of Revenue Analysis (ORA) calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that increased federal AGI.

Reliability Index: 1

A total of 37 taxpayers had modifications increasing federal AGI in TY 2016 while 42 taxpayers took the nonqualified withdrawals from tuition savings program account modification in TY 2017. As is it not a tax expenditure, nonqualified withdrawals from a tuition savings program account will not be included in future tax expenditure reports.

19. Nonqualified Withdrawals or Distributions from Rhode Island Family Education Accounts:

Statutory Reference: Rhode Island General Laws Sections 44-30-12(b)(3) and 44-30-25(g)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / N/A

Description: "Any amount withdrawn from a family education account other than as a qualified withdrawal shall be a modification increasing federal adjusted gross income" prior to computing the tax imposed by Rhode Island General Laws Chapter 44-30. The modification increasing federal adjusted gross income (AGI) shall not exceed the net modifications reducing federal adjusted gross income taken in the current or prior tax years.

A modification which increases federal adjusted gross income cannot, by definition, be a tax expenditure item. There is therefore, no revenue forgone to report.

Data Source: Office of Revenue Analysis (ORA) calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that increased federal AGI.

Reliability Index: 1

A total of 14 taxpayers had modifications increasing federal AGI in TY 2016 while 10 taxpayers took the nonqualified withdrawals or distributions from Rhode Island family education accounts modification in TY 2017. As is it not a tax expenditure, nonqualified withdrawals or distributions from Rhode Island family education accounts will not be included in future tax expenditure reports.

20. Organ Transplantation:

Statutory Reference: Rhode Island General Laws Section 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 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, 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 2016 and TY 2017 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***
2016 Personal Income Tax	$5,313	73
2017 Personal Income Tax	$3,843	64

Projection Methodology: Projected amount of modification and number of taxpayers is the average of revenue forgone and number of taxpayers from TY 2016-TY 2017.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Personal Income Tax	$4,578	69
2019 Personal Income Tax	$4,578	69
2020 Personal Income Tax	$4,578	69
2021 Personal Income Tax	$4,578	69

Law Comparison: Connecticut and Massachusetts have similar provisions.

Connecticut: Effective for tax years beginning on or after January 1, 2017, taxpayers may subtract up to $10,000 from Connecticut adjusted gross income for certain expenses related to organ donation.

Connecticut Statute: Conn. Gen. Stat. § 12-701(B)(xxii)

Massachusetts: A deduction is allowed for any individual who donates an organ to another person for human organ transplantation. The individual may claim travel expenses, lodging expenses, and lost wages not to exceed $10,000 that are incurred by the individual and related to the individual's organ donation. This deduction is only available to Massachusetts residents.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 3(B)(a)(16)

21. Performance-Based Income of Eligible Employees via the Jobs Growth Act:

Statutory Reference: Rhode Island General Laws Section 42-64.11-4

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2005 / N/A

Description: An eligible employee, as defined in Rhode Island General Laws Section 42-64.11-2(j), of an eligible company, as defined in Rhode Island General Laws Section 42-64.11-2(i), shall be allowed as a modification decreasing adjusted gross income and alternative minimum income 50.0 percent of the performance-based income realized by the eligible employee during any calendar year for which an eligible company has been certified under Rhode Island General Laws Section 42-64.11-3, prior to computing the tax imposed by Rhode Island General Laws Chapter 44-30.

In any taxable year for which an eligible company has been certified under Rhode Island General Laws Section 42-64.11-3, said eligible company or its affiliates shall pay a tax equal to 5.0 percent of the aggregate performance-based compensation paid to its eligible employees.

Although this modification decreasing federal AGI is still permitted under state law, the 2010 reform of the personal income tax system effectively made this modification moot.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Personal Income Tax	$0	0
2017 Personal Income Tax	$0	0

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

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Personal Income Tax	$0	0
2019 Personal Income Tax	$0	0
2020 Personal Income Tax	$0	0
2021 Personal Income Tax	$0	0

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

22. Profits or Gains from Sales of Work by Artists, Writers, and Composers:

Statutory Reference: Rhode Island General Laws Section 44-30-1.1(c)(1)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1996 / 2005

Description: An individual to whom Rhode Island General Laws Section 44-30-1.1 applies is entitled to have the profits or gains arising from the publication, production, or sale of a work or works be taken as a modification reducing federal adjusted gross income (AGI) for the purposes of computing the tax imposed by Rhode Island General Laws Chapter 44-30. The modification is available only to artists, writers and composers that reside within designated economic development zones in Providence, Pawtucket, Woonsocket, Warwick, Westerly, Newport, Tiverton, Little Compton, and Warren.

A work is defined in Rhode Island General Laws Section 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, 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 2016 and TY 2017 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***
2016 Personal Income Tax	$20,139	95
2017 Personal Income Tax	$14,747	87

Projection Methodology: Projected amount of modification and number of taxpayers is the average of revenue forgone and number of taxpayers from TY 2016-TY 2017.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Personal Income Tax	$17,443	91
2019 Personal Income Tax	$17,443	91
2020 Personal Income Tax	$17,443	91
2021 Personal Income Tax	$17,443	91

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

23. Provision of Insurance Benefit to Dependent or Domestic Partner:

Statutory Reference: Rhode Island General Laws Section 44-30-12(c)(6)

Stated Purpose: No stated purpose given in law.

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

Description: Any amount of insurance benefits or other coverage plan paid for or provided to a dependent, including a domestic partner that is included in adjusted gross income (AGI) for federal income tax purposes shall be taken as a modification reducing federal AGI prior to the computation of the tax imposed by Rhode Island General Laws Chapter 44-30.

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 2016 and TY 2017 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***
2016 Personal Income Tax	$45,450	378
2017 Personal Income Tax	$44,003	377

Projection Methodology: Projected amount of modification and number of taxpayers is the average of revenue forgone and number of taxpayers from TY 2016-TY 2017.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Personal Income Tax	$44,727	378
2019 Personal Income Tax	$44,727	378
2020 Personal Income Tax	$44,727	378
2021 Personal Income Tax	$44,727	378

Law Comparison: Massachusetts and Vermont have similar provisions.

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)

Vermont: Vermont law governing income taxes shall apply to parties to a civil union and surviving parties to a civil union as if federal income tax law recognized a civil union in the same manner as Vermont law.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5812

24. Qualifying Investment in a Certified Venture Capital Partnership:

Statutory Reference: Rhode Island General Laws Section 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 for the amount of the qualifying investment in the year in which the taxpayer first makes such an investment prior to computing the tax owed under Rhode Island General Laws Chapter 44-30. (A deduction reducing net income or net worth, gross earnings, or gross premiums shall be allowed prior to computing the tax owed under Rhode Island General Laws Chapters 44-11, 44-13, 44-14 or 44-17.)

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 2016 and TY 2017 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***
2016 Personal Income Tax	$377	7
2017 Personal Income Tax	$214	4

Projection Methodology: Projected amount of modification and number of taxpayers is the average of revenue forgone and number of taxpayers from TY 2016-TY 2017.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Personal Income Tax	$296	6
2019 Personal Income Tax	$296	6
2020 Personal Income Tax	$296	6
2021 Personal Income Tax	$296	6

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

25. Railroad Retirement Benefits:

Statutory Reference: Title 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, 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 2016 and TY 2017 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*
2016 Personal Income Tax	$199,672	302
2017 Personal Income Tax	$187,690	308

Projection Methodology: Projected amount of modification and number of taxpayers is the average of revenue forgone and number of taxpayers from TY 2016-TY 2017.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2018 Personal Income Tax	$193,681	305
2019 Personal Income Tax	$193,681	305
2020 Personal Income Tax	$193,681	305
2021 Personal Income Tax	$193,681	305

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

Connecticut: In computing Connecticut adjusted gross income, there shall be subtracted from federal adjusted gross income, 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 adjusted gross income shall be reduced by “railroad retirement benefits paid by the United States, to the extent included in federal adjusted gross income.”

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5122(2)(C)

Massachusetts: Massachusetts provides a deduction for social security benefits included in federal gross income under Section 86 of the Internal Revenue Code. The term social security benefits in

Section 86 includes Tier 1 railroad retirement benefits. Tier II railroad retirement benefits are also exempt from state taxation under 45 U.S.C. § 231m.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(a)(2)(H)

Vermont: Vermont's provisions exclude Tier I and II railroad retirement benefits from the calculation of the personal income tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 5811(21)(B)(iv), 5830e

26. Recognition of Income from Discharge of Business Indebtedness:

Statutory Reference: Rhode Island General Laws Section 44-66-1

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2009 / N/A

Description: For purposes of computing Rhode Island taxable income under Rhode Island General Laws Chapters 44-11, 44-14 and 44-30, the recognition of income from the discharge of business indebtedness deferred under the American Recovery and Reinvestment Act (ARRA) of 2009 for federal tax purposes, must be reported as a modification increasing federal income for Rhode Island tax purposes in the year the discharge of indebtedness occurred. When claimed as income on a future federal tax return the deferred amount of the discharge of indebtedness may be reported as a modification decreasing federal income for Rhode Island tax purposes.

The ARRA of 2009 allowed certain businesses that had debts discharged in 2009 and 2010 to defer the recognition of income from the cancellation of such debts until 2014 and then spread that recognition of income over a five-year period. Rhode Island's disallowance of the recognition of income from the discharge of business indebtedness is a timing issue. Over the course of the indebtedness, there is no net impact on Rhode Island tax collections.

Data Source: *Business Corporation:* Rhode Island Division of Taxation, Office of Revenue Analysis (ORA) calculations. Amount of modification was first multiplied by the taxpayer's apportionment ratio and then multiplied by the business corporation tax rate of 7.0 percent for TY 2016 and TY 2017 to determine revenue forgone. The number of taxpayers includes those taxpayers with a modification that decreased federal AGI.

Bank Taxes: Rhode Island Division of Taxation. Amount of modification was first multiplied by the taxpayer's apportionment ratio and then multiplied by the banking institution excise tax rate of 9.0 percent for TY 2016 and TY 2017 to determine revenue forgone. The number of taxpayers includes those taxpayers with a modification that decreased federal AGI.

Personal Income Tax: Division of Taxation, 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 2016 and TY 2017 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: *Business Corporation, Bank Taxes and Personal Income Tax*, 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	$886,302	70
2016 Bank Tax	$0	0
2016 Personal Income Tax	$17,646	58
2016 Total	**$903,948**	**128**
2017 Business Corporation Tax	$491,120	71
2017 Bank Tax	$3,881	1
2017 Personal Income Tax	$2,296	46
2017 Total	**$497,297**	**118**

Projection Methodology: The cancellation of debt income for 2009 and 2010 could be deferred until 2014 and spread over five years (i.e., TY 2014 through TY 2018). Therefore, ORA projects this modification will be zero in TY 2019 and thereafter for all tax types.

Business Corporation Tax: TY 2018 forgone revenue and the number of taxpayers is data from the Division of Taxation and utilizes a business corporation tax rate of 7.0 percent. It should be noted that TY 2018 data does not include any extensions or amended returns that have not yet been processed by the Division of Taxation.

Bank Tax: TY 2018 forgone revenue and the number of taxpayers is data from the Division of Taxation and utilizes a banking institution excise tax rate of 9.0 percent. It should be noted that TY 2018 data does not include any extensions or amended returns that have not yet been processed by the Division of Taxation.

Personal Income Tax: Projected amount of modification and number of taxpayers for TY 2018 is the average of revenue forgone and number of taxpayers from TY 2016-TY 2017.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	$100,702	11
2018 Bank Tax	$0	0
2018 Personal Income Tax	$9,971	52
2018 Projected Total	**$110,673**	**63**

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

Connecticut: Any income from the discharge of indebtedness in connection with any reacquisition, after December 31, 2008, and before January 1, 2011, of an applicable debt instrument or instruments, as defined in Section 108 of the IRC, as amended by Section 1231 of the American Recovery and Reinvestment Act (ARRA) of 2009 not included in federal AGI shall be taken as a modification increasing adjusted gross income for Connecticut income tax purposes.

To the extent that any income from the discharge of indebtedness in connection with any reacquisition, after December 31, 2008, and before January 1, 2011, of an applicable debt instrument or instruments, as those terms are defined in the ARRA of 2009, was added to federal AGI in computing Connecticut adjusted gross income for a preceding taxable year, the amount of the income that was added to federal AGI may be taken as a modification decreasing adjusted gross income for Connecticut income tax purposes.

Similar provisions are included in Connecticut law for business corporation taxes.

Connecticut Statute: Conn. Gen. Stat. §§ 12-217(b)(2)(A), 12-217(b)(2)(B), 12-701(a)(20)(A)(xi) and 12-701(a)(20)(B)(xviii)

Maine: Maine taxable income for tax years beginning on or after January 1, 2009, but before January 1, 2011, is federal adjusted gross income increased by an amount equal to the gross income during the taxable year from the discharge of indebtedness deferred under the United States Code, Section 108(i).

Maine taxable income for tax years after December 31, 2010 is federal adjusted gross income decreased by an amount equal to the gross income from the discharge of indebtedness previously deferred under the Code, Section 108(i) and included in federal adjusted gross income.

Similar provisions are included in Maine law for the imposition of tax on corporations.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 5122(1)(CC), 5122(2)(DD), 5200-A(1)(W) and 5200-A(2)(U)

Massachusetts: Gross income is defined as under the provisions of the Internal Revenue Code, as amended and in effect for the taxable year, but shall be determined without regard to Section 108(i) of the Code

Massachusetts Statute: Mass. Gen. Laws ch. 63, § 1

New Hampshire: New Hampshire defines the term "United States Internal Revenue Code" to mean "[F]or all tax years beginning after January 1, 2000, the United States Internal Revenue Code of 1986 in effect on December 31, 2000." Thus, by definition, amendments to the Internal Revenue Code that occurred after December 31, 2000 are not allowable under New Hampshire's business profits tax and business taxpayers are required to adjust the taxable income reported on their federal return before reporting their gross business profits on their New Hampshire business tax return. The adjustment will require: (1) the addition of the deferred income from the cancellation of indebtedness taken in the taxable year; and (2) the subtraction of the amount of income from the cancellation of indebtedness deferred from a prior taxable year.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 77-A:1, XX

27. Rental Vehicle Surcharge Retained by Rental Car Companies:

Statutory Reference: Rhode Island General Laws Section 31-34.1-2(b)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1994 / 2015

Description: The rental vehicle surcharge rate is 8.0 percent of gross receipts per vehicle on all rentals for each of the first thirty (30) consecutive days. Beginning on July 1, 2014 and thereafter sixty percent of the revenue collected from the imposition of the surcharge imposed by Rhode Island General Laws Section 31-34.1-2(a) is retained by the rental car company and forty percent of the surcharge is remitted to the state for deposit in the Rhode Island highway maintenance account.

Data Source: Excise Tax Section, Rhode Island Division of Taxation data on 40% of the surcharge remitted to the state. ORA calculations to determine 60% retained by rental car companies.

Reliability Index: 1

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Rental Vehicle Surcharge	$5,331,906	46
2017 Rental Vehicle Surcharge	$4,949,228	41
2018 Rental Vehicle Surcharge	$5,474,231	53
2019 Rental Vehicle Surcharge	$5,208,182	57

Projection Methodology: The number of taxpayers and projected revenue forgone is held constant with FY 2019.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2020 Rental Vehicle Surcharge	$5,208,182	57
2021 Rental Vehicle Surcharge	$5,208,182	57

Law Comparison: Only Connecticut has a similar provision.

Connecticut: The rental surcharge is equal to 3.0 percent of the total rental charge and is included in the sales tax base. It applies only if the rental company owns a fleet of at least five passenger motor vehicles used for rentals, and the vehicle is leased for less than 31 days. The total surcharge collected is retained by the rental company. Rentals by licensed new car dealers, repairers and limited repairers are exempt from the surcharge. Rentals by used car dealers who are not primarily engaged in the rental business are also exempt.

Connecticut Statute: Conn. Gen. Stat. § 12-692(b)

28. Rhode Island Fiduciary Adjustment:

Statutory Reference: Rhode Island General Laws Section 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 Rhode Island General Laws Section 44-30-17 shall be taken as a modification either decreasing or increasing federal adjusted gross income as the case may be prior to the computation of the tax liability imposed by Rhode Island General Laws Chapter 44-30.

The Rhode Island fiduciary adjustment is the net amount of the modifications provided for in Rhode Island General Laws Section 44-30-12 exclusive of subdivisions (b)(4), (c)(3) and (c)(4) which relates to items of income or deduction of an estate or trust. This includes the modification for the Rhode Island fiduciary adjustment, subdivision (d) of Rhode Island General Laws Section 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 adjusted gross income (AGI). For TY 2016 and TY 2017, the total net modification by resident and non-resident taxpayers increased federal AGI; therefore, there is no revenue forgone from this modification in TY 2016 or TY 2017. 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*
2016 Personal Income Tax	$0	1,440
2017 Personal Income Tax	$0	1,427

Projection Methodology: Projected amount of modification and number of taxpayers is the average of revenue forgone and number of taxpayers from TY 2016-TY 2017.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2018 Personal Income Tax	$0	1,434
2019 Personal Income Tax	$0	1,434
2020 Personal Income Tax	$0	1,434
2021 Personal Income Tax	$0	1,434

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, as the case may be, from adjusted gross income such person's share, as determined under Section 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 adjusted gross income, as the case may be, the taxpayer's share of the fiduciary adjustment determined under section 5164, Computation of Taxable Income of Resident Estates and Trusts.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5122(3)

Massachusetts: Massachusetts gross income includes a further modification for the income received from any trustee or other fiduciary, which income is taxable under the personal income tax to the trustee or other fiduciary.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(a)(2)(C)

29. Tax Incentives for Employers:

Statutory Reference: Rhode Island General Laws Chapter 44-55-4.1

Stated Purpose: No stated purpose given in law.

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

Description: Businesses that employ and retain in the State employees who have been previously unemployed for at least 26 consecutive calendar weeks and have been employed for at least 52 consecutive calendar weeks shall receive a modification from the income, gross earnings, deposits, or gross premiums subject to the taxes imposed by Rhode Island General Laws Chapter 44-30. The modification is equal to 40.0 percent of the eligible employee's first year wages, up to a maximum $2,400 per eligible employee. (Eligible businesses shall receive a deduction from the income, gross earnings, deposits, or gross premiums subject to the taxes imposed by Rhode Island General Laws Chapters 44-11, 44-13, 44-14, 44-15 and 44-17.)

Data Source: Division of Taxation, 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 2016 and TY 2017 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***
2016 Personal Income Tax	$14,374	22
2017 Personal Income Tax	$18,057	38

Projection Methodology: Projected amount of modification and number of taxpayers is the average of revenue forgone and number of taxpayers from TY 2016-TY 2017.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Personal Income Tax	$16,216	30
2019 Personal Income Tax	$16,216	30
2020 Personal Income Tax	$16,216	30
2021 Personal Income Tax	$16,216	30

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

30. Taxable Pension Plan and/or Annuity Income:

Statutory Reference: Rhode Island General Laws Chapter 44-30-12(c)(9) / Rhode Island Public Law 2016, Chapter 142, Article 13, Section 16

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1971 / 2016

Description: A modification reducing federal adjusted gross income (AGI) for up to $15,000 of taxable pension and/or annuity income included in federal AGI is allowed for individual filers with federal AGI of $80,000 or less and joint filers with federal AGI of $100,000 or less who also have reached “full retirement age” based on Social Security Administration rules for tax years beginning on or after January 1, 2017. The federal AGI dollar amounts will be adjusted for inflation on a going-forward basis.
Data Source: Division of Taxation, 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 2017 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***
2016 Personal Income Tax	n/a	n/a
2017 Personal Income Tax	$11,968,388	41,541

Projection Methodology: Division of Taxation, Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Estimates prepared by ORA at the request of the House Fiscal Office during the 2016 session were updated to reflect the actual modification taken in TY 2017. ORA calculated the Rhode Island tax liability for each taxpayer with the modification, then compared the results with the tax liabilities without the modification across all taxpayers. Revenue forgone is determined by taking the difference between the two tax liability calculations. The number of taxpayers is equal to the number of residents that took the modification in TY 2017.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Personal Income Tax	$12,543,685	41,541
2019 Personal Income Tax	$13,053,409	41,541
2020 Personal Income Tax	$13,423,012	41,541
2021 Personal Income Tax	$13,803,081	45,541

Law Comparison: Connecticut and Massachusetts have similar provisions.

Connecticut: There shall be deducted from federal adjusted gross income in determining Connecticut adjusted gross income subject to the personal income tax, 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. Additionally, there shall be deducted from federal adjusted gross income in determining Connecticut adjusted gross income subject to the personal income tax, to the extent properly includable in gross income for federal income tax purposes, for the taxable year commencing January 1, 2016 through January 1, 2018, 25 percent of the income received from the state teachers' retirement system, and for the taxable year commencing January 1, 2019, and each taxable year thereafter, 50 percent of the income received from the state teachers' retirement system.

Connecticut Statute: Conn. Gen. Stat. § 12-701(20)(B)(xvii), (xx)

Maine: For each individual who is a primary recipient of pension benefits under an employee retirement plan, federal adjusted gross income should be reduced by an amount that is the lesser of: (1) $10,000 reduced by the total amount of the individual’s social security benefits and railroad retirement benefits paid by the United States, but not less than $0. The reduction does not apply to benefits paid under a military retirement plan; or (2) the aggregate of retirement plan benefits under employee retirement plans included in the individual’s federal adjusted gross income.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5122(2)(M)

Massachusetts: Massachusetts personal income tax provisions include a modification reducing federal gross income for income from any contributory annuity, pension, endowment or retirement fund of the United States government or the commonwealth or any political subdivision thereof including the optional retirement system established by section 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 provisions also contain a modification reducing federal gross income for income from annuity, stock bonus, pension, profit-sharing, annuity or deferred-payment plans or contracts described in sections 403(b) and 404 of the Code or for individual retirement accounts, individual retirement annuities, or retirement bonds described in sections 408 and 409 of the Code. This modification does not apply to income from the optional retirement system established by Mass. Gen. Laws, ch. 15A, § 40.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(a)(2)(E), (F)

31. Taxable Social Security Income:

Statutory Reference: Rhode Island General Laws Chapter 44-30-12(c)(8) / Rhode Island Public Law 2015, Chapter 141, Article 11, Section 12

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1971 / 2015

Description: A modification reducing federal adjusted gross income (AGI) of taxable social security income included in federal AGI is allowed for individual filers with federal AGI of $80,000 or less and joint filers with federal AGI of $100,000 or less who also have reached "full retirement age" based on Social Security Administration rules for tax years beginning on or after January 1, 2016. The federal AGI dollar amounts will be adjusted for inflation on a going-forward basis. For the tax year beginning on January 1, 2017, the federal AGI thresholds increased to $81,575 and $101,950, respectively.

Data Source: Division of Taxation, 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 2016 and TY 2017 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*
2016 Personal Income Tax	$16,479,910	40,688
2017 Personal Income Tax	$16,420,037	47,720

Projection Methodology: Projected amount of modification and number of taxpayers is the average of revenue forgone and number of taxpayers from TY 2016-TY 2017.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2018 Personal Income Tax	$16,449,974	41,704
2019 Personal Income Tax	$16,449,974	41,704
2020 Personal Income Tax	$16,449,974	41,704
2021 Personal Income Tax	$16,449,974	41,704

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

Connecticut: There shall be deducted from federal adjusted gross income in determining Connecticut adjusted gross income subject to the personal income tax, to the extent properly includable in gross income for federal income tax purposes, an amount equal to the Social Security benefits includable for federal income tax purposes for single filers and married individuals filing separately whose federal AGI for such taxable year is less than $50,000 and for married individuals filing jointly and heads of households whose federal AGI for such taxable year is less than $60,000. For all filers who do not meet the above income thresholds, the modification reducing federal AGI for Connecticut personal income tax purposes is an amount equal to the difference between the amount of Social Security benefits includable for federal income tax purposes and the lesser of 25 percent of the Social Security benefits received during the taxable year, or 25 percent of the excess described in Section 86(b)(1) of the IRC.

Connecticut Statute: Conn. Gen. Stat. § 12-701(20)(B)(x)

Maine: Federal AGI shall be reduced by Social security benefits and 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: Social security benefits includable in federal gross income may be subtracted from federal gross income for the calculation of Massachusetts personal income tax.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(a)(2)(H)

Vermont: Beginning in TY 2018, social security beneficiaries meeting certain income requirements will be able to claim an exemption for the taxable portion of their social security benefits. For single, married filing separately, head of household, and qualifying widow(er) filers, taxpayers with a federal AGI of less than $45,000 may exclude all of their federally taxable social security benefits and taxpayers with a federal AGI between $45,000 and $55,000 maybe exclude some portion of the federally taxable social security. For married filing jointly filers, the maximum federal AGI is $70,000, with a phaseout range of $60,000 to $70,000.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 5811(21)(B)(iv), 5830e

OTHER ITEMS

1. Allocation and Apportionment of Airlines:

Statutory Reference: Rhode Island General Laws Section 44-11-15 / Rhode Island Code of Regulations Title 280, Chapter 20, Subchapter 25, Part 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.

According to 280-RICR-20-25-9.11(C), 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 for an airline, passenger revenue and freight revenue shall be 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. All other receipts that are attributable to Rhode Island shall also be included in the numerator. The apportioned net income is then subject to the tax imposed by Rhode Island General Laws Chapter 44-11.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2017 Business Corporation Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2019 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2020 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2021 Business Corporation Tax	*No estimate possible*	*No estimate possible*

Law Comparison: Connecticut and Massachusetts have similar provisions.

Connecticut: Connecticut's tax on air carriers shall be allocated to Connecticut by use of the average of the following three ratios (a) The ratio which the aircraft arrivals and departures within Connecticut scheduled by such air carrier during the income year bears to the total aircraft arrivals and departures scheduled by such carrier on its entire system during the same period; provided, in the case of nonscheduled operations, all arrivals and departures shall be substituted for scheduled arrivals and departures; (b) the ratio which the revenue tons handled by such air carrier at airports within Connecticut during the income year bears to the total revenue tons handled by such carrier at all airports on its entire system during the same period; (c) the ratio which such air carrier's originating revenue within Connecticut for the income year bears to the total originating revenue of such carrier from its entire system for the same period. If the formula provided subjects a taxpayer to a portion of taxes larger or smaller than is reasonably attributable to Connecticut, than the provisions of Conn. Gen. Stat. Section 12-221a shall apply.

Connecticut Statute: Conn. Gen. Stat. § 12-244

Massachusetts: Airlines use a modified three factor apportionment percentage formula in Massachusetts. The numerator of the property factor is the sum of the average value of the real and tangible personal property of the airline, other than aircraft ready for flight, situated in Massachusetts and the average value of the aircraft ready for flight owned or rented and used by the airline in Massachusetts. The denominator of the property factor is the average value of all of the airline's real and tangible personal property owned, rented, or leased, and used during the taxable year. The numerator of the payroll factor is the sum of the compensation paid in Massachusetts to non-flight personnel during the taxable year and the compensation paid in Massachusetts to flight personnel during the taxable year. The denominator of the payroll factor is the total compensation paid by the airline during the taxable year. The sales factor is a fraction whose numerator is total sales of the taxpayer in Massachusetts during the taxable year and whose denominator is total sales of the taxpayer everywhere during the taxable year. In general, a taxpayer's total sales are its gross receipts.

Massachusetts Statute: Mass. Gen. Laws ch. 63, § 38(j), Mass. Regulations 830 CMR 63.38.2: Apportionment of Income of Airlines

2. Allocation and Apportionment of Brokerage Services:

Statutory Reference: Rhode Island General Laws Section 44-11-14.2(b) / Rhode Island Code of Regulations Title 280, Chapter 20, Subchapter 25, Part 9.11(D)(2)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1995 / N/A

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. Providers of securities brokerage services are specifically listed as a type of taxpayer eligible for a special apportionment formula.

Any taxpayer located in Rhode Island that provides securities brokerage services may choose to allocate its net income as follows: all net income derived directly or indirectly from the sale of security brokerage services shall be apportioned to Rhode Island only to the extent that securities brokerage customers are domiciled in Rhode Island. The apportionment factor is defined as the ratio of the brokerage commissions and total margin interest paid on accounts owned by Rhode Island domiciled customers to the brokerage commissions and total margin interest paid on accounts owned by all of the taxpayer's customers. The apportioned net income is then subject to the tax imposed by Rhode Island General Laws Chapter 44-11. If the taxpayer chooses to use this apportionment method, then the taxpayer must use this apportionment method for the five succeeding tax years after the tax year of election.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2017 Business Corporation Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2019 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2020 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2021 Business Corporation Tax	*No estimate possible*	*No estimate possible*

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Each taxpayer that provides securities brokerage service shall apportion its net income derived, directly or indirectly, from rendering securities brokerage services as follows: the numerator of the apportionment fraction shall consist 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 shall consist of brokerage commissions and total margin interest paid on behalf of brokerage accounts owned by all of the taxpayer's customers, wherever domiciled, during such taxpayer's income year, computed according to the method of accounting used in the computation of net income.

Connecticut Statute: Conn. Gen. Stat. §§ 12-218(f)

3. Allocation and Apportionment of Credit Card Banks:

Statutory Reference: Rhode Island General Laws Section 44-11-14.3 / Rhode Island Code of Regulations Title 280, Chapter 20, Subchapter 25, Part 9.11(E)

Stated Purpose: No stated purpose given in law.

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

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. Credit card banks are specifically listed as a type of taxpayer eligible for a special apportionment formula.

Any banking institution whose business activities are taxable within and outside of Rhode Island and whose activities are limited to those described in Section 2(c)(2)(F) of the federal Bank Holding Company Act (12 U.S.C. § 1841(c)(2)(F)) may choose to allocate its net income based on a special apportionment formula. All net income derived directly or indirectly from the banking institution shall be apportioned to Rhode Island only to the extent that the banking institution's customers are domiciled in Rhode Island. The apportionment factor is defined as the ratio of the income derived from accounts owned by customers domiciled in Rhode Island to the income derived from accounts owned by all of the banking institution's customers. The apportioned net income is then subject to the tax imposed by Rhode Island General Laws Chapter 44-11. If the taxpayer chooses to use this apportionment method, then the taxpayer must use this apportionment method for the five succeeding tax years after the tax year of election.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2017 Business Corporation Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2019 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2020 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2021 Business Corporation Tax	*No estimate possible*	*No estimate possible*

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Any financial service company that has net income derived from credit card activities shall apportion its net income derived from credit card activities using a special formula. The numerator of the apportionment fraction shall consist of the Connecticut receipts. The denominator of the apportionment fraction shall consist of (A) the total amount of interest and fees or penalties in the nature of interest from credit card receivables, (B) receipts from fees charged to card holders, including, but not limited to, annual fees, irrespective of the billing address of the card holder, (C) net gains from the sale of credit card receivables, irrespective of the billing address of the card holder, and (D) all credit card issuer's reimbursement fees, irrespective of the billing address of the card holder.

Connecticut receipts are determined by adding (A) 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, where the billing address of the card holder is in Connecticut and (B) the product of (i) the sum of net gains from the sale of credit card receivables and all credit card issuer's reimbursement fees multiplied by (ii) a fraction, the numerator of which shall be 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, where the billing address of the card holder is in Connecticut, and the denominator of which shall be 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, irrespective of the billing address of the card holder.

Connecticut Statute: Conn. Gen. Stat. § 12-218(i)

4. Allocation and Apportionment of Motor Carriers:

Statutory Reference: Rhode Island General Laws Section 44-11-15 / Rhode Island Code of Regulations 280-RICR-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

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2017 Business Corporation Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2019 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2020 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2021 Business Corporation Tax	*No estimate possible*	*No estimate possible*

Law Comparison: Connecticut and Massachusetts have similar provisions.

Connecticut: Any motor carrier which transports property for hire and which is taxable both within and without Connecticut shall apportion its net income derived from carrying of property for hire by means of an apportionment fraction, the numerator of which shall represent the total number of miles operated within Connecticut and the denominator of which shall represent the total number of miles operated everywhere, but income derived by motor carriers from sources other than the carrying of property for hire shall be apportioned as herein otherwise provided.

Connecticut Statute: Conn. Gen. Stat. § 12-218(d)

Massachusetts: Motor carrier companies use a modified three factor apportionment percentage formula in Massachusetts. The numerator of the property factor is the sum of the value of the real and tangible personal property of the motor carrier, other than mobile property, situated in Massachusetts and the value of the mobile property owned, rented, or leased and used by the motor carrier in Massachusetts. The denominator of the property factor is the average value of all of the motor carrier's real and tangible personal property owned, rented, or leased, and used during the taxable year. The 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 denominator of the payroll factor is the total compensation paid by the motor carrier 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 63.38.3: Apportionment of Income of Motor Carriers

5. Allocation and Apportionment of Regulated Investment Companies:

Statutory Reference: Rhode Island General Laws Section 44-11-14.2(a) / Rhode Island Code of Regulations Title 280, Chapter 20, Subchapter 25, Part 9.11(D)(1)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1995 / N/A

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. Regulated investment companies are specifically listed as a type of taxpayer eligible for a special apportionment formula.

Any taxpayer located in Rhode Island that sells management, distribution or administration services to or on behalf of a regulated investment company, as defined by federal law, may choose to allocate its net income as follows: all net income derived directly or indirectly from the sale of management, distribution, or administration services to or on behalf of regulated investment companies, including net income received directly or indirectly from trustees, and sponsors or participants of employee benefit plans which have accounts in a regulated investment company, shall be apportioned to Rhode Island only to the extent that shareholders of the regulated investment company are domiciled in Rhode Island. The apportionment factor is defined as the ratio of the taxpayer’s Rhode Island receipts from the services it provides to the taxpayer’s receipts everywhere from the services it provides. Rhode Island receipts are determined by multiplying total receipts for the taxable year from each separate regulated investment company for which the services are performed by a fraction: the numerator being the average of the number of shares owned by the regulated investment company's shareholders domiciled in this state at the beginning of and at the end of the company's taxable year and the denominator being the average of the number of the shares owned by the regulated investment company's shareholders everywhere at the beginning and the end of the company's taxable year.

The apportioned net income is then subject to the tax imposed by Rhode Island General Laws Chapter 44-11. If the taxpayer chooses to use this apportionment method, then the taxpayer must use this apportionment method for the five succeeding tax years after the tax year of election.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2017 Business Corporation Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2019 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2020 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2021 Business Corporation Tax	*No estimate possible*	*No estimate possible*

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

Connecticut: Each taxpayer that provides management, distribution or administrative services to or on behalf of a regulated investment company, as defined in Section 851 of the Internal Revenue Code, shall apportion 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, as follows: the numerator of the apportionment fraction shall consist of the sum of the Connecticut receipts, while the denominator of the apportionment fraction shall consist of the total receipts from the sale of management, distribution or administrative services to or on behalf of all the regulated investment companies.

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.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5212(2)

Massachusetts: A mutual fund service corporation is defined as any corporation doing business in the commonwealth which derives more than fifty percent of its gross income from the provision directly or indirectly of management, distribution or administration services to or on behalf of a regulated investment company and from trustees, sponsors and participants of employee benefit plans which 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 such taxable year or any such mutual fund service corporation for which the jobs commitment level requirement no longer applies shall apportion such income by multiplying it by 100 percent of the sales factor. A mutual fund service corporation that fails to achieve its jobs commitment level may still use 100 percent 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.

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: Rhode Island General Laws Section 44-11-14.4 / Rhode Island Code of Regulations Title 280, Chapter 20, Subchapter 25, Part 9.11(F)

Stated Purpose: No stated purpose given in law.

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

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. Retirement and pension plans are specifically listed as a type of taxpayer eligible for a special apportionment formula.

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 allocate its net income as follows: 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 shall be apportioned to Rhode Island 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. 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 taxable year of the taxpayer and the denominator of which is the average of the number of total beneficiaries or participants of the retirement or pension plan located everywhere at the beginning of and at the end of the taxable year of the taxpayer. The apportioned net income is then subject to the tax imposed by Rhode Island General Laws Chapter 44-11. If the taxpayer chooses to use this apportionment method, then the taxpayer must use this apportionment method for the five succeeding tax years after the tax year of election.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2017 Business Corporation Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2019 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2020 Business Corporation Tax	*No estimate possible*	*No estimate possible*
2021 Business Corporation Tax	*No estimate possible*	*No estimate possible*

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

PREFERENTIAL TAX RATES

1. **Jobs Development Act:**

Statutory Reference: Rhode Island General Laws Section 42-64.5-3 / Rhode Island General Laws Section 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 Chapters 44-11, 44-14, and 44-17 or on its gross earnings taxed under Chapter 44-13 shall be reduced by the amount specified in Section 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 amount of new employment for each taxable year over the base employment and is equal to 0.25 percent for each unit of new employment. The total amount of rate reduction cannot exceed 6.0 percent in any taxable year. For an eligible telecommunications company, the amount of rate reduction shall be equal to 0.01 percent up to a maximum of 1.0 percent in any taxable year.

New employment is defined as the amount of adjusted current employment for each taxable year minus the amount of base employment, but not less than zero; provided, however, no eligible company is permitted to transfer, assign or hire employees who are already employed within the State by such eligible company for itself or any affiliated entity. A unit of new employment means for eligible companies which are not small businesses, the amount of new employment divided by 50 rounded down to the nearest multiple of 50 and for eligible companies which are small businesses, the amount of new employment divided by 10 rounded down to the nearest multiple of 10.

Should any eligible company fail to maintain in any taxable year the number of units of new employment it reported for its 1997 tax year or, if applicable, the third taxable year following the base employment period election set forth in Rhode Island General Laws Section 42-64.5-5, the rate reduction provided under the Jobs Development Act (JDA) shall expire permanently.

For the tax years beginning on or after January 1, 2015, the amount of the JDA rate reduction for any eligible company required to file and pay taxes pursuant to Section 44-11-2, shall be based upon the aggregate amount of new employment of the eligible company and its eligible subsidiaries for each taxable year, and shall be determined by multiplying 0.20 percent by the number of units of new employment for each taxable year through the taxable year ending in 1997 or, if applicable, the third taxable year following the base employment period election; and for each taxable year thereafter, the number of units of new employment reported for the taxable year 1997 or, if applicable, the third taxable year following the base employment period election, however, the amount of each rate reduction shall in no event be greater than 4.0 percent.

Further, the tax rate reduction provision allowed under JDA is discontinued as of July 1, 2015. Any company that qualified for a rate reduction under JDA before July 1, 2015 will be allowed to maintain the rate reduction in effect as of June 30, 2015, although no additional rate reduction under the program will be allowed. "All obligations of the company required under chapter 42-64.5 to retain a rate reduction shall remain in full force and effect."

Data Source: November 2019 Revenue Estimating Conference Testimony, Rhode Island Division of Taxation

Reliability Index: 1 (This preferential tax rate includes the Life Sciences Rate Reduction preferential tax rate to the extent that preferential tax rate has been used by any taxpayers).

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2016 Business Corporation Tax	$12,000,666	5
2016 Public Service Corporation Tax	$0	0
2016 Bank Tax	$11,531,021	1
2016 Ins Co Gross Premiums Tax	$0	0
2016 Total	**$23,531,687**	**6**
2017 Business Corporation Tax	$1,877,840	4
2017 Public Service Corporation Tax	$0	0
2017 Bank Tax	$7,074,323	1
2017 Ins Co Gross Premiums Tax	$0	0
2017 Total	**$8,952,163**	**5**
2018 Business Corporation Tax	$1,414,740	4
2018 Public Service Corporation Tax	$0	0
2018 Bank Tax	$6,448,475	1
2018 Ins Co Gross Premiums Tax	$0	0
2018 Total	**$7,863,215**	**5**
2019 Business Corporation Tax	$1,570,000	4
2019 Public Service Corporation Tax	$0	0
2019 Bank Tax	$9,956,752	1
2019 Ins Co Gross Premiums Tax	$0	0
2019 Total	**$11,526,752**	**5**

Projection Methodology: As no new taxpayers may qualify for the JDA rate reduction, the number of taxpayers was held constant with FY 2019 for tax years 2020 and 2021. For projected revenue forgone these same tax years, ORA used the three-year revenue forgone average from tax years 2017-2019.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2020 Business Corporation Tax	$1,620,860	4
2020 Public Service Corporation Tax	$0	0
2020 Bank Tax	$7,826,517	1
2020 Ins Co Gross Premiums Tax	$0	0
2020 Projected Total	**$9,447,377**	**5**
2021 Business Corporation Tax	$1,620,860	4
2021 Public Service Corporation Tax	$0	0
2021 Bank Tax	$7,826,517	1
2021 Ins Co Gross Premiums Tax	$0	0
2021 Projected Total	**$9,447,377**	**5**

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

2. **Life Science Rate Reduction:**

Statutory Reference: Rhode Island General Laws Section 42-64.14-10

Stated Purpose: The purpose of Rhode Island General Laws Section 42-64.14 is to create a state-local-private sector partnership to plan, implement, administer, and oversee the redevelopment of the surplus I-195 properties and to authorize, provide for, and facilitate the consolidated exercise of development and redevelopment powers existing at the state and local levels.

Year Enacted / Last Year Amended: 2011 / 2014

Description: The rate of tax payable by an eligible life science company and each of its subsidiaries for any taxable year beginning on or after January 1, 2011 on its net income subject to taxation under Rhode Island General Laws Section 44-11-2(a) is reduced by the amount specified in Section 42-64.14-11. The amount of rate reduction for any eligible company for tax years beginning on or after January 1, 2012 shall be determined by multiplying the numerical equivalent of 0.25 percent by the number of units of new employment for each taxable year through the taxable year ending in 2014 or, if applicable the third taxable year following the base employment period election set forth in Section 42-64.14-12, provided however, the amount of each rate reduction shall in no event be greater than 6.0 percent.

For tax years beginning on or after January 1, 2015 the amount of rate reduction for any eligible company shall be based on the aggregate amount of new employment for each taxable year over the base employment and is equal to 0.20 percent for each unit of new employment. The total amount of rate reduction cannot exceed 4.0 percent for any taxable year.

Should any eligible company fail to maintain the number of units of new employment it reported for its 2014 tax year in any taxable year after 2014 or, if applicable, the third taxable year following the base employment period election, the rate reduction shall 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

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Business Corporation Tax	*	*
2017 Business Corporation Tax	*	*

Projection Methodology: * Projections for this modification / deduction are included in the Jobs Development Act preferential tax rate.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Business Corporation Tax	*	*
2019 Business Corporation Tax	*	*
2020 Business Corporation Tax	*	*
2021 Business Corporation Tax	*	*

Law Comparison: Massachusetts has a similar provision.

Massachusetts: A taxpayer, to the extent authorized by the life sciences tax incentive program, may be allowed a refundable jobs credit against the Massachusetts corporate income tax in an amount determined by the Massachusetts Life Sciences Center in consultation with the Massachusetts Department of Revenue. A taxpayer taking said credit shall commit to the creation of a minimum of 50 net new permanent full-time positions in Massachusetts. The amount of the jobs credit issued that exceeds the taxpayer's liability under the Massachusetts corporate income tax shall be refunded to the taxpayer at a rate of 90 percent of the amount of excess credit. The Department of Revenue shall issue the refundable portion of the jobs credit in accordance with the cumulative amount, including the current year costs of incentives allowed in previous years, which shall not exceed $30.0 million annually.

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

TAX ABATEMENTS

1. Cigarette Tax Stamping Discount:

Statutory Reference: Rhode Island General Laws Section 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 percent of the face value of the cigarette excise tax stamps that are purchased. This yields a discount of 1.25 percent for the distributor. 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*
2016 Cigarette Tax	$1,743,232	23
2017 Cigarette Tax	$1,672,327	22
2018 Cigarette Tax	$1,734,551	19
2019 Cigarette Tax	$1,625,306	18

Projection Methodology: For FY 2020 and FY 2021 the Office of Revenue Analysis averaged revenue forgone and number of taxpayers from FY 2018 and FY 2019 since the new per pack tax rate of $4.25 was implemented in August of 2017. The projected number of taxpayers is equal to the Rhode Island registered cigarette distributors published for FY 2020.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2020 Cigarette Tax	$1,679,929	18
2021 Cigarette Tax	$1,679,929	18

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

Connecticut: Connecticut's provisions include a discount of 1.0 percent of the face value of the cigarette excise tax stamps if purchased by a distributor. 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 thirty 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 shall have 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 percent for stamps at the face value of 100 mills, or $0.10 per cigarette. 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 percent 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: For stamps purchased on or after January 1, 2012, a stamper may withhold and retain from each payment to be made by that stamper for cigarette excise tax stamps as compensation for service rendered in stamping packs of cigarettes…the following amounts: (1) for encrypted stamps purchased and not returned for an abatement, $12 per roll of 1,200 stamps; and (2) in each fiscal year, $600 per roll of 30,000 encrypted stamps for the first 50 rolls purchased and $200 per each additional roll of 30,000 encrypted stamps purchased; and (3) in the case of non-encrypted adhesive stamps purchased and not returned for an abatement, $1.85 for each 600 stamps purchased 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. § 78:9, I

Vermont: The Commissioner of Taxes shall sell cigarette excise tax stamps to licensed wholesale dealers at a discount of 2.3 percent of their face value for payment at time of sale. 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 percent of their face value if timely paid.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 7772

2. Political Check-Off:

Statutory Reference: Rhode Island General Laws Section 44-30-2(d)(1)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1971 / 1997

Description: There shall be allowed as a credit against the tax due under Rhode Island General Laws Chapter 44-30 a contribution of $5.00, or $10.00 if married filing a joint return, for the public financing of the electoral system. The first $2.00, $4.00 if married filing a joint return, shall go 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***
2016 Personal Income Tax	$84,695	12,193
2017 Personal Income Tax	$84,405	12,213

Political Party Contributions:

POLITICAL PARTY	***2016 CONTRIBUTIONS***	***2017 CONTRIBUTIONS***
Democratic Party	$9,528	$9,228
Green Party	$48	$28
Moderate Party	$446	$524
Non-Partisan	$5,502	$5,812
Republican Party	$3,166	$2,856

Projection Methodology: Projected revenue forgone for TY 2018 through TY 2021 is the average of TY 2016 and TY 2017 revenue forgone. The projected number of taxpayers electing for TY 2018 through TY 2021 is the average TY 2016 and TY 2017 number of taxpayers.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Personal Income Tax	$84,550	12,203
2019 Personal Income Tax	$84,550	12,203
2020 Personal Income Tax	$84,550	12,203
2021 Personal Income Tax	$84,550	12,203

Law Comparison: Maine and Massachusetts have similar provisions.

Maine: Resident taxpayers may designate that $3 of their taxes be deposited in the Maine Clean Election Fund. The State Tax Assessor shall provide on the first page of the income tax form a space for the filing individual to indicate whether that filer wishes to pay $3, or $6 if filing a joint return, from the General Fund of the State to finance the Maine Clean Election Fund.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, ch. 831, § 5286

Massachusetts: Massachusetts provides for a $1.00 credit for a resident individual filer and a $2.00 credit for a resident jointly filed return against the Massachusetts individual income tax to be paid over to the State Election Campaign Fund.

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

3. Value of Farmland Included in Estate:

Statutory Reference: Rhode Island General Laws Section 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, shall be appraised at its use value and not at fair market value.

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

Reliability Index: 5

Fiscal Year / Tax Type	***Forgone Revenue***	***Number of Taxpayers***
2016 Estate and Transfer Tax	*No estimate possible*	*No estimate possible*
2017 Estate and Transfer Tax	*No estimate possible*	*No estimate possible*

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

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Estate and Transfer Tax	*No estimate possible*	*No estimate possible*
2019 Estate and Transfer Tax	*No estimate possible*	*No estimate possible*
2020 Estate and Transfer Tax	*No estimate possible*	*No estimate possible*
2021 Estate and Transfer Tax	*No estimate possible*	*No estimate possible*

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

Connecticut: In determining the tax due, the value of any farm land transferred by a donor by gift to a donee who is a lineal descendant or spouse thereof the actual value of the land shall be 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

Massachusetts: 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 section 2032A of the Internal Revenue Code. 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.

Massachusetts Statute: Mass. Gen. Laws ch. 65C, § 5(c)

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: Rhode Island General Laws Section 44-20-14

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1948 / 2007

Description: Any consumer possessing any cigarettes with respect to the storage or use of which is subject to the tax imposed by Rhode Island General Laws Section 44-20-13 must, within 24 hours after coming into possession of the cigarettes in Rhode Island, file a return with the State. The return must be accompanied by a payment for the amount of tax due shown on the tax return.

Data Source: No reliable data exists for this tax expenditure item. The nature of the tax expenditure item is such that the tax deferral is for a very short duration, 24 hours, and thus realistically no revenue is forgone from the tax expenditure item provided that consumers comply with the law.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Cigarette Tax	$0	*Unknown*
2017 Cigarette Tax	$0	*Unknown*

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

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Cigarette Tax	$0	*Unknown*
2019 Cigarette Tax	$0	*Unknown*
2020 Cigarette Tax	$0	*Unknown*
2021 Cigarette Tax	$0	*Unknown*

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

Connecticut: Connecticut allows a 24-hour holding period before unstamped cigarettes must have tax stamps affixed by dealers.

Connecticut Statute: Conn. Gen. Stat. § 12-303

Maine: Any person, who is not a licensed distributor, who imports, receives or otherwise acquires more than two cartons in any one month of unstamped cigarettes for use or consumption in Maine 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: At any time before tobacco products are transferred out of the possession of a licensed wholesaler, stamps shall be affixed, at the location for which the license is issued, to each package of tobacco projects sold or distributed.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 78:12

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: Rhode Island General Laws Section 44-14-14

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1942 / 1956

Description: A financial institution that is subject to the tax imposed under Rhode Island General Laws Chapter 44-14 may elect to treat the amount of the write down of the value of any of its securities or the establishment of reserves for the decrease in values of its securities that have been required by regulators with supervisory authority over the financial institution as deductions in the year in which such write downs or reserves are recorded on its books. The write-downs or reserves specifically allocated to any security shall be used to adjust the basis of the security and the adjusted basis shall be used in determining gains or losses when the security is sold or disposed.

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

Reliability Index: 5

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2016 Bank Tax	*No estimate possible*	*No estimate possible*
2017 Bank Tax	*No estimate possible*	*No estimate possible*

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

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2018 Bank Tax	*No estimate possible*	*No estimate possible*
2019 Bank Tax	*No estimate possible*	*No estimate possible*
2020 Bank Tax	*No estimate possible*	*No estimate possible*
2021 Bank Tax	*No estimate possible*	*No estimate possible*

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's users' background, knowledge of state tax law, and ability to understand the process by which estimates have been derived by the Office of Revenue Analysis. Although 55.1 percent of the tax expenditure items for which reliable data existed in TY 2017 were assigned a reliability level index of "1," meaning the source of the derived estimate was actual tax returns, ideally 100.0 percent of the derived estimates for tax expenditure items for which reliable data exists should have as a source the actual tax return from which the estimate is derived.

The primary tax type for which actual tax return data does not exist and thus estimates of forgone revenue must be derived via less reliable methods is the sales and use tax. Given that the sales and use tax is the second largest source of state general revenue and that it also is the tax type for which the greatest amount of forgone revenue was estimated at $1,432,207,659 in TY 2017, the Office of Revenue Analysis finds that the quality and quantity of data collected for the sales and use tax needs to be improved for there to be an increase in the reliability of the forgone revenue estimates for the sales and use tax.

In addition, the quantity and quality of data for the business corporation tax is lacking. The business corporation tax, commonly referred to as the corporate income tax, is the tax type with the fourth largest amount of estimated forgone revenue due to tax expenditure items at $56,412,732 in TY 2017, but has one of the largest percentage of tax expenditures items at 40.4 percent for which no reliable data exists from which to derive estimates of forgone revenue. This compares to 6.6 percent of tax expenditure items for which no reliable data exists for the personal income tax and 33.3 percent of tax expenditure items for which no reliable data exists for the sales and use tax. The Office of Revenue Analysis finds that the quality and quantity of data collected for the business corporation tax needs to be improved for there to be an increase in the reliability of the forgone revenue estimates for the business corporation tax. Unfortunately, most of the data that would improve the reporting of business corporation tax expenditure items is not reported on the taxpayers' tax returns and the crux of the issue in this regard is that these are calculations that are done at the firm level before arriving at taxable income, which is where the Rhode Island return begins.

To this end, the Office of Revenue Analysis is recommending updating the report's interpretation of tax expenditure. Under current law, a tax expenditure is defined as any tax credit, deduction, exemption, exclusion, credit preferential tax rate, tax abatement, and tax deferral that provides preferential treatment to selected taxpayers, whether directly through Rhode Island general laws or constitutional provisions or indirectly through adoption of other tax codes. Other states' tax expenditures reports, such as Connecticut and Minnesota, include criteria that a tax expenditure provision must meet before a tax expenditure item is included in the tax expenditures report. In preparing their respective tax expenditure reports, these states do not include every exemption, deduction, credit, or lower tax rate. A provision must meet all the criteria in order to be a tax expenditure. Such criteria include, if a provision has an impact on a tax that is applied statewide; confers preferential treatment; results in reduced tax revenue in the applicable fiscal years; is not included as an expenditure item in the state budget; is included in the defined tax base for that tax; is not subject to an alternative tax; and can be amended or repealed by a change in state law.

Of interest to the Office of Revenue Analysis in this recommendation is the criteria of whether the provision is an exception to the tax base. The exclusion of certain income is currently reported in the *2020 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 Rhode Island General Laws Section 44-43-5 which excludes any long-term gains from capital investments in small businesses from the determination of income that is subject to the tax imposed by R.I.G.L. Chapters 44-11, 44-13, 44-14 or 44-30. This type of income is excluded from taxable income and not reported on taxpayers' returns but instead 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 *2020 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 Rhode Island General Laws Section 44-11-1(4)(ii) for public service corporations from the tax imposed by R.I.G.L. 44-11. These taxpayers are excluded from paying under the business corporation tax and required to pay under another tax type, public service corporation tax. It is not clear if this exclusion is a tax expenditure if the inclusion generates more revenue than the exclusion precludes.

ORA believes these two updates are a logical application of the tax expenditure concept, while making the report more accessible to readers. ORA lacks the authority to implement these two updates without a change to Rhode Island General Laws § 44-48.1-1(b). In this regard, ORA would recommend that this section be amended as follows:

§ 44-48.1-1. Tax expenditure reporting.

(a) On or before the second Tuesday in January of each even numbered year beginning in 2004, the chief of the office of revenue analysis, shall deliver a tax expenditure report to the general assembly. Each report will provide the minimum information for one hundred percent (100%) of tax expenditures in effect on January 1 of the calendar year preceding the report's publication.

(b) For the purposes of this section, a "tax expenditure" is a~~ny~~ 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~~.~~ <u>provided, however, that such a tax expenditure</u> does not subject the selected taxpayers to tax elsewhere in Title 44 or the Rhode Island General Laws.

(c) The information included for each tax expenditure shall include, but shall not be limited to:

(1) The legal reference of the expenditures, including information whether the expenditure is required as a result of federal or state constitutional, judicial, or statutory mandate.

(2) Amount of revenues forgone or an estimate, if the actual amount cannot be determined, for the calendar year immediately preceding the publication of the report. The report shall also

include an estimate of revenue forgone for the calendar year in which the report is published and the year following the report's publication. The tax administrator shall develop an index of the reliability of each estimate using five (5) levels with level one being most reliable. Where actual tax returns are the source of the estimate, the estimate should be assigned reliability level one. Where no reliable data exists for the estimate, the estimate should be assigned reliability level five (5). The reliability level shall be reported for the estimate of the revenues forgone.

(3) To the extent allowable by law, identification of the beneficiaries of the exemption by number, income, class and industry.

(4) A comparison of the tax expenditure to the tax systems of the other New England states, with emphasis on Massachusetts and Connecticut.

(5) The data source(s) and analysis methodology.

(6) To the extent allowable by law, identification of similar taxpayers or industries that do not enjoy the exemption.

(d) Each report shall include a section containing recommendations for improving the effectiveness of the report as a tax policy tool. This section shall identify the resources required to implement these recommendations and shall also contain an estimate of the costs associated with such recommendations.

(e) On or before the second Tuesday in January 2004, the chief of the office of revenue analysis shall make available to the general assembly a plan to improve Rhode Island's tax expenditure reporting effort. The plan shall include measurable criteria to evaluate improvements in the reliability of tax expenditure item estimates and the identification of beneficiaries of each tax expenditure by number, income, class and industry. The plan shall also include cost estimates of additional resources necessary to implement the plan and may include any other information that the tax administrator deems appropriate for inclusion in said plan.

Appendix A: Current Statute on Tax Expenditure Reporting

TITLE 44
Taxation
CHAPTER 44-48.1
Tax Expenditure Reporting

SECTION 44-48.1-1

§ 44-48.1-1 Tax expenditure reporting.

(a) On or before the second Tuesday in January of each even numbered year beginning in 2004, the chief of the office of revenue analysis, shall deliver a tax expenditure report to the general assembly. Each report will provide the minimum information for one hundred percent (100%) of tax expenditures in effect on January 1 of the calendar year preceding the report's publication.

(b) For the purposes of this section, a “tax expenditure” is any tax credit, deduction, exemption, exclusion, credit preferential tax rate, tax abatement, and tax deferral that provides preferential treatment to selected taxpayers, whether directly through Rhode Island general laws or constitutional provisions or indirectly through adoption of other tax codes.

(c) The information included for each tax expenditure shall include, but shall not be limited to:

(1) The legal reference of the expenditures, including information whether the expenditure is required as a result of federal or state constitutional, judicial, or statutory mandate.

(2) Amount of revenues forgone or an estimate, if the actual amount cannot be determined, for the calendar year immediately preceding the publication of the report. The report shall also include an estimate of revenue forgone for the calendar year in which the report is published and the year following the report's publication. The tax administrator shall develop an index of the reliability of each estimate using five (5) levels with level one being most reliable. Where actual tax returns are the source of the estimate, the estimate should be assigned reliability level one. Where no reliable data exists for the estimate, the estimate should be assigned reliability level five (5). The reliability level shall be reported for the estimate of the revenues forgone.

(3) To the extent allowable by law, identification of the beneficiaries of the exemption by number, income, class and industry.

(4) A comparison of the tax expenditure to the tax systems of the other New England states, with emphasis on Massachusetts and Connecticut.

(5) The data source(s) and analysis methodology.

(6) To the extent allowable by law, identification of similar taxpayers or industries that do not enjoy the exemption.

(d) Each report shall include a section containing recommendations for improving the effectiveness of the report as a tax policy tool. This section shall identify the resources required to implement these recommendations and shall also contain an estimate of the costs associated with such recommendations.

(e) On or before the second Tuesday in January 2004, the chief of the office of revenue analysis shall make available to the general assembly a plan to improve Rhode Island's tax expenditure reporting effort. The plan shall include measurable criteria to evaluate improvements in the reliability of tax expenditure item estimates and the identification of beneficiaries of each tax expenditure item by number, income, class and industry. The plan shall also include cost estimates of additional resources necessary to implement the plan, and may include any other information that the tax administrator deems appropriate for inclusion in said plan.

History of Section.
(P.L. 1996, ch. 327, § 1; P.L. 1996, ch. 394, § 1; P.L. 1997, ch. 30, art. 38, § 1; P.L. 2003, ch. 142, § 1; P.L. 2003, ch. 146, § 1; P.L. 2006, ch. 246, art. 38, § 16.)

Appendix B: Current Statute on Tax Incentives Evaluation

TITLE 44
Taxation
CHAPTER 44-48.2
Rhode Island Economic Development Tax Incentives Evaluation Act of 2013

SECTION 44-48.2-1

§ 44-48.2-1 Short title. – This chapter shall be known and may be cited as the "Economic Development Tax Incentives Evaluation Act of 2013."

History of Section.
(P.L. 2013, ch. 155, § 5; P.L. 2013, ch. 209, § 5.)

SECTION 44-48.2-2

§ 44-48.2-2 Legislative findings and purpose. – The general assembly finds and declares that:

(1) The state of Rhode Island relies on a number of tax incentives, including credits, exemptions, and deductions, to encourage businesses to locate, hire employees, expand, invest, and/or remain in the state;

(2) These various tax incentives are intended as a tool for economic development, promoting new jobs and business growth in Rhode Island;

(3) The state needs a systematic approach for evaluating whether incentives are fulfilling their intended purposes in a cost-effective manner;

(4) In order to improve state government's effectiveness in serving the residents of this state, the legislature finds it necessary to provide for the systematic and comprehensive analysis of economic development tax incentives and for those analyses to be incorporated into the budget and policymaking processes.

History of Section.
(P.L. 2013, ch. 155, § 5; P.L. 2013, ch. 209, § 5; P.L. 2014, ch. 528, § 65.)

SECTION 44-48.2-3

§ 44-48.2-3 Economic development tax incentive defined. – (a) As used in this section, the term "economic development tax incentive" shall include:

(1) Those tax credits, deductions, exemptions, exclusions, and other preferential tax benefits associated with §§ 42-64.3-6, 42-64.3-7, 42-64.5-3, 42-64.6-4, 42-64.11-4, 44-30-1.1, 44-31-1, 44-31-1.1, 44-31-2, 44-31.2-5, 44-32-1, 44-32-2, 44-32-3, 44-39.1-1,

44-43-2, 44-43-3, and 44-63-2, and chapters 64.20, 64.21, 64.26, 64.30 of title 42 and chapter 48.3 of title 44;

(2) Any future incentives enacted after the effective date of this section for the purpose of recruitment or retention of businesses in the state of Rhode Island.

(b) In determining whether a future tax incentive is enacted for "the purpose of recruitment or retention of businesses", the office of revenue analysis shall consider legislative intent, including legislative statements of purpose and goals, and may also consider whether the tax incentive is promoted as a business incentive by the state's economic development agency or other relevant state agency.

History of Section.
(P.L. 2013, ch. 155, § 5; P.L. 2013, ch. 209, § 5; P.L. 2014, ch. 528, § 65; P.L. 2015, ch. 141, art. 19, § 14.)

SECTION 44-48.2-4

§ 44-48.2-4 Economic Development Tax Incentive Evaluations, Schedule. – (a) In accordance with the following schedule, the tax expenditure report produced by the chief of the office of revenue analysis pursuant to § 44-48.1-1 shall include an additional analysis component, consistent with § 44-48.2-5 and produced in consultation with the director of the economic development corporation, the director of the office of management and budget, and the director of the department of labor and training:

(1) Analyses of economic development tax incentives as listed in subdivision 44-48.2-3(1) shall be completed at least once between July 1, 2014, and June 30, 2017, and no less than once every three (3) years thereafter;

(2) Analyses of any economic development tax incentives created after July 1, 2013, shall be completed within five (5) years of taking effect and no less than once every three (3) years thereafter;

(b) No later than the tenth (10th) of January each year, beginning in 2014, the office of revenue analysis will submit to the chairs of the senate and house finance committees a three-year (3) plan for evaluating economic development tax incentives.

History of Section.
(P.L. 2013, ch. 155, § 5; P.L. 2013, ch. 209, § 5; P.L. 2014, ch. 528, § 65.)

SECTION 44-48.2-5

§ 44-48.2-5 Economic Development Tax Incentive Evaluations, Analysis. – (a) The additional analysis as required by § 44-48.2-4 shall include, but not be limited to:

(1) A baseline assessment of the tax incentive, including, if applicable, the number of aggregate jobs associated with the taxpayers receiving such tax incentive and the aggregate annual revenue that such taxpayers generate for the state through the direct taxes applied to them and through taxes applied to their employees;

(2) The statutory and programmatic goals and intent of the tax incentive, if said goals and intentions are included in the incentive's enabling statute or legislation;

(3) The number of taxpayers granted the tax incentive during the previous twelve-month (12) period;

(4) The value of the tax incentive granted, and ultimately claimed, listed by the North American Industrial Classification System (NAICS) Code associated with the taxpayers receiving such benefit, if such NAICS Code is available;

(5) An assessment and five-year (5) projection of the potential impact on the state's revenue stream from carry forwards allowed under such tax incentive;

(6) An estimate of the economic impact of the tax incentive including, but not limited to:

(i) A cost-benefit comparison of the revenue foregone by allowing the tax incentive compared to tax revenue generated by the taxpayer receiving the credit, including direct taxes applied to them and taxes applied to their employees;

(ii) An estimate of the number of jobs that were the direct result of the incentive; and

(iii) A statement by the director of the economic development corporation as to whether, in his or her judgment, the statutory and programmatic goals of the tax benefit are being met, with obstacles to such goals identified, if possible;

(7) The estimated cost to the state to administer the tax incentive if such information is available;

(8) An estimate of the extent to which benefits of the tax incentive remained in state or flowed outside the state, if such information is available;

(9) In the case of economic development tax incentives where measuring the economic impact is significantly limited due to data constraints, whether any changes in statute would facilitate data collection in a way that would allow for better analysis;

(10) Whether the effectiveness of the tax incentive could be determined more definitively if the general assembly were to clarify or modify the tax incentive's goals and intended purpose;

(11) A recommendation as to whether the tax incentive should be continued, modified, or terminated; the basis for such recommendation; and the expected impact of such recommendation on the state's economy;

(12) The methodology and assumptions used in carrying out the assessments, projections and analyses required pursuant to subdivisions (1) through (8) of this section.

(b) All departments, offices, boards, and agencies of the state shall cooperate with the chief of the office of revenue analysis and shall provide to the office of revenue analysis any records, information (documentary and otherwise), data, and data analysis as may be necessary to complete the report required pursuant to this section.

History of Section.
(P.L. 2013, ch. 155, § 5; P.L. 2013, ch. 209, § 5; P.L. 2014, ch. 528, § 65.)

SECTION 44-48.2-6

§ 44-48.2-6 Consideration by the governor. – The governor's budget submission as required under chapter 35-3 shall identify each economic development tax incentive for which an evaluation was completed in accordance with this chapter in the period since the governor's previous budget submission. For each evaluated tax incentive, the governor's budget submission shall include a recommendation as to whether the tax incentive should be continued, modified, or terminated.

History of Section.
(P.L. 2013, ch. 155, § 5; P.L. 2013, ch. 209, § 5.)

Appendix C: Defunct Tax Expenditure Items Found in Rhode Island Law

Due to various law changes, there are tax expenditure items found listed in the Rhode Island General Laws that are unable to be taken against one or more tax types. In the 2010 Session, the Rhode Island Legislature enacted a personal income tax reform that explicitly stated which credits may be used against the personal income tax. Credits not listed in Rhode Island General Laws Section 44-30-2.6(c)(2)(F) are not able to be taken. Credits that are no longer able to be taken against the personal income tax may still be able to be taken against another tax type. Additionally, in the 2014 Session, the legislature enacted a change to the business corporation tax requiring the use of combined reporting, single sales factor apportionment of net income, and market-based sourcing of sales for tax years beginning on or after January 1, 2015, which rendered several tax expenditure items associated with the business corporation tax moot. Also, in the 2014 Session, the legislature repealed the franchise tax (Rhode Island General Laws Chapter 44-12) for tax years beginning on or after January 1, 2015, which eliminated any tax expenditure item established against taxes imposed by the franchise tax. Finally, there are tax expenditure items that have been allowed to expire through a sunset provision or other enacted legislation. ORA has included a list of these items that were eliminated due to legislation enacted in or after the 2008 Session.

Disallowed Tax Expenditure Items

The following is a list, by tax type, of various tax expenditure items that can no longer be used against the tax type cited. The Rhode Island General Laws citation is contained in the parentheses immediately following the tax expenditure item.

Business Corporation Tax:

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)

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)

Personal Income Tax:

Credits (continued):

- 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 [13] (Chapter 44-33.1)
- Hydroelectric Power (§ 44-30-22)
- Interest for Loans to Mill Building Owners (§ 42-64.9-9)
- Investment Credit (Chapter 44-31-1)
- Juvenile Restitution (§ 14-1-32.1(c))
- Mortgage Interest Credit* (§ 44-30-2.6(c)(2)(K))
- Non-Resident Trust Beneficiary for Accumulating Distribution (§ 44-30-37)
- Prior Year Minimum Tax* (§ 44-33-5)
- Qualified Electric Vehicle Credit* (§ 44-30-2.6(c)(2)(K))
- Qualifying Widow(er) (§ 44-30-26)
- Research and Development Expense (§ 44-32-3)
- Research and Development Property (§ 44-32-2)
- Resident Trust Beneficiary for Accumulating Distribution (§ 44-30-19)
- Residential Renewable Energy System (§ 44-57-1)
- Specialized Mill Building Investment (Chapter 44-31-2)
- Wage credit – Tax Incentives for Capital Investment in Small Businesses (§ 44-43-3)
- Wages Paid by Employers in Mill Buildings (§ 42-64.9-8)

* For tax years beginning on or before December 31, 2010, Rhode Island taxpayers were able to receive a Rhode Island credit of 25 percent of certain allowable federal credits.

Deductions:

- Amortization of Air or Water Pollution Control Facilities (§ 44-30-7)

Preferential Tax Rate:

- Alternative Personal Income Tax (§ 44-30-2.10)

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

[13] No new credits may be issued under the Historic Homeownership Assistance Act. Please see Historic Homeownership Assistance in Section VIII: Credits for an explanation on the allowance of previously issued carryforwards.

is a list of tax expenditure items impacted by this law change, along with their statutory reference in parentheses:

Franchise Tax:

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.

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)
- 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)

Exemptions:

- Rhode Island Economic Development Corporation (now the Rhode Island Commerce Corporation) Project Status Designees, June 30, 2011 (§ 42-64-20)

Business Corporation Tax:

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

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)

Sales and Use Tax

Exemptions

- Prewritten Computer Software Delivered Electronically, June 30, 2011 (§ 44-15-30(61))
- Rhode Island Industrial Facilities Corporation Lessees, June 30, 2011 (§ 45-37.1-9)